State of Georgia

Single Audit Report

Fiscal Year Ended
June 30, 2010

Cumberland Island State Park

“You can't explain Cumberland, you experience it. Time moves to the rhythm of nature. The majestic sweep of deserted sandy beach is dotted with shells and usually deserted, except for the wild horses roaming at will. The dramatic slope of the dunes is a constant work in progress, sculpted by wind and sea. Inland, the moss shrouded live oak and pine maritime forests provide ample habitat for a wide array of wildlife, including a diverse bird population.” -http://www.cumberlandisland.org/

State of Georgia

NATHAN DEAL, GOVERNOR

Single Audit Report For the Fiscal Year Ended June 30, 2010

Prepared by
State Accounting Office and
Georgia Department of Audits and Accounts

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

March 7, 2011

The Honorable Nathan Deal
Governor of Georgia
and
Members of the General Assembly
Citizens of the State of Georgia

We are honored to present the *Single Audit Report* of the State of Georgia for the fiscal year ended June 30, 2010. Organizational units comprising the State of Georgia reporting entity are listed in Appendix "A" of this report.

Federal laws and regulations require that the State undergo an annual audit in conformity with the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-l33, *Audits of States, Local Governments, and Non-Profit organizations.* Accordingly, the *Single Audit Report* of the State of Georgia discloses the results of the financial operations of the State of Georgia reporting entity, as well as its compliance with requirements applicable to Federal financial assistance programs administered by the State.

This report is the culmination of extensive planning, coordination, cooperation, testing and evaluation, and we would like to express our appreciation to all those involved in its preparation and completion. We believe the results of this statewide audit provide valuable information to the State's decision makers and others interested in the activities of the State of Georgia.

Respectfully submitted,

Greg S. Griffin, CPA
State Accounting Officer

Russell W. Hinton, CPA, CGFM
State Auditor

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

AUDITOR'S SECTION

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*…… 3

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133…….. 11

FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results……. 23

Financial Statement Findings…….. 27

Federal Awards Findings and Questioned Costs…… 125

AUDITEE'S SECTION

EXPENDITURES OF FEDERAL AWARDS

Schedule of Expenditures of Federal Awards…….. 199

Notes to the Schedule of Expenditures of Federal Awards…… 305

Schedule of Cluster Programs…….. 313

AUDITEE'S RESPONSES

Summary Schedule of Prior Year Findings and Questioned Costs…….. 329

Corrective Action Responses to Current year Findings and Questioned Costs…… 357

APPENDIX "A" – ORGANIZATIONAL UNITS

Listing of Organizational Units Comprising the State of Georgia Reporting Entity……. AP3

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

Auditor's Section

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*

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W. Suite 1-156
Atlanta, Georgia 30334

RUSSELL W. HINTON
STATE AUDITOR
(404) 656-2174

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 Honorable Nathan Deal
Governor of Georgia
and
Members of the General Assembly
of the State of Georgia

We have audited the financial statements of the governmental activities, business-type activities, the aggregated discretely presented component units, each major fund and the aggregated remaining fund information of the State of Georgia as of and for the year ended June 30, 2010, which collectively comprise the State of Georgia's basic financial statements and have issued our report thereon dated January 7, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the following percentages of total assets and revenues or additions of the indicated opinion units as described in our report on the State of Georgia's financial statements.

Opinion Unit	Percent of Opinion Unit's Total Assets	Percent of Opinion Unit's Total Revenues/Additions
Governmental Activities	10%	25%
Business-Type Activities	3%	16%
Aggregate Discretely Presented Component Units	94%	95%
Governmental Fund - General Fund	14%	22%
Governmental Fund - Georgia State Financing and Investment Commission	100%	100%
Proprietary Fund/Enterprise Fund - State Employees' Health Benefit Plan	100%	100%
Aggregate Remaining Fund Information	90%	44%

This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Georgia Lottery Corporation, Georgia College & State University Foundation, Georgia

Southern University Housing Foundation, Inc., Georgia State University Foundation, Georgia Tech Athletic Association, Georgia Tech Facilities, Inc., Georgia Tech Foundation, Inc., Kennesaw State University Foundation, Inc., Medical College of Georgia Foundation, Inc., Medical College of Georgia Health, Inc., Medical College of Georgia Physician's Practice Group Foundation, University of Georgia Athletic Association, Inc., University of Georgia Foundation, University System of Georgia Foundation and the Valdosta State University Auxiliary Services Real Estate Foundation, audited by other auditors, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we and other auditors considered the State of Georgia'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 State of Georgia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Georgia'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurances that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of *Findings and Questioned Costs* we and other auditors identified certain deficiencies in internal control over financial reporting that we and other auditors consider to be material weaknesses and other deficiencies that we and other auditors consider to be significant deficiencies.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the State of Georgia's financial statements will not be prevented, or detected and corrected on a timely basis. We and other auditors consider the deficiencies described in the accompanying schedule of *Findings and Questioned Costs* to be material weaknesses.

Statewide:	*Governor, Office of the:*
FS-SW-10-01	FS-422-10-03
	FS-422-10-100
Agriculture, Department of:	FS-422-10-101
FS-402-10-100	
	Human Services, Department of:
Education, Department of:	FS-427-10-01
FS-414-10-02	FS-427-10-04
	FS-427-10-11
Prosecuting Attorneys' Council of Georgia:	
FS-418-10-06	*Labor, Department of*
	FS-440-10-03
Community Health, Department of:	FS-440-10-05
FS-419-10-01	FS-440-10-06

Behavioral Health and Developmental Disabilities, Department of:	*Transportation, Department of:*
FS-441-10-100	FS-484-10-01
	FS-484-10-02
	FS-484-10-06
Natural Resources, Department of:	FS-484-10-07
FS-462-10-01	FS-484-10-08
FS-462-10-02	FS-484-10-100
FS-462-10-03	
	Veterans Service, Department of:
Corrections, Department of:	FS-488-10-100
FS-467-10-100	
FS-467-10-101	*Seed Development Commission, Georgia:*
	FS-919-10-01
Revenue, Department of:	
FS-474-10-01	

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. We and other auditors consider the following deficiencies as described in the accompanying schedule of *Findings and Questioned Costs* to be significant deficiencies.

Agriculture. Department of:	*Governor, Office of the:*
FS-402-10-01	FS-422-10-02
	FS-422-10-102
Accounting Office, State:	
FS-407-10-01	*Human Services, Department of:*
	FS-427-10-02
Properties Commission, State:	FS-427-10-03
FS-410-10-01	FS-427-10-05
	FS-427-10-06
Education, Department of:	FS-427-10-07
FS-414-10-01	FS-427-10-08
FS-414-10-03	FS-427-10-09
FS-414-10-04	FS-427-10-10
	FS-427-10-12
Prosecuting Attorneys' Council of Georgia:	FS-427-10-100
FS-418-10-02	
FS-418-10-03	*Juvenile Court Judges, Council of:*
FS-418-10-04	FS-431-10-01
FS-418-10-05	
FS-418-10-07	*Supreme Court:*
FS-418-10-08	FS-438-10-01
FS-418-10-10	FS-438-10-02
Community Health, Department of:	*Labor, Department of:*
FS-419-10-02	FS-440-10-01
FS-419-10-03	FS-440-10-02
FS-419-10-100	FS-440-10-04

Behavioral Health and Developmental Disabilities, Department of:	*Armstrong Atlantic State University:*
FS-441-10-01	FS-524-10-01
	FS-524-10-02
Juvenile Justice, Department of:	*Fort Valley State University:*
FS-461-10-100	FS-533-10-01
	FS-533-10-02
Natural Resources, Department of:	
FS-462-10-04	*Georgia Southern University:*
FS-462-10-05	FS-539-10-01
FS-462-10-06	
FS-462-10-100	*Valdosta State University:*
	FS-551-10-01
Corrections, Department of:	
FS-467-10-102	*Abraham Baldwin Agricultural College:*
	FS-557-10-01
Public Service Commission:	FS-557-10-02
FS-470-10-01	
	Georgia Perimeter College:
Board of Regents:	FS-571-10-01
FS-472-10-01	
FS-472-10-02	*West Georgia Technical College:*
	FS-826-10-02
Revenue, Department of:	FS-826-10-03
FS-474-10-100	FS-826-10-05
Driver Services, Department of:	*Moultrie Technical College:*
FS-475-10-100	FS-837-10-01
Student Finance Commission:	*Southwest Georgia Railroad Excursion Authority:*
FS-476-10-01	
	FS-984-10-01
Transportation, Department of:	
FS-484-10-03	
FS-484-10-04	
FS-484-10-05	

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Georgia's financial statements are free of material misstatement, we and other auditors 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 and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We and other auditors noted certain matters that were reported to management of the State of Georgia and management of various organizational units of the State of Georgia, respectively, in separate letters.

The State of Georgia's responses to findings identified in our audit are described in the *Corrective Action Responses to Current Year Audit Findings and Questioned Costs* section of the accompanying schedule of *Auditee's Responses*. We did not audit the State of Georgia's responses and, accordingly, we express no opinion on in.

This report is intended solely for the information and use of the management of the State of Georgia, including the Governor and the Georgia General Assembly, 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. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

Russell W. Hinton, CPA, CGFM
State Auditor

January 7, 2011

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

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

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington Street, S.W. Suite 1-156
Atlanta, Georgia 30334

RUSSELL W. HINTON
STATE AUDITOR
(404) 656-2174

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Honorable Nathan Deal
Governor of Georgia
and
Members of the General Assembly
of the State of Georgia

Compliance

We have audited the compliance of the State of Georgia 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, 2010. The State of Georgia'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 State of Georgia's management. Our responsibility is to express an opinion on the State of Georgia's compliance based on our audit. We did not audit the following major federal programs or percentages of federal programs:

CFDA NO.	PROGRAM NAME	% AUDITED BY OTHER AUDITORS	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	99%	$246,910,760	$0
14.239	Home Investment Partnerships Program	100%	$24,151,559	$0
14.257	ARRA-Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	100%	$4,498,021	$0
14.258	ARRA-Tax Credit Assistance Program (Recovery Act Funded)	100%	$19,297,783	$0
47.082*	ARRA-Trans-NSF Recovery Act Research Support	7%	$5,300,931	$0
66.458	Capitalization Grants for Clean Water State Revolving Funds	100%	$48,823,030	$592,783,515
66.468	Capitalization Grants for Drinking Water State Revolving Funds	100%	$42,556,873	$104,485,062
81.042	Weatherization Assistance for Low-Income Persons	100%	$81,280,028	$0
81.127	ARRA-Energy Efficient Appliance Rebate Program - EEARP	100%	$5,558,591	$0
93.069*	Public Health Emergency Preparedness	97%	$29,571,226	$0
93.767	Children's Health Insurance Program	100%	$228,395,941	$0
	CDBG-State-Administered Small Cities Program Cluster	14%	$75,768,575	$0
	Early Intervention Services Cluster	95%	$16,735,212	
	Immunization Cluster	99%	$6,891,014	$109,842,992

	Medicaid Cluster	98%	$6,084,018,830	$0
	Research and Development Cluster	89%	$615,098,391	$0
	Student Financial Assistance Cluster	45%	$1,519,090,677	$1,593,731,859
	TRIO Cluster	19%	$9,525,589	$0

* Includes Research and Development Cluster

The programs listed above were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to compliance requirements for these programs, is based on the reports of the other auditors.

Except as discussed in the following six paragraphs, 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 affect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Georgia'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 State of Georgia's compliance with those requirements.

We were unable to obtain sufficient documentation supporting the compliance of the State of Georgia with the Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959) regarding Reporting and Matching, Level of Effort, Earmarking as described in finding numbers FA-441-10-02 and FA-441-10-03 in the accompanying schedule of *Findings and Questioned Costs*, nor were we able to satisfy ourselves as to the State of Georgia’s compliance with those requirements by other auditing procedures.

We were unable to obtain sufficient documentation supporting the compliance of the State of Georgia with the Child Support Enforcement Program (CFDA 93.563) regarding Reporting, Matching, Level of Effort, Earmarking and Program Income as described in finding numbers FA-427-10-04, FA-427-10-11 and FA-427-10-16 in the accompanying schedule of *Findings and Questioned Costs*, nor were we able to satisfy ourselves as to the State of Georgia’s compliance with those requirements by other auditing procedures.

We were unable to obtain sufficient documentation supporting the compliance of the State of Georgia with the Child Care and Development Fund Cluster regarding Reporting and Matching, Level of Effort, Earmarking as described in finding numbers FA-427-10-05 and FA-427-10-14 in the accompanying schedule of *Findings and Questioned Costs*, nor were we able to satisfy ourselves as to the State of Georgia’s compliance with those requirements by other auditing procedures.

We were unable to obtain sufficient documentation supporting the compliance of the State of Georgia with the Temporary Assistance for Needy Families Cluster Program regarding Reporting and Matching, Level of Effort, Earmarking and Special Tests and Provisions as

described in finding numbers FA-427-10-06 and FA-427-10-13 in the accompanying schedule of *Findings and Questioned Costs*, nor were we able to satisfy ourselves as to the State of Georgia's compliance with those requirements by other auditing procedures.

We were unable to obtain sufficient documentation supporting the compliance of the State of Georgia with the SNAP Cluster regarding Reporting and Matching, Level of Effort, Earmarking as described in finding numbers FA-427-10-07 and FA-427-10-15 in the accompanying schedule of *Findings and Questioned Costs*, nor were we able to satisfy ourselves as to the State of Georgia's compliance with those requirements by other auditing procedures.

We were unable to obtain sufficient documentation supporting the compliance of the State of Georgia with the Community Services Block Grant Cluster Program regarding Reporting and Matching, Level of Effort, Earmarking as described in finding numbers FA-427-10-08 and FA-427-10-12 in the accompanying schedule of *Findings and Questioned Costs*, nor were we able to satisfy ourselves as to the State of Georgia's compliance with those requirements by other auditing procedures.

As described in finding number FA-427-10-17 in the accompanying schedule of *Findings and Questioned Costs*, the State of Georgia did not comply with requirements regarding Reporting that is applicable to the Low-Income Home Energy Assistance Program (CFDA 93.568). Compliance with this requirement is necessary, in our opinion, for the State of Georgia to comply with requirements applicable to this program.

As described in finding number FA-427-10-03 in the accompanying schedule of *Findings and Questioned Costs*, the State of Georgia did not comply with requirements regarding Cash Management that is applicable to the Child Support Enforcement Program (CFDA 93.563), the Child Care and Development Fund Cluster Program, the Community Services Block Grant Cluster Program, the Foster Care Program (CFDA 93.658), the Low-Income Home Energy Assistance Program (CFDA 93.568), the Temporary Assistance for Needy Families Cluster Program, and the SNAP Cluster Program. Compliance with this requirement is necessary, in our opinion, for the State of Georgia to comply with requirements applicable to this program.

As described in finding number FA-440-10-03 in the accompanying schedule of *Findings and Questioned Costs*, the State of Georgia did not comply with requirements regarding Cash Management that is applicable to the Vocational Rehabilitation Cluster Program. Compliance with this requirement is necessary, in our opinion, for the State of Georgia to comply with requirements applicable to this program.

As described in finding numbers FA-484-10-04 and FA-484-10-05 in the accompanying schedule of *Findings and Questioned Costs*, the State of Georgia did not comply with requirements regarding Cash Management and Reporting that are applicable to the Formula Grants for Other Than Urbanized Areas (CFDA 20.509). Compliance with these requirements is necessary, in our opinion, for the State of Georgia to comply with requirements applicable to this program.

As described in finding number FA-484-10-02 in the accompanying schedule of *Findings and Questioned Costs*, the State of Georgia did not comply with requirements regarding Cash Management and Reporting that are applicable to the Airport Improvement Program (CFDA 20.106). Compliance with these requirements is necessary, in our opinion, for the State of Georgia to comply with requirements applicable to this program.

As described in finding number FA-533-10-01 in the accompanying schedule of *Findings and Questioned Costs*, the State of Georgia did not comply with requirements regarding Eligibility that is applicable to the Student Financial Assistance Cluster Program. Compliance with this requirement is necessary, in our opinion, for the State of Georgia to comply with requirements applicable to this program.

In our opinion, based on our audit and the report of other auditors, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the State of Georgia's compliance with the requirements described in paragraphs four through nine, and except for the noncompliance described in the preceding six paragraphs, the State of Georgia complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our and other auditors' auditing procedures disclosed other 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 Federal Awards Findings and Questioned Costs section of the accompanying schedule of *Findings and Questioned Costs* as the following items.

Activities Allowed or Unallowed FA-414-10-01 FA-419-10-05 FA-422-10-01 FA-441-10-01 FA-484-10-01 **Allowable Costs/Cost Principles** FA-407-10-01 FA-414-10-02 FA-419-10-01 FA-419-10-05 FA-422-10-01 FA-441-10-01 FA-484-10-01 **Cash Management** FA-427-10-03 FA-440-10-03 FA-484-10-02 FA-484-10-03 FA-484-10-04 **Eligibility** FA-414-10-02 FA-414-10-03	**Eligibility** *(continued)* FA-419-10-02 FA-533-10-01 FA-918-10-02 FA-918-10-03 **Equipment and Real Property Management** FA-414-10-04 FA-422-10-01 **Matching, Level of Effort, Earmarking** FA-419-10-03 FA-419-10-06 FA-441-10-01 FA-5092-10-02 **Period of Availability of Federal Funds** FA-427-10-09 FA-427-10-23 FA-441-10-01	**Procurement and Suspension and Debarment** FA-427-10-10 **Reporting** FA-427-10-17 FA-427-10-18 FA-440-10-04 FA-440-10-05 FA-441-10-01 FA-484-10-02 FA-484-10-03 FA-484-10-04 FA-484-10-05 FA-5092-10-01 FA-5092-10-03 FA-918-10-01 FA-918-10-04 **Subrecipient Monitoring** FA-419-10-04 FA-427-10-19 FA-427-10-22 FA-928-10-01 FA-928-10-02 FA-928-10-03

Special Tests and Provisions	**Special Tests and Provisions** *(continued)*	**Accounting Controls (Overall)**
FA-427-10-20	FA-533-10-02	FA-440-10-01
FA-427-10-21	FA-533-10-03	FA-440-10-02
FA-440-10-06	FA-548-10-01	FA-441-10-01
FA-461-10-01	FA-548-10-02	
FA-484-10-06		
FA-521-10-01		

Internal Control Over Compliance

The management of the State of Georgia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. We did not consider the internal control structures applicable to the federal programs listed in the table in paragraph one. Those internal control structures were considered by other auditors whose reports have been furnished to us. Our report, insofar as it relates to the internal control structures used in administering the federal programs mentioned previously is based on the reports of the other auditors.

In planning and performing our audit, we and other auditors considered the State of Georgia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 of the effectiveness of the State of Georgia’s internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we and other auditors identified certain deficiencies in internal control over compliance that we considered to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We and other auditors consider the deficiencies in internal control over compliance described in the accompanying schedule of *Findings and Questioned Costs* and listed below to be material weaknesses.

Allowable Costs/Cost Principles FA-407-10-01 **Cash Management** FA-427-10-03 FA-440-10-03 FA-484-10-02 FA-484-10-03 FA-484-10-04 **Eligibility** FA-533-10-01 **Matching, Level of Effort, Earmarking** FA-427-10-04 FA-427-10-05 FA-427-10-06	**Matching, Level of Effort, Earmarking** *(Continued)* FA-427-10-07 FA-427-10-08 FA-441-10-02 **Program Income** FA-427-10-11 **Reporting** FA-427-10-12 FA-427-10-13 FA-427-10-14 FA-427-10-15 FA-427-10-16 FA-427-10-17 FA-441-10-03	**Reporting** *(Continued)* FA-484-10-02 FA-484-10-03 FA-484-10-04 FA-484-10-05 **Subrecipient Monitoring** FA-427-10-22 FA-928-10-01 FA-928-10-02 FA-928-10-03 **Special Tests and Provisions** FA-427-10-06 FA-440-10-06 **Accounting Controls (Overall)** FA-427-10-01

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 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. We and other auditors consider the deficiencies in internal control over compliance described in the Federal Awards Findings and Questioned Costs section of the accompanying schedule of *Findings and Questioned Costs* and listed below to be significant deficiencies.

Activities Allowed or Unallowed FA-414-10-01 FA-419-10-05 FA-422-10-01 FA-441-10-01 FA-484-10-01 **Allowable Costs/Cost Principles** FA-414-10-02 FA-419-10-01 FA-419-10-05 FA-422-10-01 FA-427-10-02 FA-441-10-01 FA-484-10-01 **Eligibility** FA-414-10-02 FA-414-10-03 FA-419-10-02 FA-918-10-02 FA-918-10-03 **Equipment and Real Property Management** FA-414-10-04	**Equipment and Real Property Management** *(Continued)* FA-422-10-01 **Matching, Level of Effort, Earmarking** FA-419-10-03 FA-419-10-06 FA-441-10-01 FA-5092-10-02 **Period of Availability of Federal Funds** FA-427-10-09 FA-427-10-23 FA-441-10-01 **Procurement and Suspension and Debarment** FA-427-10-10 **Reporting** FA-427-10-18 FA-440-10-04 FA-440-10-05	**Reporting** *(Continued)* FA-441-10-01 FA-918-10-01 FA-918-10-04 FA-5092-10-01 **Subrecipient Monitoring** FA-419-10-04 FA-427-10-19 **Special Tests and Provisions** FA-427-10-20 FA-427-10-21 FA-461-10-01 FA-484-10-06 FA-521-10-01 FA-533-10-02 FA-533-10-03 FA-548-10-01 FA-548-10-02 **Accounting Controls (Overall)** FA-440-10-01 FA-440-10-02 FA-441-10-01

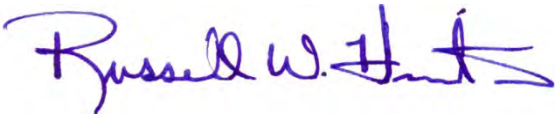
Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of Georgia as of and for the year ended June 30, 2010, and have issued our report thereon dated January 7, 2011. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State of Georgia's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us and other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The State of Georgia's responses to the findings identified in our audit are described in the Corrective Action Responses to Current Year Audit Findings and Questioned Costs section of the accompanying schedule of *Auditee's Responses*. We did not audit the State of Georgia's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management of the State of Georgia, including the Governor and the Georgia General Assembly, 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. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,



Russell W. Hinton, CPA, CGFM
State Auditor

March 7, 2011

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

Findings and Questioned Costs

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

Summary of Auditor's Results

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

State of Georgia

Summary of Auditor's Results
For the Fiscal Year Ended June 30, 2010

Financial Statements

Type of auditor's report issued:

Governmental Activities; Business-Type Activities; Aggregate Discretely Presented Component Units; Major Governmental Funds: General Fund and Georgia State Financing and Investment Commission; Major Proprietary Funds/Enterprise Funds: Higher Education Fund, State Employees' Health Benefit Plan and Unemployment Compensation Fund and Aggregate Remaining Fund Information	Unqualified

Internal control over financial reporting:	
Significant Deficiencies identified?	Yes
Significant Deficiencies evaluated as Material Weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Significant Deficiencies identified?	Yes
Significant Deficiencies evaluated as Material Weaknesses?	Yes
Type of auditor's report issued on compliance for major programs:	
Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959)	Qualified
Child Support Enforcement (CFDA 93.563)	Qualified
Child Care and Development Fund Cluster (CCDF)	Qualified
Temporary Assistance for Needy Families Cluster	Qualified
SNAP Cluster	Qualified
Community Services Block Grant Cluster (CSBG)	Qualified
Low-Income Home Energy Assistance (CFDA 93.568)	Qualified
Foster Care – Title IV-E (CFDA 93.658)	Qualified
Formula Grants for Other Than Urbanized Areas (CFDA 20.509)	Qualified
Airport Improvement Program (CFDA 20.106)	Qualified
Vocational Rehabilitation Cluster	Qualified
Student Financial Assistance Cluster	Qualified
All other major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	Yes

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.579	Child Nutrition Discretionary Grants Limited Availability
	Child Nutrition Cluster
	SNAP Cluster
12.401	National Guard Military Operations and Maintenance – O and M Projects
14.239	Home Investment Partnerships Program
14.257	ARRA-Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)
14.258	ARRA-Tax Credit Assistance Program (Recovery Act Funded)
	CDBG – State-Administered Small Cities Program Cluster
14.871	Section 8 Housing Choice Vouchers

Summary of Auditor's Results
For the Fiscal Year Ended June 30, 2010

CFDA Numbers	Name of Federal Program or Cluster
17.225	Unemployment Insurance
	Employment Service Cluster
	WIA Cluster
20.106	Airport Improvement Program
20.509	Formula Grants for Other Than Urbanized Areas
	Highway Planning and Construction Cluster
47.082	ARRA-Trans-NSF Recovery Act Research Support
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
81.042	Weatherization Assistance for Low-Income Persons
81.127	ARRA-Energy Efficient Appliance Rebate Program (EEARP)
84.048	Career and Technical Education-Basic Grants to States
84.357	Reading First State Grants
84.367	Improving Teacher Quality State Grants
	Early Intervention Services Cluster
	Special Education Cluster
	Student Financial Assistance Cluster
	State Fiscal Stabilization Fund Cluster
	Title I Cluster
	TRIO Cluster
	Vocational Rehabilitation Cluster
93.069	Public Health Emergency Preparedness
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
93.917	HIV Care Formula Grants
93.959	Block Grants for Prevention and Treatment of Substance Abuse
	Child Care and Development Fund Cluster (CCDF)
	Community Services Block Grant Cluster (CSBG)
	Immunization Cluster
	Medicaid Cluster
	TANF Cluster
	Public Assistance Grant
	Homeland Security Cluster
	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs - $35,286,600.00

Auditee Qualified as low-risk auditee No

Financial Statement Findings

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

FINANCIAL STATEMENT RELATED FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

ENTITY CODE	ORGANIZATIONAL UNIT	PAGE NO.
SW	Statewide Findings	30
402	Agriculture, Department of	32
407	Accounting Office, State	34
410	Properties Commission, State	35
414	Education, Department of	36
418	Prosecuting Attorneys' Council of Georgia	38
419	Community Health, Department of	42
422	Governor, Office of the	46
427	Human Services, Department of	50
431	Juvenile Court Judges, Council of	71
438	Supreme Court	72
440	Labor, Department of	73
441	Behavioral Health and Developmental Disabilities, Department of	79
461	Juvenile Justice, Department of	83
462	Natural Resources, Department of	84
467	Corrections, Department of	88
470	Public Service Commission	93
472	Board of Regents	94
474	Revenue, Department of	97
475	Driver Services, Department of	98
476	Student Finance Commission, Georgia	99
484	Transportation, Department of	100
488	Veterans Service, Department of	110
	Colleges and Universities	
524	Armstrong Atlantic State University	111
533	Fort Valley State University	113
539	Georgia Southern University	114
551	Valdosta State University	115
557	Abraham Baldwin Agricultural College	116
571	Georgia Perimeter College	118
	State Technical Colleges	
826	West Georgia Technical College	119
837	Moultrie Technical College	121
919	Seed Development Commission, Georgia	122
984	Southwest Georgia Railroad Excursion Authority	122

STATEWIDE

Finding Control Number: **FS-SW-10-01**
FINANCIAL REPORTING AND DISCLOSURE
Audit Adjustments to the Comprehensive Annual Financial Report (CAFR)

Condition: The basic financial statements included in the State of Georgia CAFR, presented for audit by the State Accounting Office, contained numerous misstatements that were determined to be significant. Prior to being corrected by audit adjustments, significant misstatements were identified in the Governmental Activities (Opinion Unit 1), Business-Type Activities (Opinion Unit 2), Component Units (Opinion Unit 3), the General Fund (Opinion Unit 4) the Remaining Funds (Aggregated) (Opinion Unit 6) and the Higher Education Fund (Opinion Unit 7).

For the Governmental Activities (Opinion Unit 1):

1. Restricted Net Assets were understated by $5,550,377.00, Invested in Capital Assets was understated by $184,826,487.09 and Unrestricted Net Assets was overstated for the total of those amounts, $190,376,864.09.

2. Operating Grants and Contributions were understated by $9,836,399.00, Internal Balances were overstated by $412,407.00 and expenses for total Governmental Activities was understated by $10,248,806.00.

For Business-Type Activities (Opinion Unit 2) and the Higher Education Fund (Opinion Unit 7), Beginning Net Assets and Expenses were each understated by $20,656,440.00.

For Business-Type Activities (Opinion Unit 2) and Remaining Funds (Aggregated) (Opinion Unit 6) relating to the Internal Service Funds-Risk Management, Operating Grants and Contributions/Premiums and Claims and Judgment Expenses were each understated by $98,364,000.00.

For the Component Units (Opinion Unit 3):

1. Noncurrent Assets for Notes and Loans Receivable were overstated by $1,500,000.00, Restricted Assets for Loans Receivable were overstated by $3,500,000.00 and Current Assets for Accounts Receivable were overstated for the total of $5,000,000.00 for those amounts.

2. Invested in Capital Assets were understated by $12,697,056.66 and Unrestricted Net Assets were overstated by the same amount.

3. Other Noncurrent Assets and Derivative Instrument Payable were each understated by $12,810,423.00 and Deferred Capital Outflow and Other Noncurrent Liabilities were each overstated by the same amount.

For the General Fund (Opinion Unit 4):

1. Intergovernmental Revenues - Federal and Health and Welfare expenditures were both overstated by $2,457,272,783.00.

2. Other Assets and Other Liabilities were both overstated by $738,155,036.85.

3. Intergovernmental Revenues - Federal were understated by $126,169,757.00 and the offsetting Intergovernmental Receivables were understated by the same amount.

4. Taxes were overstated by $276,442,027.64 and Licenses and Permits were understated by the same amount.

5. Beginning Fund Balance and Expenditures were both understated by $67,871,160.00.

Criteria: Internal controls over the period-end financial reporting process should include controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles. Further, these internal controls should be sufficiently designed and be in-place to identify misstatements due to error or fraud.

Cause: The Governmental Activities misstatements affecting the Net Assets portion of the Statement of Net Assets were due to a journal entry being posted incorrectly and the failure to recognize a reserved fund balance amount as part of restricted net assets.

The Governmental Activities misstatements affecting Operating Grants and Contributions, Internal Balances and total Governmental Activities expenses is the impact the change to the estimate of the claims liability for the Workers' Compensation Fund had on the Governmental Activities Opinion Unit in regards to the "lookback" analysis for Internal Service Funds.

The Business-Type Activities and Higher Education Fund misstatements affecting Beginning Net Assets and expenses is the impact the change to the estimate of the claims liability for the Workers' Compensation Fund had on these Opinion Units.

The Business-Type Activities and Remaining Funds (Aggregated) misstatements affecting Operating Grants and Contribution/Premiums and Claims and Judgments Expenses is due to the change in the estimate of the claims liability for the Workers' Compensation Fund.

The Component Unit misstatements were all due to journal entries being posted incorrectly.

The General Fund misstatement affecting Intergovernmental Revenues - Federal and Health and Welfare expenditures was due to the duplication of an entry to record non-monetary transactions for the Supplemental Nutrition Assistance Program.

The General Fund misstatement affecting Other Assets and Other Liabilities was due to the failure to eliminate interfund balances for State appropriations.

The General Fund misstatement affecting Intergovernmental Revenues - Federal and Intergovernmental Receivables was caused by the failure to accrue available Federal ARRA funds at year end.

The General Fund misstatement affecting Taxes and Licenses and Permits revenue was caused by an error in manner in which accounts were "mapped" for reporting purposes.

The General Fund misstatement affecting Beginning Fund Balance and expenditures is caused by the impact of the change to the estimate of the claims liability for the Workers' Compensation Fund.

Effect: Insufficient internal controls over the period-end financial reporting process increases the risk that material misstatements in the State of Georgia's financial statements will occur and not be detected and may cause a dependency on the external audit function to detect significant and/or material misstatements along with other errors.

Recommendation: The State Accounting Office should ensure the State's financial statements as presented for audit conform to generally accepted accounting principles. This includes ensuring that recognition criteria for assets, liabilities, revenues and expenses are applied, as appropriate. Also, internal control policies and procedures over the period-end financial reporting process should be strengthened to include a comprehensive final review and an enhanced final analytical review. Effective use of a comprehensive final review and analytical procedures, as an internal control, is essential when consolidating financial statements of a complex entity such as the State of Georgia. Analytical procedures are beneficial in understanding variations among certain data in the absence of known conditions to the contrary.

AGRICULTURE, DEPARTMENT OF

Finding Control Number: **FS-402-10-01**
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

Condition: The Department of Agriculture (Department) did not perform adequate bank reconciliation procedures for the Operating and Payroll bank accounts. Exceptions noted were as follows:

1. The bank reconciliations for the Operating account for the months of December, 2009 through January, 2010 and March, 2010 through June, 2010 were not completed in a timely manner.

2. The bank reconciliations for the Operating account for the months of December, 2009 through June, 2010 were not reviewed in a timely manner.

3. The bank reconciliations for the Payroll account for the months of December, 2009 through January, 2010 and May, 2010 through June, 2010 were not completed in a timely manner.

4. The bank reconciliations for the Payroll account for the months of December, 2009 through January, 2010 and March, 2010 through June, 2010 were not reviewed in a timely manner.

Criteria: Policy Number CM-100008 of the *State Accounting Manual Policies and Procedures* issued by the State Accounting Office (SAO) provides bank reconciliation guidelines for all agencies to follow.

Cause: The deficiencies noted above were the result of the Department's failure to adequately manage and monitor the Operating and Payroll bank reconciliation process, including their timely preparation and approval.

Effect: Failure to maintain an effective bank reconciliation process increases the risk of material misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Department of Agriculture should review their current internal control procedures regarding bank reconciliations and implement additional policies and procedures as needed to ensure an effective bank reconciliation process is in place.

Finding Control Number: **FS-402-10-100**
ACCOUNTING CONTROLS (OVERALL)
BUDGET
Failure to Certify the Accuracy of the Budgetary Compliance Report

Condition: Our cursory review of the Budgetary Compliance Report (BCR) found that the Department of Agriculture reported the following instances of non-compliance:

1. Administration/State General Funds
   Expenditures exceeded Funds Available by $685,754.69.
   Expenditures exceeded Authorized Budget by $671,391.38.

2. Administration/Federal Funds Not Specifically Identified
   Expenditures exceeded Funds Available by $26,571.26.
   Expenditures exceeded Authorized Budget by $26,571.13.

3. Consumer Protection/Federal Funds Not Specifically Identified
   Expenditures exceeded Authorized Budget by $18,642.33.

4. Marketing and Promotion/State General Funds
   Expenditures exceeded Funds Available by $1,475,222.45.

Expenditures exceeded Authorized Budget by $1,454,185.80.

5. Poultry Veterinary Diagnostic Labs/Other Funds
   Expenditures exceeded Authorized Budget by $5,235.00.

The Department of Agriculture, however, declined to sign the "Letter of Representation" certifying the accuracy of the amounts reported by fund source within budgetary program. As a result, we did not perform detailed testing of the underlying documentation supporting the amounts reported in the BCR. Accordingly, we were unable to determine the Department's compliance with the requirements of the current Appropriations Act, as amended, (Final Budget) and the Constitution of the State of Georgia. These compliance requirements are:

- An appropriated budget unit cannot overspend their authorized budgeted amounts at the legal level of budgetary control (funding source within program). This means that the amounts that are reflected in the "variance" column under the heading of Expenditures Compared to Budget in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

- Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, "…the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that amounts reflected in the "variance" column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

Criteria: Each appropriated budget unit of the State of Georgia was subject to compliance testing to be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AT Section 601). Compliance attestations require the responsible party at the budget unit to provide various written representations related to the accuracy of their BCR, to the best of their knowledge and belief. The responsible party's refusal or inability to furnish all appropriate representations in accordance with the attestation standards constitutes a limitation on the scope of the engagement.

Cause: See "View of Officials" below.

Effect: The amounts reported in the Department's BCR should not be used for decision-making purposes at the legal level of budgetary control because of the lack of assurances by management and the likelihood that it contains material errors.

Recommendation: The Department of Agriculture should manage its budgetary activity at the legal level of control, which is fund source within program. In order to produce accurate and useful BCR reports in the future, actions to be taken by the Department should include, but not be limited to, the following:

1. Obtain additional understanding and needed training regarding Program-Based Budgeting.

2. Monitor PeopleSoft budgetary reports on a weekly basis.

3. Consider the need to allocate administrative costs across programs.

4. Ensure that current activity is not co-mingled with prior year activity.

View of Officials: The Georgia Department of Agriculture has declined to prepare and sign a letter of representation for your examination engagement of our organization's compliance with the 2010 Appropriations Act which will likely result in an audit disclaimer. Although the Department recorded total revenue in excess of expenditures in the amount of $124,002, we acknowledge that on a budgetary basis of accounting, the Department has overspent both its Department Administration and Marketing Promotion Programs. In

the current year, State Funds were cut 10%. Administration and Marketing Programs however were cut 26% and 14% respectively. The bulk of prior year budget cuts also targeted Administration and Marketing. The Administration Program includes Programmatic Administration, which next year, will be charged directly to the Consumer Protection Program. In addition, all Accounting, Budgeting, Personnel, Purchasing, Facilities, IT, and many lesser activities are charged to Administration all of which operate in support of our largest Consumer Protection Program.

It is our position that many of these costs including direct labor, overhead and indirect cost could and should be allocated to one or more programs which reported operating surpluses either because they didn't sustain the same level of cuts or generated revenue through Federal and other sources. Traditionally, these funds have been recorded in the major program in which they are earned. Reporting requirements by Program may necessitate that the Department develop a cost accounting program to more accurately measure the costs associated with generating revenue by program.

The Department will closely monitor its current budget and if necessary develop a cost allocation plan to provide a more accurate measure of total Program Cost.

ACCOUNTING OFFICE, STATE

Finding Control Number: **FS-407-10-01**
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

Condition: During fiscal year 2010, the State Accounting Office failed to adequately reconcile the State Main Concentration Account and the State Main Distribution Account to the general ledger. For the bank reconciliations reviewed, exceptions noted were as follows:

1. The July 2009 through May 2010 State Main Concentration Account and the August 2009 through May 2010 State Main Distribution Account reconciliations did not contain evidence of a supervisory review and approval.

2. The State Main Concentration Account reconciliations for July 2009 through April 2010 had numerous reconciling items that were not recorded on the general ledger until May 2010. A summary of these reconciling items are as follows:

   a. Ten months of Account Analysis Fees dating back to May 2009 totaling $3,512,730.23.
   b. Two October 2009 Analysis Fee coding errors totaling $569,792.04.
   c. Four Transfer Debits from January 2010 to April 2010 totaling $530.20.
   d. One Analysis Fee Refund totaling $695,581.19 from September 2009.
   e. One November 2009 deposit totaling $119,244.73.
   f. Nine months of interest totaling $141.01.

3. The June 2010 State Main Disbursement Account reconciliation contained four Telecheck Payments from March 2010 totaling $1,802.91 that were not recorded on the general ledger.

Criteria: Policy Number CM-100008 of the *State Accounting Manual Policies and Procedures* issued by the State Accounting Office (SAO) provides bank reconciliation guidelines for all organizations to follow. This policy provides that:

1. Book reconciling items shall be investigated and adjusting book entries shall be recorded within the same month as monthly bank reconciliation sheets are received.

2. All cash related transactions shall be booked by the fiscal year end.

3. All monthly reconciliations should be reviewed and signed by a fiscal officer who did not participate in the reconciling function.

Cause: The State Accounting Office's failure to adequately manage and monitor their bank account reconciliations, including their timely preparation and approval.

Effect: Failure to maintain an effective bank reconciliation process increases the risk of material financial statement misstatements including misstatement due to fraud.

Recommendation: The State Accounting Office should review their current internal control procedures relating to bank reconciliations and implement additional policies and procedures, as needed, to ensure: 1) an effective bank reconciliation process is in place to manage and monitor all bank accounts and 2) compliance with the *State Accounting Manual Policies and Procedures*.

PROPERTIES COMMISSION, STATE

Finding Control Number: **FS-410-10-01**
CAPITAL ASSETS
Inadequate Capital Asset Records – Depreciation Expense and Accumulated Depreciation

Condition: The accounting procedures of the State Properties Commission (Commission) were insufficient to provide adequate internal controls over the Commission's Depreciation Expense and Accumulated Depreciation management system. The exceptions are noted as follows:

1. Depreciation Expense was understated by $238,805.15 and Accumulated Depreciation was overstated by $3,366,931.95.

2. The Commission failed to correctly report Depreciation Expense and Accumulated Depreciation to the State Accounting Office.

Criteria: The *Accounting Procedures Manual* for the State of Georgia requires that capital assets be depreciated over their estimated useful lives unless they are inexhaustible. Depreciation data should be calculated and recorded within the state organization's capital asset records for each eligible asset. Accumulated depreciation should be summarized and posted to the general ledger.

Information: The software utilized by the Commission used an incorrect time period for the calculation of depreciation expense and accumulated depreciation.

Cause: The deficiencies noted above are a result of management's failure to implement adequate policies and procedures to ensure that the Commission's capital assets are accounted for and reported in accordance with guidelines established by the *Accounting Procedures Manual* for the State of Georgia.

Effect: The Depreciation Expense and Accumulated Depreciation are misstated.

Recommendation: The State Properties Commission should develop appropriate policies and procedures to ensure that all of the Commission's Depreciation Expense and Accumulated Depreciation are properly calculated and reported in accordance with guidelines established in the *Accounting Procedures Manual* for the State of Georgia.

EDUCATION, DEPARTMENT OF

Finding Control Number: **FS-414-10-01**
ACCOUNTING CONTROLS (OVERALL)
Internal Control Deficiencies Regarding Contract Procedures

Condition: The Department of Education (Department) failed to follow established internal controls over contract procedures. The Department entered into a contract for teacher training services. The following deficiencies were noted during our review:

1. The contract was dated June 24, 2010, but was not signed by the Department or the vendor until July 8, 2010 and August 30, 2010, respectively.

2. The term of the contract was from June 24, 2010 through July 31, 2010. However, the actual dates of the services provided were from June 7, 2010 through July 9, 2010.

3. The Department could not provide adequate supporting documentation that services were provided by the vendor as stated in the contract.

4. Services were said to have been provided before the contract was executed.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section 5, Page 5-1-2 states, in part: "Each State organization has a responsibility to assess their internal control system and use this information to design, implement, and monitor internal controls that are suitable for their organization."

In addition, the *Accounting Procedures Manual* for the State of Georgia, Section 5, Page 5-4-2 states, in part: "Documentation involves preserving evidence to substantiate a decision, event, transaction, or system. All documentation should be complete, accurate, and reported promptly."

Cause: The deficiencies noted above occurred as a result of the Department's failure to follow established internal controls over contract procedures.

Effect: Failure to follow established internal controls increases the risk of material misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Department of Education should follow established internal control procedures regarding the initiating, processing, recording, and monitoring of contract activity.

Finding Control Number: **FS-414-10-02**
CAPITAL ASSETS
Inadequate Capital Asset Records

Condition: The accounting procedures of the Department of Education (Department) were insufficient to provide adequate internal controls over the Capital Assets management system. Our examination of the Capital Assets management system at June 30, 2010, revealed the following internal control deficiencies:

1. The Department failed to perform monthly reconciliations of additions between the Asset Management Module and the general ledger in a timely manner.

2. The capital asset inventory records contained six (6) equipment items with a cost less than the $5,000 threshold as required by the *Accounting Procedures Manual* for the State of Georgia.

3. The Department's Capital Assets management system does not utilize the location code feature resulting in the inability to test the physical existence of equipment items without the assistance of a custodian.

In addition, fifty-six (56) capital asset items were selected for physical inspection to test the accuracy of the Department's capital asset inventory records. The tested items had a value of $1,081,652.55 out of a population of $2,022,765.19 and the following deficiencies were noted:

1. Twenty-three (23) items totaling $421,248.11 could not be located.

2. Four (4) items totaling $82,117.20 lacked either a decal or serial ID number.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section Three, Page 3-1-29, states, in part: "Accurate subsidiary capital asset inventory records must be maintained. Balances and additions to the inventory records should be reconciled periodically (monthly) to the general ledger..."

Cause: The deficiencies noted above were caused by the Department's failure to implement adequate controls and procedures necessary to properly record and maintain capital asset inventory records in accordance with State guidelines.

Effect: Failure to maintain complete and accurate capital asset inventory records could result in the misappropriation of assets and a material misstatement of the financial statements.

Recommendation: The Department of Education should develop appropriate policies and procedures to ensure that all capital assets are properly accounted for and reported in accordance with the *Accounting Procedures Manual* for the State of Georgia.

Finding Control Number: **FS-414-10-03**
ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
Inadequate Grant Allocation Procedures

Condition: Our examination of the Department of Education (Department) included a review of fiscal year 2010 Equalization grant funds allocated to qualifying local school systems. Of the one hundred thirty-four (134) systems receiving funds, four (4) systems were over-funded by a total of $139,920.85 while the remaining one hundred thirty (130) systems were under-funded by a total of $139,920.85.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section Five, pages 5-1-1 and 5-4-2 states, in part: "Each State organization is responsible for adopting an internal control framework that is suitable for the type of services they provide. The establishment and maintenance of effective internal controls within a strong and effective internal control environment are fundamental components in the safe and sound management of all State organizations. Documentation involves preserving evidence to substantiate a decision, event, transaction, or system. All documentation should be complete, accurate, and reported promptly..."

Information: The Department could not provide supporting documentation or an explanation as to why these variances occurred and why the calculated amounts for each school system were different from the amounts actually paid to the systems.

Cause: The deficiency noted above occurred as a result of the Department's failure to establish adequate internal control policies and procedures for the allocation of Equalization grant payments.

Effect: Failure to establish and maintain internal control procedures resulted in erroneous Equalization grant amounts being allocated to all qualifying local school systems.

Recommendation: The Department of Education should implement policies and procedures to ensure that Equalization grant payments to qualifying local school systems are accurate and agree with calculated amounts.

Finding Control Number: **FS-414-10-04**
ACCOUNTING CONTRTOLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
Inadequate Supporting Documentation for Austerity Reduction Calculation

Condition: Our examination of the Georgia Department of Education (Department) included a review of the austerity reduction in Quality Basic Education (QBE) appropriated funds. The Department failed to provide supporting documentation for amounts used in the calculation of the austerity reduction.

Criteria: The State of Georgia *Accounting Procedures Manual*, Section Five, Page 5-4-2 states, in part: "Documentation involves preserving evidence to substantiate a decision, event, transaction, or system. All documentation should be complete, accurate, and reported promptly. Documentation should contribute to achieving the State organization's mission, help managers in controlling their operations, and assist in analyzing operations."

Cause: The deficiency noted above occurred as a result of the Department's failure to maintain supporting documentation for amounts used in the austerity reduction calculation.

Effect: Failure to maintain adequate supporting documentation increases the risk of material misstatements in the financial statements including misstatement due to fraud.

Recommendation: The Department of Education should implement additional policies and procedures to ensure that adequate supporting documentation is maintained for all amounts used in the austerity reduction calculation.

PROSECUTING ATTORNEYS' COUNCIL OF GEORGIA

Finding Control Number: **FS-418-10-02**
ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
Failure to Meet the Minimum Purchasing Card Requirements

Condition: For the fiscal year under review, the Prosecuting Attorneys' Council of Georgia failed to meet the minimum requirements as outlined in the Statewide Purchasing Card Policy.

The Council failed to include the following in their internal P-Card Policy:

1. Criteria for obtaining a P-Card
2. Methods of reporting suspected misuse or fraudulent use
3. Provision for review of the Council's internal P-Card Policy for adequacy at least annually
4. Provision for audit or other independent review of all areas of the program's administration and transactions at least annually

Criteria: The Department of Administrative Services' (DOAS) Statewide P-Card Policy states that the Agency's Card Program Administrator must, "Develop the internal policy governing the use of the P-Card, to include the following minimum requirements:

1. Ensure compliance with the State Purchasing Card Policy;
2. Provide for unique needs based on mission;
3. Define responsibilities of Program personnel;

4. Define criteria for obtaining a P-Card;

5. Define acceptable use of the P-Card that cannot be less restrictive than State Purchasing Card Policy;

6. Provide a method for reporting suspected misuse or fraudulent use;

7. List in detail consequences of misuse or fraudulent use;

8. Create a provision for review of the internal policy for adequacy at least annually; and

9. Create a provision for audit or other independent review of all areas of program administration and transactions at least annually."

Cause: The Council failed to meet minimum P-Card policy requirements as outlined in the State of Georgia Statewide Purchasing Card Policy.

Effect: The Council's failure to meet minimum P-Card policy requirements may prohibit the detection of fraud and abuse relating to the use of P-cards.

Recommendation: The Prosecuting Attorneys' Council of Georgia should implement policies and procedures to annually review and update their Internal P-Card Policy to meet the minimum requirements as outlined by the Statewide P-Card Policy.

Finding Control Number: **FS-418-10-03**
EXPENSES/EXPENDITURES AND LIABILITIES
GENERAL LEDGER
Failure to Reconcile Accounts Payable to the General Ledger

Condition: The Prosecuting Attorneys' Council of Georgia did not perform a reconciliation to the general ledger for the selected accounts payable subsidiary ledgers.

Criteria: The general ledger should be reconciled with subsidiary ledgers as a routine matter with any variances noted and resolved in a timely manner.

Cause: The deficiency noted above was a result of the Council's failure to establish internal control procedures to ensure that the accounts payable subsidiary ledgers were properly reconciled to the general ledger by fiscal year end.

Effect: Accounts payable balances unreconciled at fiscal yearend could cause the financial statements to be misstated and could lead to erroneous decisions by the Council's management.

Recommendation: The Prosecuting Attorney's Council should implement additional policies and procedures to ensure that balances in the general ledger are routinely reconciled with relevant subsidiary ledgers with any variances noted and resolved in a timely manner.

Finding Control Number: **FS-418-10-04**
EQUITY AND FINANCIAL STAEMENT RECONCILIATIONS
GENERAL LEDGER
Balance Within Program Not Identified

Condition: Our review of the Prosecuting Attorneys' Council's FY 2010 Program Changes to Fund Balance worksheet revealed that $306,049.11 of the $597,318.74 prior year deficit consists of State General Funds within programs not identified in the general ledger.

Criteria: The Georgia Statewide Accounting Policy and Procedure dictates that funds in the Budgetary Compliance Report be reported in conformity with accounting principles prescribed or permitted by statutes and regulations of the State of Georgia. Budgetary accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. The legal level of budgetary control for the State of Georgia is funding source within program. As such, all budgetary activity within an entity's general ledger should be associated with a legitimate program as outline in the Appropriations Act, as amended, (Final Budget).

Cause: The deficiency noted was the result of management's failure to ensure that all budgetary activity was associated with a legitimate program as outlined in the Appropriations Act, as amended, (Final Budget).

Effect: Failure to maintain general ledger activity at the legal level of budgetary control increases the risk of non-compliance with the Appropriations Act, as amended, (Final Budget).

Recommendation: The Council should develop adequate controls to ensure that all budgetary activity within the general ledger is associated with a legitimate program.

Finding Control Number: **FS-418-10-05**
GENERAL LEDGER
Year End Balance in Clearing Account

Condition: A review of the year end general ledger trial balance revealed a balance of $1,035,858.82 in clearing account 196119.

Criteria: In accordance with the *Accounting Procedures Manual* for the State of Georgia, Section Three, Page 3-4-1 states: "Balance sheet clearing accounts have been provided in the State Chart of Accounts to facilitate the accumulation of transactions which are later distributed to appropriate accounts. Care should be taken to ensure that clearing accounts do not have balances at the end of each reporting period since such accounts should not be listed on either budgetary or GAAP financial statements."

Cause: The deficiency noted above was a result of the Council's failure to establish internal control procedures to ensure that the clearing account balance was properly distributed to the appropriate accounts on the general ledger by fiscal year end.

Effect: Balances remaining in the clearing accounts at fiscal yearend could cause the financial statements to be misstated and could lead to erroneous decisions by the Council's management.

Recommendation: The Prosecuting Attorney's Council should ensure that clearing account balances have been distributed to the appropriate accounts at the end of each accounting period and that no balances remain in the clearing accounts at fiscal yearend in accordance with the *Accounting Procedures Manual* for the State of Georgia.

Finding Control Number: **FS-418-10-06**
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

Condition: Our examination included a review of the Prosecuting Attorneys' Council of Georgia's bank reconciliation procedures that were performed on the Operating and Food Stamp Recovery bank accounts. The following deficiencies were noted:

1. In the Operating account, the reconciled bank and general ledger balances did not agree for all twelve months. The June 30th bank reconciliation contained an unreconciled difference of $445,903.53 between the bank and general ledger balance.

2. On the Operating and Food Stamp Recovery reconciliations, the preparer and reviewer signatures were missing and the reconciliations were not dated.

3. In the operating account, the agency failed to use the correct PeopleSoft general ledger balance as their book balance on their bank reconciliations.

Criteria: An adequate system of internal controls dictates that bank reconciliations be performed at a minimum on a monthly basis, and as appropriate, include the following: 1) adequate supporting documentation, 2) reconciling items correctly identified by description and amount, 3) adjustments which are needed are identified and made in a timely manner, 4) accurate general ledger balances, and 5) evidence of an effective supervisory review and approval function.

Cause: The Council's bank reconciliation process failed to ensure that reconciling items were identified and corrected, and reconciliations were reviewed and approved in a timely manner.

Effect: Failure to maintain an effective bank account reconciliation process increases the risk of misstatement due to fraud and the possible misappropriation of the Agency's assets.

Recommendation: The Prosecuting Attorneys' Council of Georgia should review their current internal control procedures in relation to bank reconciliations and implement additional policies and procedures to ensure an effective bank reconciliation process is in place to manage and monitor bank accounts.

Finding Control Number: **FS-418-10-07**
EXPENSES/EXPENDITURES AND LIABILITIES
Deficiencies in Reporting of Operating Leases

Condition: An examination of the operating lease form prepared by the Prosecuting Attorneys' Council of Georgia revealed that lease form amounts submitted to the State Accounting Office could not be tied to the general ledger lease accounts. Also, the Prosecuting Attorneys' Council of Georgia could not provide accurate supporting documentation for selected operating leases.

Criteria: An adequate system of internal controls is one that provides for verification of the information submitted to the State Accounting Office regarding current and future lease obligations. The *Accounting Procedures Manual* for the State of Georgia (Manual), Section 5, Page 5-4-3, states in part that: "Verification is the determination of the completeness, accuracy, authenticity and/or validity of transactions, events or information."

Cause: The Prosecuting Attorneys' Council of Georgia failed to ensure that adequate internal controls were in place to provide for proper verification of the amounts reported to the State Accounting Office for current and future lease obligations.

Effect: Inadequate internal controls increase the risk of misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Prosecuting Attorneys' Council of Georgia should develop and implement adequate internal controls to ensure that the amounts for current and future lease obligations are verified to the accounting records before submission to the State Accounting Office.

Finding Control Number: **FS-418-10-08**
EXPENSES/EXPENDITURES AND LIABILITIES
Failure to Provide Documentation of Agency Head Compensation

Condition: Our examination included a review of the Prosecuting Attorneys' Council of Georgia's Executive Director's compensation. The compensation of the Executive Director increased from $135,023.28 for Fiscal Year 2009 to $139,184.88 for Fiscal Year 2010. Authorized documentation could not be provided by the Council to support the amount of compensation reported.

Criteria: The Prosecuting Attorneys' Council's Board Members are responsible for establishing the annual compensation for the Council's Executive Director. The Council's management is responsible for ensuring adequate controls are in place to ensure the authorized amount of compensation is paid to the Council's Executive Director.

An adequate system of internal control over personal service expenditures is one in which all supporting documentation regarding authorized compensation amounts and authorized payroll withholdings are current and properly maintained.

Cause: The Prosecuting Attorneys' Council of Georgia failed to properly document the Executive Director's compensation amount.

Effect: Failure to properly document compensation amounts increases the risk of misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Prosecuting Attorneys' Council of Georgia should develop and implement additional procedures to ensure that employee compensation amounts are properly documented and maintained.

Finding Control Number: **FS-418-10-10**
BUDGET
Budgetary Compliance Deficiency

Condition: Our review of the Budgetary Compliance Report (BCR) found that the Prosecuting Attorneys' Council reported the following instances of non-compliance:

1. Prosecuting Attorneys' Council/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Total Funds Available by $7,023.

2. Prosecuting Attorneys' Council/Other Funds
   Expenditures exceeded Total Funds Available by $1,498.

Criteria: Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, "...the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that amounts reflected in the column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures are not negative variances.

Cause: The deficiency noted above was a result of the Council's failure to establish internal control procedures to ensure that expenditures by program and fund source did not exceed Total Funds Available.

Effect: Expenditures in excess of Total Funds Available is a violation of the Constitution of the State of Georgia.

Recommendation: The Prosecuting Attorneys' Council should manage its budgetary activity at the legal level of control, which is fund source within program. The Council should review its internal control procedures over budget operations, design procedures that would prohibit expenditures in excess of funds available, and implement those procedures to strengthen the internal controls over the budget function.

COMMUNITY HEALTH, DEPARTMENT OF (*)

Finding Control Number: **FS-419-10-01**
REVENUES AND RECEIVABLES
EXPENSES/EXPENDITURES AND LIABILITIES
FINANCIAL REPORTING AND DISCLOSURE
Upper Payment Limit Calculation

Condition: This is a modification and partial repeat of finding FS-419-09-1 from the year ended June 30, 2009.

During fiscal year 2010, the Department of Community Health did not perform final UPL calculations for inpatient and outpatient services because updated cost reports were not yet available. However, since the asset and liability related to the UPL payments are significant, the Department of Community Health developed an estimate of its liability for those payments as well as for the associated receivable from the federal government. This estimate was recorded in the June 30, 2010 financial statements.

During our review of this estimate, we noted it had been computed based on a revised UPL state plan which did not take effect until fiscal year 2011. Upon being made aware of the error, the Department of Community Health recalculated the estimate in accordance with the applicable fiscal year 2010 UPL state plan and made the necessary adjustments to its assets, liabilities, revenues and expenses.

Criteria: Title 42 of the Code of Federal Regulations, sections 447.272 for inpatient services and 447.321 for outpatient services and nursing homes, states that the Department of Community Health is eligible to calculate Upper Payment Limit (UPL) for providers that are state government, non-state government and privately owned and operated facilities. UPL refers to a reasonable estimate of the amount that would be paid for the services furnished by the group of facilities under Medicare payment principles.

Information: The initial UPL estimate for inpatient and outpatient services was overstated as a result of using the incorrect UPL state plan provisions in the calculation. The Department of Community Health subsequently determined the amount of the overstatement and made adjustments to the June 30, 2010 financial statements to reflect this correction.

Cause: The failure to use the correct information in the calculation was due to erroneous information provided from one division within the Department of Community Health to the division responsible for preparing the financial statements. This was not identified when the financial statements were being prepared due to the lack of an adequate detailed review and approval process.

Effect: The total dollar value of the initial UPL estimate for payments was overstated by approximately $79 million, and the intergovernmental revenues from the federal government were overstated by approximately $59 million, prior to making the adjustments to reflect the correction.

Recommendation: Management should develop procedures to review its UPL estimates and calculations to ensure the amounts recorded in the Department of Community Health's financial statements are properly supported, reviewed and represent management's best estimates. This process should include a detailed review of supporting documentation to ensure the data used in calculating the estimate is reasonable, accurate and in accordance with the applicable UPL state plan.

View of Officials: We concur. On November 19, 2010, Reimbursement Services initiated discussions with the Department of Audits and Accounts (DOAA) to provide support and data validation for all hospital, nursing home and physician UPL payments. The DOAA review will precede submission of sample calculations to Centers for Medicare & Medicaid Services (CMS). The DOAA review will include verification of source data used in the various UPL calculations.

Finding Control Number: **FS-419-10-02**
ACCOUNTING CONTROLS (OVERALL)
REVENUES AND RECEIVABLES
System Override of Internal Controls

Condition: The Department of Community Health has policies and procedures in place formally documenting and approving a request for extended repayment of amounts receivable from providers. During our testing, we noted the terms of a request for extended payment were later renegotiated with the provider. However, it was not subject to the same level of review and documentation as the initial agreement.

Criteria: The Department of Community Health is responsible for developing, maintaining and following internal controls over provider receivables to prevent or detect potential misstatements, ensure accurate reporting of receivable balances and develop an expectation of cash inflows.

Information: Upper level management did not have the opportunity to review the renegotiated terms.

Cause: Due to a lack of cash flow at the provider, repayment terms were renegotiated informally as a means to quickly provide relief to the provider.

Effect: Internal controls in place over provider receivable repayment terms were overridden and not filtered through the proper channels of internal control established by the Department of Community Health.

Recommendation: We understand cash flow situations for certain providers may often necessitate management to move quickly to modify repayment terms. However, management should not override the system of controls which govern requests for extended payment without an appropriate review and approval process. In the event that terms of an existing agreement must be modified, we recommend management follow the established policies and procedures for formally documenting and approving a request for extended repayment or develop an emergency review and approval process for unusual transactions.

View of Officials: We concur with this finding and agree that a formally documented procedure using the Extended Repayment Plan (ERP) forms and processes should be implemented for all changes in the recoupment process resulting from negotiations between Department of Community Health staff and the affected providers. This is currently being done and we believe Miller County Hospital is the one (1) exception due to the date of the original transaction and the complexity of the recoupment process in this case.

In March 2008, the Chief Financial Officer granted a reduced level of recoupment to Miller County Hospital and communicated the instructions to the Benefit Recovery Unit via email. The Miller County Hospital recoupment is further complicated by credits made to their recoupment in the form of substantial amounts owed to Miller County Hospital resulting from previous Rural Health Clinic underpayments. We also agree that decisions regarding credits to accounts receivable from repayments to providers should be documented through the ERP process.

Finding Control Number: **FS-419-10-03**
FINANCIAL REPORTING AND DISCLOSURE
Controls Over Processes Performed at Service Organizations

Condition: Service auditor reports (a/k/a SAS 70 reports) are not always obtained by the various business process owners where transaction processing is outsourced.

Criteria: Management is responsible for implementing and maintaining effective internal controls over financial reporting whether the processing is performed at the Department of Community Health or whether it is outsourced to an outside service organization.

Information: In two (2) out of twenty (20) instances, management was unable to provide us with a service auditor report for its key business processes. In addition, several of the business owners did not provide us with information relative to the user controls that the Department of Community Health has in place to detect and correct any errors that might result from improper processing.

Cause: After repeated attempts, the Department of Community Health was not able to obtain the respective service auditor reports in an effort to monitor the outsourced parties' key internal control systems.

Effect: If the Department of Community Health does not obtain service auditor reports on its key processes it may be unaware of changes in the controls at the service organization that could cause transactions to be processed incorrectly. This could affect the amounts and disclosures in the financial statements.

Recommendation: The Department of Community Health should ensure that the business owners for the key outsourced processes obtain service auditor reports on a yearly basis. Management should review the opinion of the service auditor and review the contents of the report for any deviations noted by the service auditor in

testing. Further, the business owner should ensure that appropriate user controls are in place to detect and correct any errors that might occur at the service organization.

View of Officials: The Department of Community Health acknowledges the importance of obtaining timely service auditor reports and understands the need for the joint venture auditors to raise their concerns in this area.

Service auditor reports fully covering the audit period were not available for two (2) organizations, i.e., Bank of America and Wachovia. The Department of Community Health shares SAS 70 reports with the auditors as soon as the Department of Community Health is physically able to share the reports, and we expect to receive a Type 2 SAS 70 report from Bank of America by 'mid-December' per bank representatives. Because the target audit report delivery date precedes mid-December, the Department of Community Health requested Bank of America to ask its SAS 70 auditor to discuss the process with the joint venture team. As of this date (November 30), we are still awaiting follow-up communication from Bank of America. Despite the Department of Community Health's desire to obtain these reports, it should be noted that the Department of Community Health has no control over the banks' SAS 70 reporting, does not select its own banking service providers and does not set or negotiate the State of Georgia's terms of agreement.

The Department of Community Health requires SAS 70 Type 2 reporting from a large number of vendors who contract directly with the Department of Community Health, monitors their content of those reports, and requires corrective action when needed. Examples include ACS (Medicaid Management Information System), WellCare (Care Management Organization), PSI (State Children's Health Improvement Program), and Goold (drug rebates). The Department of Community Health also insisted that the last ACS SAS 70 cover the period through October 31, 2010 with Hewlett Packard's first SAS 70 covering the period beginning November 1, 2010 to ensure complete coverage by organizations responsible for operating the department's Medicaid Management Information System (MMIS).

Finding Control Number: **FS-419-10-100**
ACCOUNTING CONTROLS (OVERALL)
BUDGET
Expenditures in Excess of Final Budget

Condition: The *Budgetary Compliance Report* (BCR) for the Department of Community Health (Department) reported the following instances on non-compliance with the Appropriations Act, as amended, (Final Budget):

1. Aged, Blind, and Disabled Medicaid/Other Funds
   Expenditures exceeded Final Budget by $30,663,402

2. Low-Income Medicaid/Other Funds
   Expenditures exceeded Final Budget by $3,934,749

3. Emergency Preparedness/Trauma/Preventive Health and Health Services Block Grant
   Expenditures exceeded Final Budget by $1,501

4. Epidemiology/Medical Assistance Program
   Expenditures exceeded Final Budget by $1,531

Criteria: The Appropriations Act, as amended, (Final Budget) prohibits an agency from overspending their authorized budgeted amounts at the legal level of budgetary control (funding source within program). As applied here, this means that amounts reflected in the "variance" columns of the appropriated budget unit's budgetary comparison schedule at the legal level of budgetary control are not negative variances and do not result in an deficiency of funds available under expenditures.

Cause: These budget overages occurred because the Department had not concluded its cost allocation process and other final adjustments at the time when the budget tracking system, BudgetNet, was closed for the year.

Effect: Failure to limit expenditures at the legal level of budgetary control results in noncompliance with Appropriations Act, as amended, (Final Budget).

Recommendation: The Department should increase its efforts to make final allocations and adjustments to its expenditures prior to the deadline for submitting budget amendments.

GOVERNOR, OFFICE OF THE

Finding Control Number: **FS-422-10-02**
ACCOUNTING CONTROLS (OVERALL)
FINANCIAL REPORTING AND DISCLOSURE
Failure to Provide Documentation for Lease Agreements

Condition: The Office of the Governor was unable to provide lease agreements for four (4) of the five (5) leases selected for testing. In addition, for the one (1) lease agreement provided for review, the payment frequency for the lease was not entered on the Lease Agreement Data Form accurately.

Criteria: Statewide Accounting Policy and Procedure on Management Responsibilities issued by the State Accounting Office states in part that, "The management of each organization of state government is ultimately responsible for the accuracy and completeness of its accounting and financial records and reports..."

In addition, an adequate system of internal controls dictates that controls are in place to ensure that all payments should be supported by proper lease documentation, including lease agreements.

Information: The State Accounting Office Shared Services completed the Lease Agreement Data Form for the Office of the Governor and maintained what lease documentation was available for review at their office.

Cause: The failure on behalf of management of the Office of the Governor to maintain copies of their lease agreements.

Effect: The inability to verify the accuracy of the information reported on the Lease Agreement Data Form.

Recommendation: The Office of the Governor should establish controls ensuring that adequate documentation for all lease payments, including copies of lease agreements are being maintained.

Finding Control Number: **FS-422-10-03**
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

Condition: The Office of the Governor failed to adequately reconcile and correct book errors for their operating account on a timely basis. Based on our review of the June 2010 bank reconciliation, the following deficiencies were noted:

1. Thirty deposits, totaling $2,317,444.94, were not recorded on the general ledger. Some of these were dated as far back as August 2009.

2. Five entries, totaling $292,600.31, posted in the Accounts Receivable (AR) module were not recorded on the general ledger.

3. One Bankcard fee, for $492.80, from June 30, 2009 still has not been posted to the general ledger.

4. One Accounts Payable (AP) variance, for $397.28, from June 30, 2009 was not recorded on the general ledger.

5. Twenty-five wire transfers made between February 2010 and June 2010, totaling $2,663,093.22, were not recorded on the general ledger.

6. One May 2010 EFT payment of $5.00 was voided and reissued, but was not recorded on the general ledger.

7. Five June 2009 AP expense adjustments, netting to $57,486.57, were not recorded on the general ledger.

8. One FY 2009 manual entry, for $61,013.22, was not recorded on the general ledger.

9. Two AR adjustments, netting to $2,880.00, needed to correct project balances have not been booked.

10. Two variances, netting to $32,761.23, resulting from manual journal entries appear as reconciling items which were still being researched to determine the proper resolution.

11. Two voided checks, totaling of $2,837.00, were not voided on the general ledger.

12. One manual journal entry, for $1,270.79, relating to the Labor clearing account appears as a reconciling item which is still being researched to determine the proper resolution.

13. There was no indication as to the date when the reconciliation was prepared or reviewed.

Criteria: Policy Number CM-100008 of the *State Accounting Manual Policies and Procedures* issued by the State Accounting Office (SAO) provides bank reconciliation guidelines for all organizations to follow. An adequate system of internal controls dictate that bank reconciliations be performed at a minimum on a monthly basis, and as appropriate, include the following: 1) adequate supporting documentation, 2) reconciling items correctly identified by description and amount, and 3) adjustments which are needed are identified and made in a timely manner.

Information: Effective January 1, 2010, the bank reconciliation function was transferred from the Office of the Governor to the State Accounting Office Shared Services.

Cause: The deficiencies noted were the result of:

1. The Office of the Governor and the State Accounting Office Shared Services failure to adequately perform monthly bank reconciliations; and

2. The Office of the Governor and the State Accounting Office Shared Services failure to have proper controls in place to ensure that the bank reconciliations were being performed accurately and in a timely manner.

Effect: The failure to maintain an effective bank reconciliation process increases the risk of material financial statement misstatements (both on a budgetary and generally accepted accounting principle basis); including misstatement due to fraud.

Recommendation: The State Accounting Office Shared Services should develop and implement adequate internal control procedures regarding their bank reconciliations process.

Finding Control Number: **FS-422-10-100**
BUDGET
Budgetary Compliance Deficiency

Condition: The State General Funds - Prior Year are budgeted by the Governor's Office for Children and Families, an attached agency to the Office of Governor, as Other Funds instead of State General Funds - Prior Year. In addition, a majority of the expenditures associated with the State General Funds - Prior Year are also recorded in the Other Funds funding source.

Criteria: Financial Management Policies and Procedures Issued by the Office of Planning and Budget and State Accounting Office Policy number 02.01.0201 states, "In BudgetNet, State funds carried over must be amended into the budget in the next fiscal year as the specific detailed state fund source of their origination with a 'Prior Year funds' designation. The type of detailed State funds must be identified as State General Funds, Motor Fuel, Tobacco Funds, Lottery Funds, Brain & Spinal Funds or Governor's Emergency Funds." In addition, a letter dated January 26, 1999 from the Attorney General's Office to the State Auditor clarifies the 1977 Op. Att'y Gen. 77-77 (p. 142) stating ". . . when the source of the payment is a state funds appropriation, in the ordinary case the informal advice and guiding precedent has been to say that the payment retains its character as an appropriation. That is, it lapses unless the recipient agency spends or contractually commits the funds outside state government."

Information: Effective January 1, 2010, the accounting functions were transferred to the State Accounting Office (SAO) Shared Services. In addition, SAO Financial Reporting informed SAO Shared Services and the Office of the Governor that they were charging expenditures incorrectly as Other Funds. As a result, SAO Shared Services started charging expenditures to the State General Funds - Prior Year fund source in April 2010.

Cause: This deficiency is the result of management's failure to adequately ensure that the budget and the corresponding accounting transactions are both recorded in the proper funding source.

Effect: Because the Governor's Office of Children and Families budgeted the carry over funds as other revenue and recorded the actual revenue in State General Funds - Prior Year, the budget comparison schedule appears to be in violation of the State's Constitution due to a reported deficiency of funds available under expenditures for the Other Funds funding source of $3,018,400.17. In addition, the budget comparison schedule appears to be in violation of the 2010 Appropriations Act, as amended, (Final Budget) due to a reported negative variance of $109,715.77 of expenditures compared to budget for the State General Funds - Prior Year funding source. However, because of the incorrect manner in which these funds were budgeted, these variances are not true indicators of noncompliance.

Recommendation: The Governor's Office of Children and Families should develop and implement policies and procedures to ensure that State carry-over funds are budgeted in accordance with the aforementioned Financial Management Policies and Procedures number 02.01.0201.

Finding Control Number: **FS-422-10-101**
BUDGET
Budgetary Compliance Deficiency

Condition: The State General Funds - Prior Year (carry-over funds) are budgeted by the Georgia Emergency Management Agency, and attached agency to the Office of the Governor, as Other Funds instead of State General Funds - Prior Year.

Criteria: Financial Management Policies and Procedures Issued by the Office of Planning and Budget and State Accounting Office Policy number 02.01.0201 states, "In BudgetNet, State funds carried over must be amended into the budget in the next fiscal year as the specific detailed state fund source of their origination with a 'Prior Year funds' designation. The type of detailed State funds must be identified as State General Funds, Motor Fuel, Tobacco Funds, Lottery Funds, Brain & Spinal Funds or Governor's Emergency Funds." In addition, a letter dated January 26, 1999 from the Attorney General's Office to

the State Auditor clarifies the 1977 Op. Att'y Gen. 77-77 (p. 142) stating ". . . when the source of the payment is a state funds appropriation, in the ordinary case the informal advice and guiding precedent has been to say that the payment retains its character as an appropriation. That is, it lapses unless the recipient agency spends or contractually commits the funds outside state government."

Cause: This deficiency is the result of management's failure to adequately ensure that the budget and the corresponding accounting transactions are both recorded in the proper funding source.

Effect: Because the Georgia Emergency Management Agency budgeted the carry over funds as other revenue and recorded the actual revenue in State General Funds - Prior Year, the budgetary comparison schedule appears to be in violation of the 2010 Appropriations Act, as amended, (Final Budget) due to a reported negative variance of $10,748,439.97 of expenditures compared to budget for the State General Funds - Prior Year funding source. However, because of the incorrect manner in which these funds were budgeted, this variance is not a true indicator of noncompliance.

Recommendation: The Georgia Emergency Management Agency should develop and implement policies and procedures to ensure that State carry-over funds are budgeted in accordance with the aforementioned Financial Management Policies and Procedures number 02.01.0201.

Finding Control Number: **FS-422-10-102**
BUDGET
Audit Adjustments to the Budget Comparison Report

Condition: Numerous audit adjustments were necessary to correct and prepare for presentation the Budgetary Compliance Report (BCR) for the Office of the Governor and their attached agencies.

Criteria: In accordance with Statewide Accounting Policies and Procedures issued by the State Accounting Office (SAO) on Management Responsibilities, "...the management of each state organization is responsible for the accuracy and completeness of its accounting and financial records and reports." In addition, "Management of each individual state organization is also responsible for ensuring compliance with applicable laws and regulations."

Internal controls over the period-end financial reporting process should include controls over the general ledger and the BCR. Further, these internal controls should be sufficiently designed and be in-place to identify misstatements due to error or fraud.

Information: Effective January 1, 2010, the accounting functions were transferred to the State Accounting Office (SAO) Shared Services while the budget function remained with the Office of the Governor and the attached agencies.

Cause: Accounting transactions and adjustments were submitted to SAO Shared Services by the Office of the Governor and their attached agencies. SAO Shared Services' responsibility was to enter the transactions and adjustments as received. Some post closing adjustments were prepared by SAO Shared Services and were not reviewed by the Office of the Governor staff.

Effect: Insufficient internal controls over the period-end financial reporting process increases the risk that material misstatement in the financial statements and budget comparison report will occur and not be detected.

Recommendation: The Office of the Governor and their attached agencies should implement policies and procedures, as needed, to ensure that all adjustments are properly recorded in the accounting records and that the Budgetary Compliance Report is accurate prior to it being presented for review.

HUMAN SERVICES, DEPARTMENT OF

Finding Control Number: **FS-427-10-01**
ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
BUDGET
Inadequate Journal Entry Documentation

Condition: Our examination included a review of journal entries that were posted to the Department of Human Services' (Department) general ledger during fiscal year 2010. This review revealed that an excessive number (over 475) of these journal entries were made during periods 12 and 998 (adjustment period) to the expenditure accounts. The number of journal entries posted in these two periods was more than 35% of the total number of journal entries that were posted to the expenditure accounts for the entire year. This excessive use of journal entries at the end of the fiscal year indicates weaknesses in the Department's internal controls.

In addition to our review of journal entry activity on the general ledger, we examined the supporting documentation maintained by the Department for various types of journal entries. We did this testing in four separate procedures during the audit work done for the Department of Human Services.

For testing done for the Examination Engagement, the auditors reviewed eight (8) journal entries with a dollar value of $42,538,210.77, of which four (4), with a dollar value of $19,708,920.44, were found to not be adequately supported.

For testing done for the Financial Engagement, the auditors reviewed six (6) journal entries with a dollar value of $108,838,206.99, of which five (5), with a dollar value of $105,975,543.99, were found to not be adequately supported. $73,258,465.25 of the unsupported amount related to balance sheet reclassifications. The remaining entries were analyzed for their effect on the general ledger, and it was determined that the deficiency is more of an internal control issue for lack of adequate supporting documentation, than a misstatement of the general ledger.

For the testing done for Federal Cost Allocation, the auditors reviewed nineteen (19) journal entries with a dollar value of $106,797,939.19, of which three (3) with a dollar value of $4,543,002.58 were found to not be adequately supported. Additionally, five (5) of the nineteen (19) journal entries were found to not have had an approval signature within a reasonable time frame.

For the testing done on the eight major federal compliance programs, in the General Matters section, the auditors selected and reviewed four-hundred and ninety-eight (498) journal entries. The testing of journal entries was performed in two parts:

1. Interim testing in which the auditors selected and reviewed two-hundred and three (203) journal entries with a dollar value of $1,738,033,441.60 for the periods 1 through 8 (July through February) for state fiscal year 2010.

2. Final testing, in which the auditors selected and reviewed two-hundred and ninety-five (295) journal entries with a dollar value of $4,615,638,412.25 for the periods 9 through 998 (March through June and including the year-end adjustment period) for state fiscal year 2010.

For the interim testing, the 203 journal entries, selected for review, were found to have no issues.

For the final testing, the two-hundred and ninety-five (295) journal entries tested revealed the following deficiencies:

1. For the Community Services Block Grant Cluster (CSBG) program, the auditors reviewed thirty-three (33) journal entries with a dollar value of $152,018,461.60, of which twenty (20), with a dollar value of $142,511,952.04, were found to not be adequately supported.

2. For the Low-Income Home Energy Assistance (LIHEAP) program, the auditors reviewed twenty-seven (27) journal entries with a dollar value of $411,425,359.06, of which twenty (20), with a dollar value of $392,068,909.70, were found to not be adequately supported.

3. For the Adoption Assistance (AA) program, the auditors reviewed twenty-three (23) journal entries with a dollar value of $163,203,443.04, of which nine (9), with a dollar value of $149,493,063.28, were found to not be adequately supported.

4. For the Child Care Cluster (CCC) program, the auditors reviewed forty-five (45) journal entries with a dollar value of $789,787,274.82, of which twenty-one (21), with a dollar value of $731,384,034.72, were found to not be adequately supported.

5. For the Child Support Enforcement (CSE) program, the auditors reviewed forty-five (45) journal entries with a dollar value of $504,816,874.90, of which fourteen (14), with a dollar value of $480,669,894.96, were found to not be adequately supported.

6. For the Foster Care Title IV-E (FC) program, the auditors reviewed thirty-three (33) journal entries with a dollar value of $631,123,552.40, of which thirteen (13), with a dollar value of $603,809,914.92, were found to not be adequately supported.

7. For the Supplemental Nutrition Assistance Program (SNAP), the auditors reviewed thirty-eight (38) journal entries with a dollar value of $409,237,494.74, of which eleven (11), with a dollar value of $377,582,346.00, were found to not be adequately supported.

8. For the Temporary Assistance for Needy Families (TANF) program, the auditors reviewed fifty-one (51) journal entries with a dollar value of $1,554,025,951.69, of which thirty (30), with a dollar value of $1,352,824,916.32, were found to not be adequately supported.

See the following table for a summary of the journal entries found to be inadequately supported:

Program	CFDA Number	Absolute Dollar Value of all lines of unsupported Journal Entries for the Program Tested, divided by two	Number of Journal Entries that were found to be unsupported
CSBG	93.569 93.710	$ 142,511,952.04	20
LIHEAP	93.568	$ 392,068,909.70	20
Adoption Assistance	93.659	$ 149,493,063.28	9
Child Care Cluster	93.575 93.596 93.713	$ 731,384,034.72	21
Child Support Enforcement	93.563	$ 480,669,894.96	14
Foster Care	93.658	$ 603,809,914.92	13
SNAP	10.561	$ 377,582,346.00	11
TANF	93.558 93.714	$ 1,352,824,916.32	30
Cost Allocation	Multiple CFDA's	$ 4,543,002.58	3

The dollar values in the table above are absolute dollar values of all relevant lines of the journal entries, divided by two. Analysis of the effect of these journal entries revealed that the net effect on the given programs was not significant, as the entries were mostly for recording Federal revenues and receivables, and moving expenditures between fund sources, departments, and federal fiscal years within the programs. The deficiency is more of an internal control issue for lack of adequate supporting

documentation.

DHS journal entries are often upload entries that adjust multiple CFDA's at one time. So if the entry selected was wrong for one CFDA, it is wrong for all the other CFDA's on the entry.

Criteria: The Financial Management Policies and Procedures, policy number 4-8-1, issued by the Office of Planning and Budget and State Accounting Office, states that "Documentation should be maintained for adjustments posted during a fiscal year, especially as a part of year-end closing procedures, that allows for the verification of the adjusted transaction to the source documentation supporting the original transaction. Such documentation should include, but is not necessarily limited to, analysis identifying original deposit ID's, purchase orders, voucher ID's or other relevant identifying reference and should identify the original transaction's budget program by fund source or justification for a change in allocation methodology."

Further, the *Accounting Procedures Manual* for the State of Georgia (Manual), Section Five, Page 5-4-2, states in part that documentation "...involves preserving evidence to substantiate a decision, event, transaction, or system. All documentation should be complete, accurate, and reported promptly."

Information: See related Federal Award finding number FA-427-10-01

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal control procedures to ensure compliance with The Financial Management Policies and Procedures and the *Accounting Procedures Manual* for the State of Georgia.

Effect: Approving journal entries without adequate supporting documentation may result in a material misstatement in the financial statements including misstatements due to fraud. The excessive, unsupported journal entries were likely the cause of the ninety eight million dollar reserve for federal funds (see Financial Statement Finding FS-427-10-4), and the three-hundred and two million dollar Federal accounts receivable on the Department's balance sheet.

Recommendation: The Department of Human Services should develop and implement policies and procedures to ensure that adequate documentation is maintained and reviewed prior to approving journal entries. Additional training on the guidelines included in The Financial Management Policies and Procedures should be provided to employees responsible for preparing and approving journal entries.

Further, the Department should implement additional procedures related to monitoring transactions posted to the subsidiary ledgers during the fiscal year instead of relying on journal entries to correct problems identified just before closing the books.

Finding Control Number: **FS-427-10-02**
ACCOUNTING CONTROLS (OVERALL)
EXPENSES/ EXPENDITURES AND LIABILITIES
GENERAL LEDGER
Failure to Reconcile TANF Subsidiary Systems to PeopleSoft

Condition: The Department of Human Services (Department) did not provide reconciliations to PeopleSoft for the Success subsidiary system and the Uniform Accounting System (UAS) subsidiary system, used for recording Temporary Assistance for Needy Families (TANF) direct benefits.

The Department did provide a reconciliation to PeopleSoft for the UAS subsidiary system, but it reconciled to the total of accounts on the general ledger where UAS is recorded. It did not break out the Direct Benefit account, nor did it break out the TANF portion of the Direct Benefit account.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section Five, provides that management should establish policies and procedures to enable management to monitor the reliability of reporting systems. Such policies and procedures should include periodic review of reports to ensure data are

accurate, reliable, and measuring the appropriate things, as well as, integrating or reconciling information used to manage operations with data generated by the financial reporting system.

Information: As part of the Federal Compliance testing for Eligibility, in order to verify the completeness of the sample population, the auditor verified the balance in the Success subsidiary system to the balance on the general ledger. There was only an immaterial variance between the system totals.

Although the UAS reconciliation provided could not break out the amount of TANF benefits, the total amount of Direct Benefits recorded on UAS tied to the total amount of Direct Benefits recorded on the general ledger.

Cause: These deficiencies are a result of the Department's failure to design and implement the procedures necessary to perform the reconciliations of the Success and UAS subsidiary systems to the general ledger for Direct Benefits of the TANF program.

Effect: The failure to perform the 'year-in-total' reconciliations increases the risk of material misstatements in the financial statements.

Recommendation: The Department of Human Services should establish adequate policies and procedures to perform the 'year-in-total' reconciliations between the Success and UAS subsidiary systems and PeopleSoft for Direct Benefits of the TANF program.

Finding Control Number: **FS-427-10-03**
ACCOUNTING CONTROLS (OVERALL)
EXPENSES/ EXPENDITURES AND LIABILITIES
GENERAL LEDGER
Failure to Reconcile Child Care Subsidiary Systems to PeopleSoft

Condition: The Department of Human Services did not provide a reconciliation to PeopleSoft for the Maximus subsidiary system, used for recording Child Care direct benefits.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section Five, provides that management should establish policies and procedures to enable management to monitor the reliability of reporting systems. Such policies and procedures should include periodic review of reports to ensure data are accurate, reliable, and measuring the appropriate things, as well as, integrating or reconciling information used to manage operations with data generated by the financial reporting system.

Information: As part of the Federal Compliance testing for Eligibility, in order to verify the completeness of the sample population, the auditor verified the balance in the Maximus subsidiary system to the balance on the general ledger. There was only an immaterial variance between the system totals.

Cause: This deficiency is the result of the Department's failure to design and implement the procedures necessary to perform a reconciliation of the Maximus subsidiary system to the general ledger for Direct Benefits of the Child Care program.

Effect: The failure to perform the 'year-in-total' reconciliation increases the risk of material misstatements in the financial statements.

Recommendation: The Department of Human Services should establish adequate policies and procedures to perform the 'year-in-total' reconciliation between the Maximus subsidiary system and PeopleSoft for Direct Benefits of the Child Care program.

Finding Control Number: **FS-427-10-04**
GENERAL LEDGER
Federal Program Fund Balances

Condition: The Department of Human Services (Department) failed to properly monitor federal program fund source balances. At June 30, 2010, the Department had not set up receivables for the debit fund balances, and had not set up reserves for the credit fund balances. The Department has a total of one hundred and eighty-six (186) Federal fund sources by Program; of which, eighty-seven (87) were not properly monitored and had a balance as of June 30, 2010. Fifty-three (53) of the fund sources had credit fund balances totaling $151,827,545.58, and thirty-four (34) fund sources had debit fund balances totaling $53,626,353.96. A Federal reserve was set up by the State Accounting Office for the net amount of $98,201,191.62. The following tables identify the program names and fund source names for the deficit and excess balances.

	Program	Fund Source	Reserve
1	2010100	CCDBG	$ (2,843,738.10)
2	2010100	CCDF	(1,199,999.19)
3	2010100	FCIVE	(0.01)
4	2010100	MAP	(0.01)
5	2010200	TANF	(3,988,509.13)
6	2010200	MAP	(0.01)
7	2010400	PTSAB	(21,912.81)
8	2010800	CMHSB	(2,900,838.10)
9	2011400	FED2	(11,269.06)
10	2011500	FED2	(3,191,956.11)
11	2011500	ZFED2	(105.60)
12	2011800	FED2	(242.55)
13	2012300	FED2	(520,313.57)
14	2012600	PHHSB	(25,129.64)
15	2012800	PHHSB	(87,443.31)
16	2012800	FED2	(23,051.16)
17	2013100	MAP	(0.01)
18	2013200	MAP	(0.01)
19	2013400	FED2	(1,518,184.50)
20	2013400	MAP	(0.01)
21	2013500	MAP	(0.01)
22	2013600	FED2	(515,899.94)
23	2013900	FED2	(186,969.49)
24	2014100	TANF	(2,208,633.12)
25	2014000	CSBG	(368,558.97)
26	2014200	TANF	(65,449.04)
27	2014200	MAP	(218.81)
28	2014200	CCDF	(11.75)
29	[NONE]	TANFU	(14,691,591.51)
30	[NONE]	CCDF	(7,385,922.83)
31	[NONE]	TANF	(6,896,467.11)
32	[NONE]	CMHSB	(4,076,985.94)
33	[NONE]	PTSAB	(842,295.62)
34	[NONE]	PHHSB	(54,656.93)

Total Deficit Balance $ (53,626,353.96)

Financial Statement Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

	Program	Fund Source	Reserve
1	2010100	MCHSB	$ 0.01
2	2010100	PHHSB	2.00
3	2010100	PTSAB	139.22
4	2010100	TANF	1,849,821.36
5	2010100	TANFU	2,525,751.59
6	2010100	CMHSB	6,036,643.10
7	2010100	FED2	75,406,673.79
8	2010200	FED2	1,429,632.90
9	2010300	TANF	4,593.80
10	2010600	MAP	0.01
11	2010600	FED2	3,713.69
12	2010600	PHHSB	168,135.38
13	2010700	FED2	130.40
14	2010800	FED2	131,346.37
15	2011400	CMHSB	934,780.11
16	2011700	CCDBG	23,775.93
17	2011700	CCDF	10,225,633.24
18	2011600	FED2	1,138.63
19	2011600	TANF	7,465,143.66
20	2012100	FED2	3,371.35
21	2012200	MAP	218.81
22	2012200	FED2	5,845.12
23	2012200	TANF	9,157.59
24	2012300	PHHSB	1,793.04
25	2012600	MAP	0.01
26	2012600	FED2	245,873.56
27	2012700	FED2	497,760.09
28	2013000	FED2	327,032.69
29	2013100	FED2	285,914.93
30	2013200	MCHSB	1,919.46
31	2013200	FED2	71,712.83
32	2013300	MAP	295.60
33	2013300	MCHSB	19,473.82
34	2013300	FED2	15,129,272.53
35	2013500	PHHSB	167.50
36	2013500	FED2	5,935.99
37	2013700	FCIVE	33,946.38
38	2013700	TANF	277,028.17
39	2013700	TANFU	830,073.59
40	2013800	FED2	128,502.75
41	2013900	PTSAB	19,284.37
42	2014100	FED2	1,877,970.40
43	2014100	TANFU	11,862,851.46
44	2014000	TANF	46,994.06
45	2014000	FED2	379,390.46
46	2014000	TANFU	3,830,851.20
47	2014200	TANFU	66,667.00
48	2014200	FED2	331,017.35
49	2014300	FED2	601,674.28
50	5500100	FED2	799,890.31

51	[NONE]	MCHSB	84,746.89
52	[NONE]	FED2	2,589,195.24
53	[NONE]	CCDBG	5,254,661.56

87	Total Count	Total Excess Balance	$	151,827,545.58
		Total Reserve Booked by SAO	$	98,201,191.62

Criteria: In accordance with the *Accounting Procedures Manual* for the State of Georgia, Section One, Page 1-6-1 states in part: "State organizations that administer Federal programs must maintain sufficient accounting records to allow for the recording of Federal funds at an expenditure level adequate to establish that the funds have not been used in violation of Federal laws and regulations. These records must provide for the identification of individual grants, expenditures and revenues from such grants, unobligated grant balances and grant assets and liabilities."

Information: This $98,201,191.62 Federal Reserve amount is excessively higher than the 2009 Federal Reserve of $23,722,021.00 especially since the Agency is responsible for fewer Federal programs since the Department of Human Resources reorganization.

In addition to the overall accounting control issues, this large Federal Reserve also indicates cash management issues. This is supported by the two cash management findings issued: FS-427-10-11 and FA-427-10-3.

The Department also uses a Cost Allocation method that does not appear to be the best fit. The Random Moment Sample Study method leads to extreme inconsistencies in the allocation of standard operating expenditures over set Programs. These inconsistencies lead to significant delays in determining final quarter end and year end expenditures, and creates the need for "Re-Rate" manual journal entries to address the unpredictable expenditure totals. See FA-427-10-2.

Cause: The Department's lack of sufficient controls over multiple core functions is the main reason for this excessive Reserve for Federal Funds. The deficiencies noted are:

1. The Department's lack of controls over manual journal entries allows for an excessive number of manual journal entries, the majority of which are invalid since they lack adequate supporting documentation or are incorrect, and the excessive use of re-rate journal entries to maximize grants.

2. The Department's lack of controls over assignment of fund sources and programs in accordance with the State Chart of Accounts allows for fund sources to be set up for invalid or incorrect Catalog of Federal Domestic Assistance (CFDA) numbers, fund sources for state funds being set up using fund source numbers reserved for federal funds, and the use of "Uncontrolled Program" and "Federal Funds Not Specifically Identified."

3. The Department's lack of controls over the monitoring of Federal program fund source balances, including the failure to set up adequate Federal Receivable and Federal Reserve entries at June 30th.

Additionally, Program Directors are not being held accountable for the financial status of their programs.

Effect: The failure to maintain accurate federal fund balances creates excess funds that could be lost to surplus if not properly reserved, and/or deficit balances that might have to be covered by State funds.

Recommendation: In order to ensure accurate Federal program fund balances, actions to be taken by the Department should include, but not be limited to, the following:

1. Improve controls over Manual Journal Entries to ensure that adequate documentation is provided for each journal entry, including listing the actual invoices being moved when expenditures are rerated to other fund sources. Details and totals on supporting documentation must tie to the amounts on the journal entry.

2. Revise the review process to ensure that the personnel who are approving journal entries understand the effect that each journal entry will have on the accounts, fund sources, and programs.

3. Monitor transactions posted during the fiscal year on a regular basis rather than relying on journal entries to correct problems identified at year-end.

4. Review all funds sources and programs for compliance with the State Chart of Accounts and the Code of Federal Domestic Assistance. Provide SAO with information for correcting any errors noted in the set up of fund sources and CFDAs.

5. Hold each program Director accountable for the financial side of his or her program, since they are familiar with the specific program requirements for the various sections (i.e. period of availability, matching, etc.) and require them to approve any re-rates made to the program during the fiscal year. Program Directors should also review the financial position of the program at least monthly, to ensure that all grant awards have been recorded and that all revenues and expenditures are appropriate and accurate.

Finding Control Number: **FS-427-10-05**
GENERAL LEDGER
Ending Balances in Balance Sheet Clearing Accounts

Condition: A review of the general ledger balance sheet clearing accounts revealed that two clearing accounts contained balances at June 30, 2010. Account 196006 had a balance of $3,405,885.71 and account 196018 had a balance of $-23,523.93.

Criteria: In accordance with the *Accounting Procedures Manual* for the State of Georgia, Section Three, Page 3-4-1 states: "Balance sheet clearing accounts have been provided in the State Chart of Accounts to facilitate the accumulation of transactions which are later distributed to appropriate accounts. Care should be taken to ensure that clearing accounts do not have balances at the end of each reporting period since such accounts should not be listed on either budgetary or GAAP financial statements."

Cause: The deficiencies noted above were a result of the Department's failure to establish internal control procedures to ensure that the clearing account balances were properly distributed to the appropriate accounts on the general ledger by fiscal year end.

Effect: Balances remaining in the clearing accounts at fiscal year-end could cause the financial statements to be misstated and could lead to erroneous decisions by the Department's management.

Recommendation: The Department of Human Services should ensure that clearing account balances have been distributed to the appropriate accounts at the end of each accounting period and that no balances remain in the clearing accounts at fiscal year-end in accordance with the *Accounting Procedures Manual* for the State of Georgia.

Finding Control Number: **FS-427-10-06**
REVENUES AND RECEIVABLES
GENERAL LEDGER
Failure to Record Federal Grant Awards in a Timely Manner
State Administrative Matching Grants for Food Stamp Program-10.561
United States Department of Agriculture
Temporary Assistance for Needy Families-93.558
Child Support Enforcement-93.563
Community Services Block Grant-93.569
Child Care and Development Block Grant-93.575
United States Department of Health and Human Services
Grant No: 2006G991451-Year 2006, 2006G996115-Year 2006, 2009G9909CS-Year 2009, 2010G9910CJ-Year 2010, 2010G9910CS-Year 2010, 2010G994002-Year 2010, 2010G996005-Year 2010, 5GA400403-Year 2009, 5GA420413-Year 2010, 5GA430413-Year 2009, 5GA430423-Year 2010

Condition: The Department of Human Services (Department) failed to record Federal grant awards in a timely manner. A review of 49 grant awards revealed that twelve (12) grant awards were not recorded on the general ledger for at least 30 days after receipt of the award. This review revealed that out of the twelve (12) grant awards mentioned above, five (5) were not recorded on the general ledger for at least 30 days after receipt of the award, four (4) were not recorded for at least 60 days, one (1) was not recorded for at least 90 days, and two (2) were recorded after 120 days.

Criteria: To accurately account for Federal program revenues and expenditures, grant awards should be recorded on the general ledger in a timely manner.

Cause: The deficiencies noted above were a result of the Department's failure to have adequate internal control procedures to ensure that Federal grant awards are recorded on the general ledger in a timely manner.

Effect: Failure to record grant availability in a timely manner could affect the proper recording of Federal program revenues (and expenditures) which could result in misstatements in the financial statements.

Recommendation: The Department of Human Services should review their current internal control procedures for recording Federal program activity and implement additional procedures, as needed, to ensure the timely recording of Federal grant awards in the general ledger.

Finding Control Number: **FS-427-10-07**
REVENUES AND RECEIVABLES
GENERAL LEDGER
Failure to Reconcile A/R to the General Ledger

Condition: Review of the Department of Human Service's year-end accounts receivable reconciliation revealed the following deficiencies:

> Eleven of the sixteen accounts on the year-end accounts receivable reconciliation contained unknown variances, totaling $1,878,494.65. In addition, no subsidiary listing was available to support the balance in any of the individual accounts, nor the accounts receivable in total.

Criteria: The Department of Human Services should have policies and procedures in place to ensure that monthly and year-end reconciliations of the accounts receivable module to the general ledger for all accounts receivable accounts are completed in an accurate manner.

Cause: The deficiencies noted above are caused by the Department's failure to implement adequate policies and procedures to ensure reconciliations performed identify all variances and include proper supporting documentation.

Effect: Failure to perform accurate reconciliations could result in the accounts receivable module containing invalid information that is not detected in a timely manner. This could result in errors in financial reporting and increase the risk of material misstatement in the financial statements including misstatement due to fraud.

Recommendation: The Department of Human Services should implement additional policies and procedures to ensure that monthly and year-end reconciliations of the accounts receivable module to the general ledger are completed in an accurate manner, being sure to include relevant subsidiary ledgers and to resolve any variances noted in a timely manner.

Finding Control Number: **FS-427-10-08**
EXPENSES/ EXPENDITURES AND LIABILITIES
GENERAL LEDGER
A/P Reconciliation Inaccurate/Incomplete

Condition: The Department of Human Services reconciliation of the accounts payable module (subsidiary ledger) to the general ledger for June 30, 2010 was not completed in an accurate manner. On the June Reconciliation, there were five (5) accounts payable accounts that had debit balances as follows: account 200012 had a debit balance of $271.15, account 202050 had a debit balance of $21,309.45, account 215151 had a debit balance of $13,610.67, account 222101 had a debit balance of $2,765,090.18, and account 234001 had a debit balance of $34,949,374.39. DHS Personnel could not provide a reasonable explanation for these debit balances.

Criteria: The Department of Human Services should have policies and procedures in place to ensure that monthly and year-end reconciliations of the accounts payable module to the general ledger for all accounts payable accounts are completed in an accurate manner.

Cause: The deficiencies noted above are caused by the Department's failure to appropriately review the accounts payable reconciliation, including questioning why debit balances exist at all, and getting those balances corrected to accurately reflect actual payables.

Effect: Failure to perform accurate reconciliations could result in the accounts payable module containing invalid information that is not detected in a timely manner. This could result in errors in financial reporting and increase the risk of material misstatement in the financial statements including misstatement due to fraud.

Recommendation: The Department of Human Services should implement policies and procedures to ensure monthly and year-end reconciliations of the accounts payable module to the general ledger are completed in an accurate manner.

Finding Control Number: **FS-427-10-09**
BUDGET
GENERAL LEDGER
Surplus Not Calculated at the Legal Level of Budgetary Control

Condition: Our examination of the Statement of Changes to Fund Balance, by Program and Funding Source, Budget Fund, found that the Department of Human Services (Department) had twenty (20) programs with an overall deficit balance totaling $35,479,817.46, and twenty-four (24) programs with an overall surplus balance totaling $35,689,173.37. Based on our testing, however, we were unable to confirm that these reported balances were accurate. See related finding FS-427-10-13. As a result, the Department's year-end surplus could not be determined by 'Program' as required. Rather, the Department's year-end surplus, in the amount of $209,355.91, had to be determined at the departmental level.

Criteria: The Appropriations Act, as amended, (Final Budget) prohibits an agency from overspending their authorized budgeted amounts at the legal level of budgetary control (funding source within program).

The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported.

Cause: The Department's lack of sufficient controls over multiple core functions is the main reason for this failure to comply with the legal level of budgetary compliance. The deficiencies noted are:

1. The Department's lack of controls over manual journal entries allows for an excessive number of manual journal entries, the majority of which are invalid since they lack adequate supporting documentation or are incorrect.

2. The Department's lack of controls over Cash Management allows multiple federal programs to have significant insufficient cash balances throughout the year as well as multiple instances where cash requests significantly exceed actual expenditures.

3. The Department's lack of controls over assignment of fund sources and programs in accordance with the State Chart of Accounts and the Appropriations Act allows for fund sources to be set up for invalid or incorrect Catalog of Federal Domestic Assistance (CFDA) numbers, fund sources for state funds being set up using fund source numbers reserved for federal funds, and the use of "PROGRAM NOT IDENTIFIED."

In addition, the Department uses a Cost Allocation method that does not appear to be the best fit. The Random Moment Sample Study method leads to extreme inconsistencies in the allocation of standard operating expenditures over set Programs. These inconsistencies lead to significant delays in determining final quarter end and year end expenditures, and create the need for "Re-Rate" manual journal entries to address the unpredictable expenditure totals. The lag time on completing the cost allocation process does not allow for the submission of final budget amendments by the yearly cut-off deadline.

Effect: The Department may not be remitting an accurate surplus to the State Treasury for FY 2010.

Recommendation: The Department of Human Services should analyze all of its programs on the 2010 Statement of Changes to Fund Balance, by Program and Funding Source, Budget Fund, to determine if any corrections should have been made, re-calculate surplus for 2010, then remit, to the State Treasury, any additional surplus calculated.

In addition, the Department should manage its activity at the legal level of control, which is fund source within program. In order to produce accurate and useful surplus amounts in the future, actions to be taken by the Department should include, but not be limited to, the following:

1. Improve controls over Manual Journal Entries to ensure that adequate documentation is provided for each journal entry, including listing the actual invoices being moved when expenditures are rerated to other fund sources. Details and totals on supporting documentation must tie to the amounts on the journal entry.

2. Revise the review process to ensure that the personnel who are approving journal entries understand the effect that each journal entry will have on the accounts, fund sources, and programs.

3. Monitor transactions posted during the fiscal year on a regular basis rather than relying on journal entries to correct problems identified at year-end.

4. Revise the Cash Management policies and procedures for requesting, recording, and distributing Federal funds to ensure that they are adequate to meet cash management objectives

5. Consider alternative cost allocation methodologies to ensure that it is using the most accurate and efficient methodology available for their circumstances.

6. Review all funds sources and programs for compliance with the State Chart of Accounts and the Appropriations Act. Provide SAO with information for correcting any errors noted in the set up of fund sources and programs.

7. Make it a priority to fill the key personnel positions, and to ensure adequate training for all personnel, especially for those who do not have government accounting backgrounds.

Finding Control Number: **FS-427-10-10**
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

Condition: Our examination included a review of the Department of Human Services' (Department) bank reconciliation procedures that were performed on the Child Support, Operating, Payroll, Public Assistance, and Revenue Collections accounts. The following deficiencies were noted.

1. In the Child Support account, outstanding checks were not being cancelled in a reasonable amount of time. There were instances where checks had been outstanding dating back to (2003) and had not been cancelled. There were also book adjustments that were not correctly classified or properly supported.

2. In the Operating account, outstanding checks were not being cancelled in a reasonable amount of time. There were instances where checks had been outstanding for more than twenty-two (22) months and had not been cancelled. In addition there were also book adjustments that were not correctly classified or properly supported.

3. In the Payroll account, outstanding checks were not being cancelled in a reasonable amount of time. There were instances where checks had been outstanding dating back to (2005) and had not been cancelled. In addition there were also book adjustments that were not correctly classified or properly supported.

4. In the Public Assistance account, there were items listed as book adjustments that were not correctly classified or properly supported.

5. In the Revenue Collections account, there were items listed as book adjustments that were not classified correctly or properly supported.

Criteria: An adequate system of internal controls dictate that bank reconciliations be performed at a minimum on a monthly basis, and as appropriate, include the following: 1) adequate supporting documentation, 2) reconciling items correctly identified by description and amount, 3) adjustments which are needed are identified and made in a timely manner, 4) accurate general ledger balances, and 5) evidence of an effective supervisory review and approval function.

Cause: The Department's bank account reconciliation process failed to ensure that reconciling items were properly supported and that outstanding checks were canceled in a timely manner.

Effect: Failure to maintain an effective bank account reconciliation process increases the risk of misstatement due to fraud and the possible misappropriation of the Department's assets.

Recommendation: The Department of Human Services should review their current internal control procedures in relation to bank reconciliations and implement additional policies and procedures to ensure an effective bank reconciliation process is in place to manage and monitor bank accounts.

Financial Statement Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Finding Control Number: **FS-427-10-11**
REVENUES AND RECEIVABLES
Inadequate Procedures Over Cash Draws of Federal Grants
Supplemental Nutrition Assistance Program - 10.561
United States Department of Agriculture
Child Support Enforcement - 93.563
Low Income Energy Assistance Program - 93.568
Community Services Block Grant - 93.569
Foster Care - 93.658
Adoption Assistance - 93.659
Community Services Block Grant – ARRA - 93.710
Child Care Development Block Grant – ARRA - 93.713
United States Department of Health and Human Services
Grant No: 2008G992201-Year 2008, 2008G992212-Year 2008, 2008G994002-Year 2008, 2009G9909CS-Year 2009, 2009G992201-Year 2009, 2009G992212-Year 2009, 2009G994002-Year 2009, 2009G994107-Year 2009, 2009G994110-Year 2009, 2009G99UTRH-Year 2009, 2009G99UTRN Year 2009, 2010G9910CJ-Year 2010, 2010G9910CS-Year 2010, 2010G992201-Year 2010, 2010G992212-Year 2010, 2010G994002-Year 2010, 2010G994107-Year 2010, 2010G994110-Year 2010, 2010G99UTRH-Year 2010, 2010G99UTRK-Year 2010, 5GA400403-Year 2010

Condition: Our examination of Cash Management over Federal Financial Assistance Programs disclosed that the Department of Human Services' (Department) requests for reimbursement were not sufficient to cover Federal program expenditures. The following table identifies programs that had insufficient cash balances during fiscal year 2010:

CFDA	Program Name	Number of Months of Insufficient Requests	Average Monthly Insufficient Cash Balance
10.561	Supplemental Nutrition Assistance Program	8	$(6,647,765.53)
93.569	Community Services Block Grant	3	$(1,130,217.29)
93.710	Community Services Block Grant - AARA	4	$(1,248,848.22)
93.563	Child Support	5	$(5,287,784.87)
93.568	Low Income Energy Assistance Program	10	$(4,252,787.59)
93.713	Child Care - AARA	6	$(6,771,965.25)
93.658	Foster Care	5	$(4,678,610.22)
93.659	Adoption Assistance	7	$(3,608,499.68)

Criteria: The Cash Management and Letter of Credit Procedures of the Department of Human Services state that the objective of the Department's cash management plan is to draw appropriate amounts of each type of fund available on an as-needed basis to assure that the Department does not have in excess of three days of Federal funds on hand, does not use state funds to subsidize Federal funds, and has sufficient funds to cover checks when they are presented.

Information: The separate testing of ARRA funds was only feasible for the Child Care Development Fund and the Community Services Block Grant since separate CFDA numbers were designated exclusively for ARRA funds for these programs. Separate testing of ARRA funds was not possible for the Supplemental Nutrition Assistance Program, Child Support Enforcement, Foster Care, or Adoption Assistance programs due to the fact that the cash draws for ARRA funds were not separately stated in the accounting records.

Also, see related Federal Award finding number FA-427-10-03

Cause: The Department's policies and procedures for requesting, recording, and distributing Federal funds to reimburse program costs were inadequate.

Effect: Failure to request, record, and distribute Federal funds in an accurate and timely manner resulted in the use of State funds to subsidize Federal program expenditures and affect the proper recording of Federal program revenues, causing misstatements within the financial statements.

Recommendation: The Department of Human Services should review their policies and procedures for requesting, recording, and distributing Federal funds to ensure that they are adequate to meet cash management objectives.

Finding Control Number: **FS-427-10-12**
EXPENSES/ EXPENDITURES AND LIABILITIES
Invalid and Questionable Encumbrances

Condition: Our examination included a review of the supporting documentation maintained by the Department of Human Services (Department) for nineteen (19) encumbrances with outstanding balances as of June 30, 2010. Our examination revealed the following deficiencies:

1. In five (5) instances, encumbrances remained on the books after the contracted cut-off dates for valid payments to be made had expired.

2. In two (2) instances, payments totaling $1,329,093.00 were made on encumbrances after the August 15, 2010 contracted cut-off date for payments had expired.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section Three, Pages 3-2-1, 3-2-2, and 3-2-3 state, in part: 1) "All appropriated state funds, except for the mandatory appropriations required by this Constitution, remaining unexpended and not contractually obligated at the expiration of such general appropriations Act shall lapse…" 2) "Under the modified accrual basis of accounting it is not sufficient for an economic event to have occurred for an event to effect the operating statement but, in addition, the related cash flow must occur within a short-enough time frame for the event to have an effect on current spendable resources..." 3) "... transactions which purport to obligate appropriated funds must be supported by an approved purchase order, at a minimum, or an executed contract which contains the following:

- a confirmed vendor,
- specific services or goods,
- specific price for the services or goods, and
- a stated time or range of time for delivery or completion"

The presence of these conditions corresponds to the element of an enforceable contract in that they support the concept of mutual assent.

Cause: The Department failed to follow the guidelines as outlined in Sections 3-2-1 through 3-2-3 of the *Accounting Procedures Manual* for the State of Georgia.

Effect: Open encumbrances at fiscal year-end which do not contain the required criteria, as identified above, are not considered to be contractually obligated at the expiration of the general appropriations act. The establishment of encumbrances failing to meet the required criteria result in budgetary expenditure/liabilities being overstated with surplus (lapse) being understated.

Recommendation: The Department of Human Services should implement additional policies and procedures to ensure that encumbrances are recorded as an obligation of state funds only when supported by the required criteria and that any obligated funds that remain unexpended at the completion of a contract are lapsed in accordance with the *Accounting Procedures Manual* for the State of Georgia.

Finding Control Number: **FS-427-10-100**
ACCOUNTING CONTROLS (OVERALL)
FINANCIAL REPORTING AND DISCLOSURE
BUDGET
Inaccurate Statutory (Budgetary) Basis Financial Statements

Condition: Our review of the Budgetary Compliance Report (BCR) found that the Department of Human Services (Department) reported the following instances of noncompliance:

1. Departmental Administration/State Appropriation/State General Funds
   Expenditures exceeded Authorized Budget by $1,372

2. Departmental Administration/Federal Funds/CCDF Mandatory & Matching Funds
   Expenditures exceeded Authorized Budget by $1,659,968

3. Adoption Services/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Authorized Budget by $1

4. Adoption Services/Other Funds
   Expenditures exceeded Authorized Budget by $211,881

5. Child Care Services/Federal Funds/CCDF Mandatory & Matching Funds
   Expenditures exceeded Authorized Budget by $1,935,730

6. Child Care Services/Federal Funds/Child Care and Development Block Grant
   Expenditures exceeded Authorized Budget by $445,346

7. Child Support Services/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Funds Available by $127

8. Child Support Services/American Recovery and Reinvestment Act of 2009/ Federal Funds Not Specifically Identified
   Expenditures exceeded Funds Available by $106

9. Child Welfare Services/State Appropriation/State General Funds - Prior Year
   Expenditures exceeded Authorized Budget by $9,185,948
   Expenditures exceeded Funds Available by $9,185,948

10. Child Welfare Services/Federal Funds/CCDF Mandatory & Matching Funds
    Expenditures exceeded Authorized Budget by $535

11. Child Welfare Services/Federal Funds/Medical Assistance Program
    Expenditures exceeded Authorized Budget by $267

12. Child Welfare Services/Federal Funds/Social Services Block Grant
    Expenditures exceeded Authorized Budget by $14,903,342

13. Child Welfare Services/Federal Funds/Federal Funds Not Specifically Identified
    Expenditures exceeded Authorized Budget by $1,465,645
    Expenditures exceeded Funds Available by $184

14. Elder Community Living Services/Other Funds
    Expenditures exceeded Authorized Budget by $878

15. Eligibility Determination/Federal Funds/Foster Care Title IV-E
    Expenditures exceeded Authorized Budget by $38,254

16. Eligibility Determination/American Recovery and Reinvestment Act of 2009/Child Care and Development Block Grant
    Expenditures exceeded Authorized Budget by $30,527

17. Eligibility Determination/American Recovery and Reinvestment Act of 2009/Emergency Contingency Fund for TANF State Program
    Expenditures exceeded Authorized Budget by $23,831

18. Energy Assistance/Other Funds
    Expenditures exceeded Authorized Budget by $1,643

19. Child Care Licensing/Federal Funds/Temporary Assistance for Needy Family
    Expenditures exceeded Authorized Budget by $87,192

20. Family Violence Services/Federal Funds/Temporary Assistance for Needy Families Block Grant
    Expenditures exceeded Authorized Budget by $90,669

21. Family Violence Services/Federal Funds/Federal Funds Not Specifically Identified
    Expenditures exceeded Authorized Budget by $59,108

22. Food Stamp Eligibility and Benefits/Other Funds
    Expenditures exceeded Authorized Budget by $32,342

23. Out of Home Care/Federal Funds/Foster Care Title IV-E
    Expenditures exceeded Authorized Budget by $6,480,450

24. Out of Home Care/American Recovery and Reinvestment Act of 2009/Foster Care Title IV-E
    Expenditures exceeded Authorized Budget by $82,891

25. Out of Home Care/Other Funds
    Expenditures exceeded Authorized Budget by $295,905
    Expenditures exceeded Funds Available by $295,905

26. Refugee Assistance/Federal Funds/Federal Funds Not Specifically Identified
    Expenditures exceeded Authorized Budget by $426

27. Support for Needy Families-Basic Assistance/Federal Funds/TANF-Block Grant Unobligated Balance
    Expenditures exceeded Authorized Budget by $813,395

28. Support for Needy Families-Family Assistance/Federal Funds/Community Services Block Grant
    Expenditures exceeded Authorized Budget by $2,522,987

29. Support for Needy Families-Family Assistance/Federal Funds/Medical Assistance Program
    Expenditures exceeded Authorized Budget by $1,559,332

30. Support for Needy Families-Family Assistance/Federal Funds/Federal Funds Not Specifically Identified
    Expenditures exceeded Authorized Budget by $344,440

31. Support for Needy Families-Work Assistance/Federal Funds/CCDF Mandatory & Matching Funds
    Expenditures exceeded Funds Available by $12

32. Support for Needy Families-Work Assistance/Federal Funds/Medical Assistance Program
    Expenditures exceeded Funds Available by $219

33. Support for Needy Families-Work Assistance/Federal Funds/Temporary Assistance for Needy Families Block Grant
    Expenditures exceeded Authorized Budget by $1,385,946

34. Support for Needy Families-Work Assistance/American Recovery and Reinvestment Act of 2009/Child Care and Development Block Grant
    Expenditures exceeded Authorized Budget by $6,345

Based on our testing, however, we were unable to confirm that these reported instances of non-compliance were accurate. As a result, we were unable to determine whether the Department, except for the Council on Aging (attached agency), was in compliance with the requirements of the Appropriations Act, as amended (Final Budget), and the Constitution of the State of Georgia.

Criteria: The Appropriations Act, as amended, (Final Budget) prohibits an agency from overspending their authorized budgeted amounts at the legal level of budgetary control (funding source within program). As applied here, this means that amounts reflected in the "variance" columns of the appropriated budget unit's budgetary comparison schedule at the legal level of budgetary control are not negative variances and do not result in a deficiency of funds available under expenditures.

Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, "…the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that amounts reflected in the "variance" column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

Cause: The Department's lack of sufficient controls over multiple core functions is the main reason for this failure to comply with the legal level of budgetary compliance. The deficiencies noted are:

1. The Department's lack of controls over manual journal entries allows for an excessive number of manual journal entries, the majority of which are invalid since they lack adequate supporting documentation or are incorrect.

2. The Department's lack of controls over Cash Management allows multiple federal programs to have significant insufficient cash balances throughout the year as well as multiple instances where cash requests significantly exceed actual expenditures.

3. The Department's lack of controls over assignment of fund sources and programs in accordance with the State Chart of Accounts and the Appropriations Act allows for fund sources to be set up for invalid or incorrect Catalog of Federal Domestic Assistance (CFDA) numbers, fund sources for state funds being set up using fund source numbers reserved for federal funds, and the use of "PROGRAM NOT IDENTIFIED."

In addition, the Department uses a Cost Allocation method that does not appear to be the best fit. The Random Moment Sample Study method leads to extreme inconsistencies in the allocation of standard operating expenditures over set Programs. These inconsistencies lead to significant delays in determining final quarter end and year end expenditures, and creates the need for "Re-Rate" manual journal entries to address the unpredictable expenditure totals. The lag time on completing the cost allocation process does not allow for the submission of final budget amendments by the yearly cut-off deadline.

The Department also lost many key personnel when DHR was split up at the start of the year and when high level, experienced employees retired. No permanent replacements have been brought in to replace them.

Effect: The amounts reported in the Department's BCR for the programs identified should not be used for decision making purposes at the legal level of budgetary control.

Recommendation: The Department should manage its budgetary activity at the legal level of control, which is fund source within program. In order to produce accurate and useful BCR reports in the future, actions to be taken by the Department should include, but not be limited to, the following:

1. Improve controls over Manual Journal Entries to ensure that adequate documentation is provided for each journal entry, including listing the actual invoices being moved when expenditures are rerated to other fund sources. Details and totals on supporting documentation must tie to the amounts on the journal entry.

2. Revise the review process to ensure that the personnel who are approving journal entries understand the effect that each journal entry will have on the accounts, fund sources, and programs.

3. Monitor transactions posted during the fiscal year on a regular basis rather than relying on journal entries to correct problems identified at year-end.

4. Revise the Cash Management policies and procedures for requesting, recording, and distributing Federal funds to ensure that they are adequate to meet cash management objectives

5. Consider alternative cost allocation methodologies to ensure that it is using the most accurate and efficient methodology available for their circumstances.

6. Review all funds sources and programs for compliance with the State Chart of Accounts and the Appropriations Act.

7. Provide SAO with information for correcting any errors noted in the set up of fund sources and programs.

8. Make it a priority to fill the key personnel positions, and to ensure adequate training for all personnel, especially for those who do not have government accounting backgrounds.

View of Officials: DHS provides the following response to the State Auditor's Finding related to our compliance with statutory budgetary requirements:

DHS has put a significant effort into being able to close our books in budgetary compliance and have made significant progress over previous years. This year DHS had significantly fewer post closing adjustments and state general funds funding source balanced by program. We are continuing to work to improve our processes and will use DOAA recommendations to help us improve our processes where possible.

DHS agrees that in several instances, among various programs, there are negative variances per the final budget comparison schedule, between actual expenditures and either Authorized Budgets, or Funds Available at the fund source level. However, the reader should be aware that in every instance noted, the variances result from accounting and timing issues and do not create actual deficits that require funding from future legislatures or consume any additional State revenues.

The explanation of the variances noted in the "**Conditions:"** section of the audit Finding can be grouped into 8 general categories:

Group 1 – Office of Planning and Budget scheduling of the final budget amendment occurs each year prior to our final indirect cost allocation and year-end reconciliations. Since the total expenditures in a number of DHS programs are driven by customer need and not solely by budgetary limitations, we must estimate what our final expenditures are going to be and amend in additional federal funds prior to year-end. This will always require an estimate. The variances identified in this group are a result of underestimates of those final expenditures. We will continue to refine our estimation processes. It is important to note that there were sufficient funds recorded and available in each of the fund sources to cover the expenditures thus, there was no deficit in actual funds available.

Group 2 – Variances in this group were all immaterial timing differences related to the process of drawing down Federal revenues. Federal or other funds were available to cover these variances and were drawn from Federal fund sources subsequent to year-end.

Group 3 – This variance is related to funds reserved for the settlement of the *Kenny A.* lawsuit. The reserved funds were reported as budget and available revenue on the Other Funds line and the expenditures were reported on the General Funds – Prior Year line. We were not allowed to make the necessary corrections at year-end. The resulting General Funds-Prior Year deficit and Other Funds surplus cancelled each other out for a net impact of $0.

Group 4 – Variances identified in this group are the result of our failure to ensure that budgets were identified and matched properly to the corresponding expenditures in programs where TANF, TANF Transfer to SSBG and TANF-Unobligated are among the appropriate funding sources. Budget deficits were offset with budget surplus in the related federal funding sources and if properly aligned there would have been not budget deficits. Appropriate revenues were available to cover expenditures so there was no deficit in actual funds available.

Group 5 – This variance is a result of an encumbrance that was not adjusted to reflect a mid-year change in contracted expenditures. The actual amount of the expenditures recorded for the contract did not exceed the budgeted amount, but at year-end, the entire amount of the encumbrance was included in the reported BCR expenditures. The encumbrance has since been closed at the reduced amount and no actual variance exists.

Group 6 – Variances in this group result from adjustments to prior year balances. Due to these adjustments, funding became available from prior year other sources and these funds were not amended into the proper current year to match to the expenditure. This deficit is offset with prior year balance as displayed in the Program Changes to Fund Balance schedule which displays the funding of the deficit from the prior year balances. Once these revenue sources are matched to the offsetting expenditures, the net impact is $0 and no actual deficit exists.

Group 7 – The only deficit between General State Funds and budget was the result a posting error that could not be completely corrected prior to close. In addition the program had carryover funds that offset the deficit.

The following chart matches each of the variances identified by the auditors, to the corresponding explanation group.

Financial Statement Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Program / Fund Source	Condition Noted	Group
Departmental Administration		
1. State General Funds	Expenditures Exceeded Authorized Budget by $1,371.87	7
2. CCDF Mandatory & Matching Funds	Expenditures Exceeded Authorized Budget by $1,659,967.73	1
Adoption Services		
3. Federal Funds Not Specifically Identified	Expenditures Exceeded Authorized Budget by $1.01	1
4. Other Funds	Expenditures Exceeded Authorized Budget by $211,881.00	1
Child Care Services		
5. CCDF Mandatory & Matching Funds	Expenditures Exceeded Authorized Budget by $1,935,729.57	1
6. Child Care and Development Block Grant	Expenditures Exceeded Authorized Budget by $445,346.35	1
Child Support Services		
7. Federal Funds Not Specifically Identified	Expenditures Exceeded Funds Available by $127.00	2
8. ARRA Federal Funds Not Specifically Identified	Expenditures Exceeded Funds Available by $105.60	2
Child Welfare Services		
9. State General Funds Prior Year	Expenditures Exceeded Authorized Budget by $9,185,947.95	3
	Expenditures Exceeded Funds Available by $9,185,947.95	3
10. CCDF Mandatory & Matching Funds	Expenditures Exceeded Authorized Budget by $535.31	1
11. Medical Assistance Program	Expenditures Exceeded Authorized Budget by $266.69	1
12. Social Services Block Grant	Expenditures Exceeded Authorized Budget by $14,903,341.82	4
13. Federal Funds Not Specifically Identified	Expenditures Exceeded Authorized Budget by $1,465,644.82	1
	Expenditures Exceeded Funds Available by $184.26	2
Elder Community Living Services		
14. Other Funds	Expenditures Exceeded Authorized Budget by $878.00	5
Eligibility Determination		
15. Foster Care Title IV-E	Expenditures Exceeded Authorized Budget by $38,253.83	1
16. ARRA/Child Care and Development Block Grant	Expenditures Exceeded Authorized Budget by $30,527.37	1
17. ARRA/Contingency Fund for TANF State Program	Expenditures Exceeded Authorized Budget by $23,831.48	1
Energy Assistance		
18. Other Funds	Expenditures Exceeded Authorized Budget by $1,642.69	1

Child Care Licensing		
19. Temporary Assistance for Needy Families	Expenditures Exceeded Authorized Budget by $87,191.99	1
Family Violence Services		
20. Temporary Assistance for Needy Families	Expenditures Exceeded Authorized Budget by $90,668.51	1
21. Federal Funds Not Specifically Identified	Expenditures Exceeded Authorized Budget by $59,108.49	1
Food Stamp Eligibility and Benefits		
22. Other Funds	Expenditures Exceeded Authorized Budget by $32,342.07	1
Out of Home Care		
23. Foster Care Title IV-E	Expenditures Exceeded Authorized Budget by $6,480,449.96	1
24. ARRA/Foster Care Title IV-E	Expenditures Exceeded Authorized Budget by $82,891.10	1
25. Other Funds	Expenditures Exceeded Authorized Budget by $295,905.03	1
	Expenditures Exceeded Funds Available by $295,905.03	6
Refugee Assistance		
26. Federal Funds Not Specifically Identified	Expenditures Exceeded Authorized Budget by $425.82	1
Support for Needy Families – Basic Assistance		
27. TANF-Block Grant Unobligated Balance	Expenditures Exceeded Authorized Budget by $813,395.00	4
Support for Needy Families – Family Assistance		
28. Community Services Block Grant	Expenditures Exceeded Authorized Budget by $2,522,987.30	1
29. Medical Assistance Program	Expenditures Exceeded Authorized Budget by $1,559,331.86	1
30. Federal Funds not Specifically Identified	Expenditures Exceeded Authorized Budget by $344,439.71	1
Support for Needy Families – Work Assistance		
31. CCDF Mandatory & Matching Funds	Expenditures Exceeded Funds Available by $11.75	2
32. Medical Assistance Program	Expenditures Exceeded Funds Available by $218.81	2
33. Temporary Assistance for Needy Families	Expenditures Exceeded Authorized Budget by $1,385,945.52	1
34. ARRA/Child Care and Development Block Grant	Expenditures Exceeded Authorized Budget by $6,345.25	1

In a subsequent section of the Finding, the auditors identify those conditions which they believe to be the underlying causes of the variances noted. We are concerned with some of the characterizations made.

1. DHS is primarily a federally funded agency, with more than 60% of our operating revenues coming from numerous federal sources. The processes necessary to account for federal funds and to maximize the use of these funds creates a significant and complicated process. At fiscal year-end, with tight time frames and the complexity of the processes, combined with

final reconciliations and necessary adjusting entries, we can expect to see a significant number of entries. We are constantly striving to improve and streamline these processes.

Significant improvements have been made in managing and documenting manual journal entries. We acknowledge that at fiscal year-end documentation needed to be improved to meet audit requirements. We will be reviewing the documentation and developing corrective actions. We disagree with the auditors that a lack of documentation sufficient to make the journal entry completely clear to the auditors automatically renders the journal entry invalid. These entries were made as a result of reconciliations and analysis to record expenditures to the proper funding source including the need to maximize use of non-state funds. Certain expenditures may be charged to multiple funding sources as allowed by federal regulations. Maximizing federal revenue is necessary to balance to appropriated state funds especially during this economic down turn and related budget reductions. Entries were also made to record revenues for federal funds based on expenditure. Even as we continue to make improvements in our documentation and processes, the need for complex year-end reconciliations will continue, prompting corresponding journal entries.

2. Drawing federal funds is based on expenditure by fund source. Funds are drawn based on a process reviewed by the CMIA auditors. We are not certain why this comment is being made and will work with DOAA to better understand this issue and to resolve these problems.

3. We will work with SAO to clean up the fund source errors as recommended. We have made improvements in internal controls to reduce future errors. We will again review our processes to see if we need to make additional improvements.

4. The auditors comment that our Cost Allocation methodology "does not appear to be the best fit" and then go on to explain the various problems caused by our method. Random Moment Sampling is an accepted method for allocating indirect costs across multiple funding sources and activities. This methodology is used by more than 60% of the States in allocating indirect costs in the area of Human Services. Our current plan is approved by our federal cognizant agency, the U.S. Department of Health and Human Services. Looking at other methodologies may not be practical in the current budget situation. We will continue to review the process to look for improvements. However, it is difficult to see that this methodology can or should be replaced in the near future.

5. DHS has indeed lost many key personnel during the restructuring of Human Services in Georgia and through retirements. We have aggressively filled positions as budget and the critical hire process have allowed. In addition, we are re-tasking remaining staff and exploring process improvement and streamlining of processes in order to optimize our performance as we respond to the budget pressures.

The auditors concluded the Finding with a number of generalized recommendations. We will diligently evaluate each and implement those that are feasible and cost effective. In addition, we will work with the auditors to improve our mutual understanding of our business processes.

JUVENILE COURT JUDGES, COUNCIL OF

Finding Control Number: **FS-431-10-01**
BUDGET
Budgetary Compliance Deficiency

Condition: Our review of the Budgetary Compliance Report (BCR) found that the Council of Juvenile Court Judges reported an instance of non-compliance in the Council of Juvenile Court Judges program. Federal expenditures exceeded authorized budget by $292,018.

Criteria: The Appropriations Act, as amended, (Final Budget) prohibits an agency from overspending their authorized budgeted amounts at the legal level of budgetary control (funding source within program). As applied here, this means that amounts reflected in the "variance" column of the appropriated budget unit's budgetary comparison schedule at the legal level of budgetary control are not negative variances and do not result in a negative variance for expenditures compared to budget. The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported.

Cause: The Council failed to monitor the Federal revenues and expenditures for the Council of Juvenile Court Judges program with respect to the final budgeted amount for Federal funds.

Effect: An overexpenditure of Federal funds is a violation of the Appropriations Act, as amended, (Final Budget).

Recommendation: The Council of Juvenile Court Judges should manage its budgetary activity at the legal level of control, which is fund source within program. The Council of Juvenile Court Judges should review its internal control procedures over budget operations, design procedures that would prohibit the expenditure of funds in excess of budget approval, and implement those procedures to strengthen the internal controls over the budget function.

View of Officials: The Council monitors the Federal revenues and expenditures for the Council of Juvenile Court Judges of Georgia. When the Council became aware of the over expenditure of Federal funds budgeted, communication began with the Governor's Office of Planning and Budget. The Council requested the Governor's Office of Planning and Budget to amend the Federal funds budgeted for the Council of Juvenile Court Judges to match Federal expenditures. The Council was told the "books were closed and the funds were unable to be amended." The Governor's Office of Planning and Budget also stated "amending the Federal funds would not make a difference with the books being closed and not to worry." Obviously, there was miscommunication between the Governor's Office of Planning and Budget and the Council of Juvenile Court Judges of Georgia. This miscommunication is what caused a material misstatement with the Department of Audits. Procedures will be implemented to ensure that the Council's Federal budget would reflect the resources received and disbursed.

SUPREME COURT

Finding Control Number: **FS-438-10-01**
ACCOUNTING CONTROLS (OVERALL)
The Supreme Court did not reconcile the Bar Examiner's and Fitness Board's bank accounts with the General Ledger and the reconciliations for these accounts were not reviewed and approved.

Condition: The Supreme Court maintains activity for the Bar Examiner and Fitness Board on Microsoft Money. Transactions are given to the Fiscal Officer to record activity on PeopleSoft. The bank statements were reconciled to Microsoft Money rather than the official books of the Supreme Court resulting in an immaterial understatement of revenue and cash in the General Ledger. This understatement resulted from transactions not being recorded in PeopleSoft. The monthly reconciliations for these accounts were not reviewed and approved.

Criteria: All transactions should be recorded in PeopleSoft, the official books of the Supreme Court. Good internal controls dictate that bank reconciliations should be reviewed and approved.

Cause: Inadequate internal controls resulted in bank reconciliations not being reviewed and approved, and immaterial amounts of cash and revenue not being recorded in the General Ledger of the Supreme Court.

Effect: Although the amounts were immaterial in nature, the revenue and cash accounts for the Supreme Court were understated. The lack of review and approval for these bank reconciliations indicate weak internal controls which could have resulted in material misstatements in the financial statements.

Recommendation: Controls should be established and followed by the Supreme Court to ensure all activity is recorded in PeopleSoft. The bank accounts should be reconciled with the General Ledger in PeopleSoft and approved on a monthly basis.

Finding Control Number: **FS-438-10-02**
GENERAL LEDGER
Deficiencies in General Ledger

Condition: The Supreme Court failed to properly report the activity of the Fitness Board on the financial statements. A review of the financial statements revealed that this activity was reported as Fiduciary Funds rather than as part of the Budget Fund.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section Two, Page 2-6-2 states in part: "Fiduciary Funds should be used to account for assets held by a State organization in a purely custodial capacity for individuals, private organizations or other governments." Fiduciary funds typically involve only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

Cause: Management failed to apply the proper definition of a fiduciary fund to these funds and properly record them as part of the Budget Fund.

Effect: Failure to properly report these activities as part of the Budget Fund does not provide an external reporting convention for these funds in budgetary reports and circumvents the budget process.

Recommendation: Beginning with FY 2011, the anticipated activity of the Fitness Board should be budgeted. Accordingly, the Supreme Court should report the activity associated with the Fitness Board within their Budget Fund.

LABOR, DEPARTMENT OF

Finding Control Number: **FS-440-10-01**
ACCOUNTING CONTROLS (OVERALL)
Inadequate Supporting Documentation for Adjusting Journal Entries

See Related Federal Award finding number FA-440-10-01

Condition: Our examination included a review of adjusting journal entries that were posted to the Department of Labor's (Department) general ledger for the month of June 2010 for the major Federal programs. The adjusting journal entries reviewed allocated overhead costs to specific programs, transferred expenses between grant years within programs, or transferred expenses between programs. We noted that the supporting documentation for certain adjusting journal entries was inadequate. The supporting documentation did not contain adequate explanations for the purpose of the journal entries, information was not provided to support the amounts adjusted, nor were there any indication of specific transactions being adjusted.

Criteria: The Financial Management Policies and Procedures, policy number 4-8-1, issued by the Office of Planning and Budget and State Accounting Office, states that "Documentation should be maintained for adjustments posted during a fiscal year, especially as a part of year-end closing procedures, that allows for the verification of the adjusted transaction to the source documentation supporting the original transaction. Such documentation should include, but is not necessarily limited to, analyses identifying original deposit ID's, purchase orders, voucher ID's or other relevant identifying reference and should identify the original transaction's budget program by fund source or justification for a change in allocation methodology."

Further, the *Accounting Procedures Manual* for the State of Georgia, Section Five, Page 5-4-2, states in part that documentation "...involves preserving evidence to substantiate a decision, event, transaction, or system. All documentation should be complete, accurate, and reported promptly."

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal control procedures to ensure compliance with The Financial Management Policies and Procedures and the *Accounting Procedures Manual* for the State of Georgia.

Effect: Approving journal entries without adequate supporting documentation may result in a material misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Department of Labor should develop and implement policies and procedures to ensure that adequate documentation is maintained and reviewed prior to approving journal entries. Additional training on the guidelines included in The Financial Management Policies and Procedures and the *Accounting Procedures Manual* for the State of Georgia should be provided to employees responsible for preparing and approving journal entries.

Finding Control Number: **FS-440-10-02**
GENERAL LEDGER
Inadequate General Ledger

Condition: The Department of Labor (Department) utilizes a secure, ongoing host-based application to process and account for transactions relating to the State of Georgia Unemployment Insurance Program, whereas the general ledger utilized by the Department to produce the financial statements for the Unemployment Compensation Fund is an Excel-based set of spreadsheets which are manually updated on a daily basis from reports and information produced by the host application. This type of setup is commonly referred to as "end-user computing." The general ledger utilized by the Department is inadequate due to being basically a set of ongoing cash sheets. The current system is incapable of producing accrual based accounting financial statements or of providing a detail of account balances.

Criteria: For all State organizational units, the *Accounting Procedures Manual* for the State of Georgia requires for financial accountability purposes, that accounting records be uniformly maintained. Also, in order to eliminate potential information systems security concerns with the processing environment and in order to be able to rely on accounting data and other information produced by the systems which are maintained as end-user computers, traditional internal control procedures (i.e., reconciling, balancing, etc.) must be in place and operating without flaws.

Cause: This condition is due to the Department's failure to develop or purchase a sufficient accounting system to utilize as a general ledger for the Unemployment Compensation Fund.

Effect: The failure to maintain an effective general ledger process increases the risk of material misstatement in the financial statements including misstatements due to fraud. In addition, there is potentially unsupported and/or unauditable financial statement account balances and lack of data integrity if traditional internal controls are not in place and operating effectively.

Recommendation: The Department of Labor should seek to develop or obtain a new accounting system to serve as its general ledger for the Unemployment Compensation Fund. This new accounting system should be capable of accrual based accounting and be totally integrated, if possible, with the host-based application.

Finding Control Number: **FS-440-10-03**
GENERAL LEDGER
Inadequate Accounting Procedures for Federal Funds

Condition: The Department of Labor (Department) did not have sufficient accounting procedures in place to ensure the proper accounting and reporting of federal grant activity associated with the Workforce Investment Act (WIA), including amounts funded through the American Recovery and Reinvestment Act (ARRA).

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section One Page 1-6-1 states in part: "State organizations that administer Federal programs must maintain sufficient accounting records to

allow for the recording of Federal funds at an expenditure level adequate to establish that the funds have not been used in violation of Federal laws and regulations. These records must provide for the identification of individual grants, expenditures and revenues for such grants, unobligated grant balances and grant assets and liabilities. The accounting records must also support the required federal financial reports."

Information: Testing revealed that federal activity associated with the WIA program was maintained on the accounting records of the Department in forty-three (43) separate fund ledgers. Of these forty-three (43) fund ledgers, the auditors were able to identify that the actual federal fund receipts for the program were recorded in nine (9) of the separate fund ledgers. Within the numerous separate fund ledgers, the Department made a significant number of journal entries transferring federal funds and expenditures between fund ledgers which resulted in the accounting records overstating actual federal revenues and expenditures of the WIA program by $30,498,775.80. Audit adjustments were proposed and made to properly correct these overstatements.

Cause: The Department failed to implement adequate accounting controls and procedures to ensure that federal activity was properly recorded in the accounting records.

Effect: Failure to implement adequate accounting controls and procedures could result in internal reports to management, federal reporting, grantor reimbursement requests and other restricted grant information generated from the ledger to be inaccurate and misleading. In addition, the Department could place itself in a position where potential misrepresentation of financial activities could occur.

Recommendation: The Department of Labor should review the accounting procedures in place and design and implement controls relative to federal funds to ensure that all grant activity associated with the WIA program is properly accounted for within the accounting records.

Finding Control Number: **FS-440-10-04**
REVENUES AND RECEIVABLES
GENERAL LEDGER
Inadequate Procedures Over Cash Draws of Federal Grants

See related Federal Award finding number FA-440-10-3

Condition: Our examination of Cash Management over Federal Financial Assistance Programs at the Department of Labor (Department) disclosed the following deficiency:

Requests for reimbursement were not sufficient to cover Federal program expenditures. The following table identifies programs that had insufficient cash balances during fiscal year 2010:

CFDA #	Program Name	Number of Months of Insufficient Requests	Average Monthly Insufficient Cash Balance
17.ESC	Employment Service Cluster	11	$(1,966,200.00)
17.ESC	Employment Service Cluster - American Recovery and Reinvestment Act	4	$(121,820.00)
17.225	Unemployment Insurance Administration	10	$(2,185,360.00)
17.225	Unemployment Insurance Administration - American Recovery and Reinvestment Act	12	$(908,950.00)
17.WIA	Workforce Investment Act Cluster	4	$(1,745,860.00)
84.390	Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	4	$(23,070.00)

Criteria: The Code of Federal Regulations Title 31, Chapter II, Section 205.33 states, in part: "The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs."

Cause: The Department's policies and procedures for requesting and recording Federal funds to reimburse program costs were inadequate.

Effect: Failure to request Federal funds in an accurate and timely manner can result in the use of State or Other funds to subsidize Federal program expenditures.

Recommendation: The Department of Labor should review their policies and procedures for requesting and recording Federal funds to ensure that they are adequate to meet cash management objectives. The Department should also review the clearance patterns used for drawing Federal funds to ensure that they are still relevant to current trends.

Finding Control Number: **FS-440-10-05**
BUDGET
Program Budgeting Deficiencies

Condition: The Department of Labor's (Department) accounting system does not generate a budget comparison report by program and fund source that complies with the Prioritized Program Based Budgeting requirements of the Appropriations Act as approved by the Georgia General Assembly. Also, we were unable to tie federal expenses from the budget comparison report, in total, to Labor's grant activity schedule.

Criteria: The State of Georgia's budget, as approved in the Appropriations Act, is enacted each year and serves as a control to ensure that spending is limited to authorized areas and amounts. For the fiscal year under review, the Georgia General Assembly enacted Prioritized Program Based Budgeting for the fifth consecutive year. The Department must demonstrate their compliance by reporting their revenues and expenditures by fund source within program as compared to their budget.

Cause: This deficiency is due to the limitations of the accounting system utilized by the Department to report their activity in a manner that is prescribed by the Appropriations and Amended Appropriations Acts.

Effect: Without a system generated budget comparison report by program, it is doubtful that the Department was monitoring their expenditures against their program budgets throughout the fiscal year. Also, because the amounts on the budget comparison report do not agree in total with their grant activity schedule is an indication that the budget comparison is not accurate.

Recommendation: The Department of Labor should program their accounting system to create a budget comparison report that complies with the requirements of Prioritized Program Based Budgeting. This report should reconcile to the trial balance report by fund source. In addition, a detailed report should be created to support the activity by program and fund source as reported in the program-based budget comparison report.

Finding Control Number: **FS-440-10-06**
BUDGET
Failure to Certify the Accuracy of the Budgetary Compliance Report

Condition: Our review of the Budgetary Compliance Report (BCR) found that the Department of Labor reported the following instances of non-compliance:

1. Division of Rehabilitation Administration/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Funds Available by $572,758

2. Disability Adjudication Section/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Funds Available by $467,111

3. Georgia Industries for the Blind/Other Funds
   Expenditures exceeded Funds Available by $1,096,318

4. Labor Market Information/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Funds Available by $35,976

5. Labor Market Information/American Recovery and Reinvestment Act of 2009/Federal Funds Not Specifically Identified
   Expenditures exceeded Authorized Budget by $189,710
   Expenditures exceeded Funds available by $113,842

6. Roosevelt Warm Springs Institute/Other Funds
   Expenditures exceeded Funds Available by $2,002,750

7. Safety Inspections/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Funds Available by $40,664

8. Unemployment Insurance/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Funds Available by $187,036

9. Unemployment Insurance/American Recovery and Reinvestment Act of 2009/Federal Funds Not Specifically Identified
   Expenditures exceeded Authorized Budget by $1,710,154
   Expenditures exceeded Funds Available by $76,895

10. Vocational Rehabilitation Program/Federal Funds/Federal Funds Not Specifically Identified
    Expenditures exceeded Funds Available by $3,147,345

11. Vocational Rehabilitation Program/ American Recovery and Reinvestment Act of 2009/Federal Funds Not Specifically Identified
    Expenditures exceeded Authorized Budget by $497,718

12. Workforce Development/Federal Funds/Federal Funds Not Specifically Identified
    Expenditures exceeded Authorized Budget by $4,859,507
    Expenditures exceeded Funds Available by $9,066,048

13. Workforce Development/American Recovery and Reinvestment Act of 2009/Federal Recovery-TANF Transfers to SSBG
    Expenditures exceeded Authorized Budget by $1,939,918

14. Workforce Development/Other Funds
    Expenditures exceeded Authorized Budget by $469,499

The Department of Labor, however, declined to sign the "Letter of Representation" certifying the accuracy of the amounts reported by fund source within budgetary program. As a result, we did not perform detailed testing of the underlying documentation supporting the amounts reported in the BCR. Accordingly, we were unable to determine the Department's compliance with the requirements of the current Appropriations Act, as amended, (Final Budget) and the Constitution of the State of Georgia. These compliance requirements are:

- An appropriated budget unit cannot overspend their authorized budgeted amounts at the legal level of budgetary control (funding source within program). This means that the amounts that are reflected in the "variance" column under the heading of Expenditures Compared to Budget

in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

- Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, "…the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that amounts reflected in the "variance" column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

Criteria: Each appropriated budget unit of the State of Georgia was subject to compliance testing to be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AT Section 601). Compliance attestations require the responsible party at the budget unit to provide various written representations related to the accuracy of their BCR, to the best of their knowledge and belief. The responsible party's refusal or inability to furnish all appropriate representations in accordance with the attestation standards constitutes a limitation on the scope of the engagement.

Information: The BCR reflects the Department's budgetary activity at the legal level of budgetary control as prescribed by the FY 2010 Amended Appropriations Act. Also at this level, the BCR reports whether the Department is operating within the debt limitations of the Constitution of the State of Georgia which prohibits expenditures from exceeding funds available.

Cause: See "View of Officials" below.

Effect: The amounts reported in the Department's BCR should not be used for decision-making purposes at the legal level of budgetary control because of the lack of assurances by management and the likelihood that it contains material errors.

Recommendation: The Department of Labor should manage its budgetary activity at the legal level of control, which is fund source within program. In order to produce accurate and useful BCR reports in the future, actions to be taken by the Department should include, but not be limited to, the following:

1. Obtain additional understanding and needed training regarding Program-Based Budgeting.
2. Monitor budgetary reports on a weekly basis.
3. Consider the need to allocate administrative costs across programs.
4. Ensure that current activity is not co-mingled with prior year activity.

View of Officials: Included in this finding are cases where two Program Budgets (Vocational Rehabilitation and Workforce Development) reported expenditures that exceeded the authorized budget. The Department was aware of these situations and a request to amend the final Operating Budget was transmitted to the Office of Planning and Budget, but was denied. In all cases, the expenditures were funded by available funds which resulted in no program deficits.

Also, included in the finding were eight Program Budgets where expenditures exceeded funds available. On the Budget basis of accounting, expenditures result when purchase orders or contracts (encumbrances) are executed by the Agency. Because the Department of Labor records revenues based on expenses, and not expenditures, an adjusting entry is required on the Budget Based financial statements to recognize revenue for encumbrances which have not been performed. However, because some of the encumbrances at June 30, 2010, reside in cost allocation ledgers, the adjusting entry does not accrue revenues for those encumbrances, resulting in a situation, where it appears deficits are occurring (revenues are less than expenditures), when in reality they are not.

BEHAVIORAL HEALTH AND DEVELOPMENTAL DISABILITIES, DEPARTMENT OF

Finding Control Number: **FS-441-10-01**
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

Condition: Our examination included a review of the Department of Behavioral Health and Developmental Disabilities (Department) bank reconciliation procedures that were performed on the Operating and Trust Fund bank accounts. The following deficiencies were noted:

Operating Account

1. The reconciliation failed to reconcile the bank balance to the book balance.
2. The preparation date on the June 2010 reconciliation was 6/25/10, which is before the books had closed for June and before a June bank statement would have been received.
3. No list of outstanding checks was initially provided.
4. The reconciling items identified on the reconciliation were not properly supported.
5. The June 30, 2010 reconciliation was not reviewed until November 2, 2010.

Trust Fund Account

1. Of the forty-eight (48) hospital reconciliations that make up the Trust account, three (3) fourth quarter reconciliations were missing.
2. Of the forty-five (45) hospital reconciliations that were submitted, forty-three (43) failed to provide the accounting records required to verify the book balance.
3. Many of the reconciliations had not been properly completed, with omissions such as not filling out the balance per bank statement line, not indentifying outstanding checks or deposits-in-transits, and failing to properly identify other adjusting entries.

Criteria: An adequate system of internal controls dictates that bank reconciliations be performed at a minimum on a monthly basis, and as appropriate, include the following: 1) adequate supporting documentation, 2) reconciling items correctly identified by description and amount, 3) adjustments which are needed are identified and made in a timely manner, 4) accurate general ledger balances, and 5) evidence of an effective supervisory review and approval function.

Cause: The Department's bank account reconciliation process failed to ensure that reconciliations were performed on the operating account in a timely manner, and to ensure that the employee responsible for reviewing the reconciliations received from the Regional Hospitals requires the Hospitals to submit all appropriate supporting documentation.

Effect: Failure to maintain an effective bank account reconciliation process increases the risk of misstatement due to fraud and the possible misappropriation of the Department's assets.

Recommendation: The Department of Human of Behavioral Health and Developmental Disabilities should review their current internal control procedures in relation to bank reconciliations and implement additional policies and procedures to ensure an effective bank reconciliation process is in place to manage and monitor bank accounts.

Finding Control Number: **FS-441-10-100**
ACCOUNTING CONTROLS (OVERALL)
BUDGET
FINANCIAL REPORTING AND DISCLOSURE
Inaccurate Statutory (Budgetary) Basis Financial Statements

Condition: Our review of the Budgetary Compliance Report (BCR) found that the Department of Behavioral Health and Developmental Disabilities (DBHDD) reported the following instances of non-compliance:

1. Departmental Administration - Behavioral Health/Federal Funds/Medical Assistance Program
   Expenditures exceeded Authorized Budget by $5,743

2. Adult Addictive Diseases Services/Federal Funds/Community Mental Health Services Block Grant
   Expenditures exceeded Authorized Budget by $96

3. Adult Addictive Diseases Services/Federal Funds/Medical Assistance Program
   Expenditures exceeded Authorized Budget by $196,344

4. Adult Addictive Diseases Services/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Authorized Budget by $9,619,112

5. Adult Mental Health Services/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Authorized Budget by $525,800

6. Child and Adolescent Addictive Diseases Services/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Authorized Budget by $5,679,866

7. Child and Adolescent Mental Health Services/Federal Funds/Community Mental Health Services Block Grant
   Expenditures exceeded Authorized Budget by $469,458

8. Substance Abuse Prevention/Federal Funds/Federal Funds Not Specifically Identified
   Expenditures exceeded Authorized Budget by $10,074,928

Of the instances of non-compliance noted above, we have determined that material non-compliance occurred in the following programs:

1. Adult Addictive Diseases Services

2. Child and Adolescent Addictive Diseases Services

3. Substance Abuse Prevention

In addition to the issue noted above, audit adjustments related to deficiencies in Budgetary Compliance were required for the following:

- In two programs, revenue was incorrectly booked. Audit adjustments were required to move $217.12 and $97,305.88 to the appropriate programs.

- In another program, an audit adjustment to move $25,888.46 was required to move funds incorrectly identified as ‘Other’ reserves to the proper ‘Federal’ reserves program.

Criteria: The Appropriations Act, as amended, (Final Budget) prohibits an agency from overspending their authorized budgeted amounts at the legal level of budgetary control (funding source within program). As

applied here, this means that amounts reflected in the "variance" columns of the appropriated budget unit's budgetary comparison schedule at the legal level of budgetary control are not negative variances and do not result in an deficiency of funds available under expenditures.

The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported.

Information: The BCR reflects the Department's budgetary activity at the legal level of budgetary control as prescribed by the FY 2010 Amended Appropriations Act.

Cause: See "View of Officials" below.

Effect: All overexpenditures of Federal funds are violations of the Appropriations Act, as amended, (Final Budget). The Federal funds budget overexpenditures in Adult Addictive Diseases Services, Child and Adolescent Addictive Diseases Services, and Substance Abuse Prevention programs are material noncompliance.

Recommendation: DBHDD should manage its budgetary activity at the legal level of control, which is fund source within program. In order to produce accurate and useful BCR reports in the future, actions to be taken by the Department should include, but not be limited to, the following:

1. Obtain additional understanding and needed training regarding Program-Based Budgeting.

2. Review background PeopleSoft detail for all fund sources. If any are mapped to CFDA 99.999 or other incorrect CFDAs, contact SAO to get the mapping corrected.

3. Monitor PeopleSoft budgetary reports throughout the year to ensure that required adjusting journal entries are made before year end close.

View of Officials: **General Response**

The Department of Behavioral Health & Developmental Disabilities (DBHDD) emerged as a new agency in FY2010, having transitioned from the former Department of Human Resources (DHR). Due to the compressed time frame allowed for agency transition, DBHDD inherited the majority of its financial system structure from our parent agency, per the State Accounting Office's (SAO) direction, including all PeopleSoft system budgetary and accounting hierarchies (trees). During our first fiscal year as an independent agency, we managed each fund source at the program level as required and matched expenses to both revenues and budgets consistently to ensure budgetary compliance. We also controlled spending by budget at the fund source level using the SAO/PeopleSoft Budget Comparison Report (45C Report) and adjusted budgets where necessary to balance available funds with anticipated expenses in the amendment process. No over expenditure of any fund source occurred by program for actual funds available. All amendments were submitted to and approved by the Governor's Office of Planning & Budget.

The variances of expenditures compared to budget noted in the audit report are the result of the roll-up methodology used in the Budgetary Compliance Report, which presents a more summarized view of the fund sources than that which we used. This report is a yearend document created by SAO on an annual basis. Primarily, this methodology affected only major Federal funds. As noted above the Department was managing all programs at the individual fund source level. The discrepancy (and resulting audit finding) is largely the result of financial tree misalignment inherited from the DHR at the time of our separation as a new agency, projecting the appearance of budgetary non-compliance.

Federal fund sources were rolled-up and summarized in the SAO year-end report on a different summary line item than where the fund's revenues and expenses were actually recorded in the PeopleSoft financial system.

All SAO accounting and budget trees have since been corrected, and the reporting roll-up now corresponds correctly to the individual fund sources.

Program Specific Responses to FS-441-10-100

1) Department Administration – Medical Assistance Program: All budgets by individual fund source are in line with yearend expenses. The variance is due to a roll-up based on CFDA number rather than fund source which resulted in $30,363 being recognized on the Budgetary Compliance Report as Federal Funds Not Specifically Identified rather than as Title XIX (Medical Assistance Program) as they were on the Budget Comparison Report.

2) Adult Addictive Diseases – Community Mental Health Block Grant: The expenses posted to the Community Mental Health Block Grant in this program were posted in error.

3) Adult Addictive Diseases – Medical Assistance Program: As reflected on the Budget Comparison Reports, the actual budget for Title XIX is $300,000; however, again due to the roll-up methodology based on CFDA number, this budget was applied to Federal Funds Not Specifically Identified on the Budgetary Compliance Report resulting in the appearance of non-compliance.

4) Adult Addictive Diseases – Federal Funds Not Specifically Identified: Due to the financial tree structure inherited from our parent agency, the FFY09 SAPT Block Grant was transferred to roll-up as part of the Federal Funds Not Specifically Identified sub-category on the Budgetary Compliance Report. DBHDD correctly recorded the budget for these funds as Prevention and Treatment of Substance Abuse Block Grant. This has led to the appearance of non-compliance, but as noted on the more detailed Budget Comparison Report, the budgets match expenses at the fund source level and expenses never exceeded available funds.

5) Adult Mental Health – Federal Funds Not Specifically Identified: This is another program in which there is an appearance of non-compliance caused by a roll-up using CFDA number rather than itemized fund sources. The FFY09 CMH Block Grant was designed to roll-up as part of the Federal Funds Not Specifically Identified sub-category on the Budgetary Compliance Report. DBHDD correctly recorded the budget for these funds as Community Mental Health Services Block Grant. This has led to the appearance of non-compliance, but as noted on the more detailed Budget Comparison Report the budgets match expenses at the fund source level and expenses never exceeded available funds.

6) Child and Adolescent Addictive Diseases – Federal Funds Not Specifically Identified: The Federal Funds Not Specifically Identified on the Budget Compliance Report are a combination of the Adolescent SA Coordination Grant and the FFY09 SAPT Block Grant. As noted above, the FFY09 block grants inherited from our parent agency roll up incorrectly on the Budgetary Compliance Report. The budgets prepared and loaded by DBHDD correctly identify these funds as Prevention and Treatment of Substance Abuse Block Grant, which has led to the appearance of non-compliance. The more detailed Budget Comparison Report demonstrates that budgets by individual fund source are correctly aligned with expenses.

7) Child and Adolescent Mental Health – Federal Funds Not Specifically Identified: This is yet another program in which there is an appearance of non-compliance caused by a roll-up using CFDA number rather than itemized fund sources. The FFY09 CMH Block Grant was designed to roll-up as part of the Federal Funds Not Specifically Identified sub-category on the Budgetary Compliance Report. DBHDD correctly recorded the budget for these funds as Community Mental Health Services Block Grant. This has led to the appearance of non-compliance, but as noted on the more detailed Budget Comparison Report, the budgets match expenses at the fund source level and expenses never exceeded available funds.

8) Substance Abuse Prevention – Federal Funds Not Specifically Identified: The Federal Funds Not Specifically Identified sub-category on the Budget Compliance Report includes the FFY09 SAPT Block Grant. As noted above, the FFY09 block grants inherited from our parent agency roll up incorrectly on

the Budgetary Compliance Report. The budgets prepared and loaded by DBHDD correctly identify these funds as PTSAB which has led to the appearance of non-compliance. The Budget Comparison Report demonstrates that budgets by individual fund source are correctly aligned with expenses.

Response to Recommendations

1) Budget and finance staff have attended several SAO sponsored training sessions, including program based budgeting. Additional training and employee education are scheduled to be completed during the year.

2) As a result of audit finding FS-441-10-100 the fund source detail and corrections in PeopleSoft have been made.

3) As stated above we will continue to monitor all available SAO reports throughout the year so as to avoid excessive year end entries and audit adjustments in the future.

Closing Remarks

The department finds it disappointing that an accounting system reporting discrepancy was the major reason for the audit finding, rather than a true budgetary compliance deficiency. When managing programs at the fund source level, we believe it is important to implement controls at the individual fund source level, rather than at a consolidation level which combines several revenue streams into a single category. With this more detailed and stringent level of review, the agency has ensured budgetary compliance by aligning budgets with expenses and has established financial controls so that expenses do not exceed available funds.

The annual year-end budgetary reporting tool delivered by SAO inherently included the improper tree structure and led to the appearance of non-compliance as outlined above. In spite of this appearance, it is our opinion that DBHDD has achieved its goal of maintaining budgetary compliance by fund source and program.

We also reiterate that all trees and financial systems have been corrected to prevent these problems from repeating in the future.

We appreciate the opportunity afforded to this agency to respond to audit finding FS-441-10-100, and we thank you for your consideration with the issues and concerns we have expressed in our responses above.

JUVENILE JUSTICE, DEPARTMENT OF

Finding Control Number: **FS-461-10-100**
ACCOUNTING CONTROLS (OVERALL)
REVENUES AND RECEIVABLES
EXPENSES/EXPENDITURES AND LIABILITIES
BUDGET
Use of Incorrect Fund Source Identifiers

Condition: The Department of Juvenile Justice (Department) failed to use correct fund source identifiers for two indirect Federal program grants they received from the Georgia Department of Education. CFDA No. 10.553-School Breakfast Program and CFDA No. 10.555-National School Lunch Program were identified by the Department within the accounting system using fund source numbers that are reserved for Unrestricted Other Funds.

In addition, the Department also budgeted for these Federal grants as Other Funds instead of Federal funds.

Criteria: The *Accounting Procedures Manual*, Section 2, states, "The initial two digits of a fund source (program) have been standardized for statewide reporting purposes." The fund source range of 30-39 should be used for Federal Restricted - Indirect Programs.

Financial Management Policies and Procedures issued by the Office of Planning and Budget and State Accounting Office for Budgeting of Federal Funds from Another State Agency, Policy No. 02.01.0501, states that "Federal funds received from sources other than the Federal government should be amended as Federal funds if the receiving agency is required to comply with the original grant or other financial assistance requirements."

Cause: The Department failed to have adequate policies and procedures in place for managing their fund source structure to ensure it was in compliance with the *Accounting Procedures Manual* and for properly budgeting for Federal funds.

Effect: Failure by the Department to maintain their fund source structure as required by the *Accounting Procedures Manual* resulted in the Department's Budgetary Compliance Report being misstated between Federal and Other Funds. However, since the Department budgeted these Federal grants as Other Funds instead of Federal as they should have been, there is no negative variance for expenditures compared to budget and no deficiency of funds available under expenditures present on the Statement of Funds Available and Expenditures Compared to Budget By Program and Funding Source in the Department's Budgetary Compliance Report.

Recommendation: The Department of Juvenile Justice should implement policies and procedures to ensure their fund source structure is in compliance with the *Accounting Procedures Manual* and that Federal grant funds are budgeted as Federal and not as Other Funds.

NATURAL RESOURCES, DEPARTMENT OF

Finding Control Number: **FS-462-10-01**
ACCOUNTING CONTROLS (OVERALL)
CAPITAL ASSETS
Inadequate Capital Asset Records - Machinery and Equipment

Condition: The accounting procedures of the Department of Natural Resources (Department) were insufficient to provide adequate internal controls over the Capital Assets management system. As part of a department-wide sample of machinery and equipment, a total of forty (40) items were selected for physical inspection to test the accuracy of the Department's capital asset inventory records. The following deficiencies were noted:

1. Two (2) items totaling $10,487.00 were found to either be surplussed or traded-in, but still appeared on the capital asset inventory listing.

2. Eighteen (18) items totaling $131,460.54 could not be located.

3. Three (3) items were not located in the designated location as reported on the capital asset inventory listing.

In addition, the review of current year additions revealed that the Department capitalized eight (8) items totaling $20,400.00 that were less than the $5,000.00 capitalization threshold.

Criteria: The *Accounting Procedures Manual* for the State of Georgia (Manual), Section Three, Page 3-1-29 requires that, "Accurate subsidiary capital asset inventory records must be maintained." The Manual also states that "the capitalization threshold for personal property is $5,000."

Cause: The Department failed to develop and implement adequate policies and procedures to ensure that the capital asset inventory records were accurately recorded and maintained.

Effect: Failure to maintain complete and accurate capital asset inventory records could result in the misappropriation of assets and a material misstatement of the financial statements.

Recommendation: The Department of Natural Resources should develop and implement appropriate policies and procedures to ensure that all capital assets are properly accounted for and reported in accordance with capitalization guidelines and instructions as provided in the *Accounting Procedures Manual* for the State of Georgia.

Finding Control Number: **FS-462-10-02**
CAPITAL ASSETS
Inadequate Capital Asset Records – Construction in Progress

Condition: The accounting procedures of the Department of Natural Resources (Department) were insufficient to provide adequate internal controls over the Department's Construction in Progress management system. The Department failed to properly record and maintain capital assets in accordance with the *Accounting Procedures Manual* for the State of Georgia. The exceptions are noted as follows:

1. The Department recorded capitalized costs of $11,236,506.84 for the total current year expenditures on the Construction in Progress Report. According to the expenditures recorded on the general ledger, the total cost of the current year expenditures was $7,062,658.69.

2. Costs for the projects were being charged to Buildings and Building Improvements, and Improvements Other Than Buildings rather than Construction in Progress.

3. The subsidiary listing for Construction in Progress Capital Assets did not agree with the Capital Assets ledger as reported to the State Accounting Office.

Criteria: The *Accounting Procedures Manual* for the State of Georgia (Manual) requires that state organizations maintain accurate capital asset inventory records. In addition, generally accepted accounting principles (GAAP) specify requirements for reporting financial statement balances and note disclosures for the State's Capital Assets. Information reported for capital assets should include beginning and ending balances, and additions and deletions during the fiscal year. Current year additions include assets purchased during the fiscal year and non-cash activity such as adjustments, donations, and transfers. Retirements include assets that have been disposed of, removed from service, or transferred during the fiscal year.

Cause: The deficiencies noted above are a result of management's failure to implement adequate policies and procedures to ensure that the Department's capital assets are accounted for and reported in accordance with guidelines established by the *Accounting Procedures Manual* for the State of Georgia.

Effect: The Construction in Progress balance is misstated. The extent of the misstatement cannot be determined.

Recommendation: The Department of Natural Resources should develop appropriate policies and procedures to ensure that all of the Department's Construction in Progress are properly accounted for and reported in accordance with guidelines established in the *Accounting Procedures Manual* for the State of Georgia.

Finding Control Number: **FS-462-10-03**
CAPITAL ASSETS
Inadequate Capital Asset Records – Subsidiary Ledgers

Condition: The accounting procedures of the Department of Natural Resources (Department) were insufficient to provide adequate internal controls over the Department's capital asset subsidiary ledgers. The Department failed to properly maintain complete and accurate capital asset subsidiary ledgers in accordance with the *Accounting Procedures Manual* for the State of Georgia. The exceptions are noted as follows:

1. The subsidiary listing for Land did not contain a complete and detailed listing of Land purchases prior to fiscal year 2005 which totaled $327,379,931.00.

2. The subsidiary listing for Buildings and Building Improvements did not contain a complete and detailed listing of Buildings and Building Improvements purchases prior to fiscal year 2006 which totaled $59,027,320.71.

3. The subsidiary listing for Machinery and Equipment in the amount of $70,312,177.86 did not agree with the general ledger amount of $69,320,712.98 as reported to the State Accounting Office.

Criteria: The *Accounting Procedures Manual* for the State of Georgia (Manual) requires that state organizations maintain accurate capital asset inventory records. In addition, generally accepted accounting principles (GAAP) specify requirements for reporting financial statement balances and note disclosures for the State's Capital Assets. Information reported for capital assets should include beginning and ending balances, and additions and deletions during the fiscal year. Current year additions include assets purchased during the fiscal year and non-cash activity such as adjustments, donations, and transfers. Retirements include assets that have been disposed of, removed from service, or transferred during the fiscal year.

Cause: The deficiencies noted above are the result of management's failure to implement adequate policies and procedures to ensure that the Department's capital asset subsidiary ledgers are properly maintained in accordance with guidelines established in the *Accounting Procedures Manual* for the State of Georgia.

Effect: Failure to maintain complete and accurate capital asset inventory records can result in the misappropriation of assets and a material misstatement in the financial statements.

Recommendation: The Department of Natural Resources should develop appropriate policies and procedures to ensure that all of the Department's capital asset subsidiary ledgers are properly maintained in accordance with guidelines established in the *Accounting Procedures Manual* for the State of Georgia.

Finding Control Number: **FS-462-10-04**
EXPENSES/EXPENDITURES AND LIABILITIES
Inaccurate Employee Travel Expense Statements

Condition: Our examination included a review of employee travel expense statements for the Department of Natural Resources (Department). Our examination revealed the following exceptions:

1. Two employees were reimbursed for meals that were not allowable by a total of $30.00.

2. One employee was reimbursed for a meal in excess of the allowed amount by $8.00.

3. One employee was reimbursed for mileage in excess of the allowed amount by $169.40.

Criteria: The State of Georgia Statewide Travel Regulations, states, "If an employee departs on an overnight trip prior to 5:30 p.m., the employee is eligible for per diem for dinner on the day of departure." It also states, "If an employee returns from an overnight trip after 7:30 p.m., the employee is eligible for per diem for dinner on the day of return." In addition, "Employees may be reimbursed for the mileage incurred from the point of departure to the travel destination."

Cause: The deficiencies noted above were the result of management's failure to establish internal controls to ensure that employee travel expense statements are submitted for reimbursement in accordance with the State of Georgia Statewide Travel Regulations.

Effect: Failure to ensure that employee travel expense statements are submitted accurately can result in misstatements in the financial statements and noncompliance with the State of Georgia Statewide Travel Regulations.

Recommendation: The Department of Natural Resources should review their internal control policies and procedures regarding employee travel expense statements and implement additional controls to ensure that the statements are accurately submitted for reimbursement.

Finding Control Number: **FS-462-10-05**
EXPENSES/EXPENDITURES AND LIABILITIES
Inadequate Allocation of Expenditures

Condition: Our examination included a review of supporting documentation for expenditures of the Department of Natural Resources (Department). Our examination revealed the following exceptions:

1. One (1) expenditure, in the amount of $774.00, was incorrectly allocated one-fourth to a Federal fund source and three-fourths to a State fund source when it should have been allocated one-fourth to a State fund source and three-fourths to a Federal fund source.

2. Personal services expenditures, in the amount of $38,793.87, were charged to a State fund source when they should have been charged to Federal fund sources.

3. One (1) travel expenditure, in the amount of $844.29, was charged to a State fund source when it should have been charged to a Federal fund source.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section 5, Page 5-4-3, states in part: "Verification is the determination of the completeness, accuracy, authenticity and/or validity of transactions, events or information. This control activity enables management to ensure activities are being done in accordance with directives."

Cause: The deficiencies noted above were the result of the Department's failure to implement adequate internal controls to ensure that the allocation of expenditures across different fund sources is accurate.

Effect: Inaccurate allocation of expenditures across different fund sources increases the risk of material misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Department of Natural Resources should develop and implement policies and procedures to ensure that expenditures are accurately allocated to the correct fund sources.

Finding Control Number: **FS-462-10-06**
EXPENSES/EXPENDITURES AND LIABILITIES
Overpayment to Former Employee

Condition: An employee of the Department of Natural Resources (Department) resigned on September 4, 2009, but continued to be paid through February 28, 2010. Our review of the employee's compensation records revealed that the Department paid the employee for services that were not earned in the gross amount of $7,851.11. In addition, the Department incurred employer (fixed) costs associated with the apparent salary overpayment in the amount of $5,814.61.

Criteria: Article III, Section VI, Paragraph VI (a) of the Georgia Constitution states, in part, as follows:

"Except as otherwise provided in the Constitution, (1) the General Assembly shall not have the power to grant any donation or gratuity or to forgive any debt or obligation owing to the public,..."

This provision has been interpreted as prohibiting the payment of compensation to a former employee when services have not been rendered. 1945-47 Op. Att'y Gen. 522, 523 ("the [State] is not authorized

to provide compensation for a person who is inactive and not performing services for the State in return for the emolument received"); 1948-49 Op. Att'y Gen. 540, 541 (the payment of funds to a former employee who did not perform any services after his resignation violated the gratuities clause of the Georgia Constitution).

Information: The Department has an agreement with the former employee to recover the overpayments. During fiscal year 2010, the Department recovered $1,200.00.

Cause: The Department mistakenly continued to compensate the employee through February 28, 2010, even though he resigned on September 4, 2009.

Effect: Payments of unearned compensation to the former employee appear to violate the "gratuities clause" of the Georgia Constitution. Had these apparently improper payments of State funds not been made, the Department would have been able to remit $13,665.72 in additional surplus funds to the State Treasury.

Recommendation: The Department of Natural Resources should develop additional policies and procedures to ensure that former employees are not compensated for services not rendered.

Finding Control Number: **FS-462-10-100**
BUDGET
Overexpenditure of Federal Funds

Condition: The Department of Natural Resources (Department) spent or contractually obligated $277,476.33 in excess of Federal funds available in its Environmental Protection Program. As a result, audit adjustments were necessary in order to bring the Environmental Protection Program into compliance with the current Appropriations Act, as amended, (Final Budget).

Criteria: Article VII, Section IV, Paragraph VIII of the Constitution of the State of Georgia provides, in part, "...the credit of the State shall not be pledged or loaned to any individual, company, corporation or association."

Cause: The Department did not have adequate controls in place to prevent overexpenditures at the legal level of budgetary control.

Effect: Audit adjustments were necessary to prevent an overexpenditure of Federal Funds in the amount of $277,476.33 in the Environmental Protection Program.

Recommendation: The Department of Natural Resources should monitor its budgetary activity in order to avoid any overexpenditures at the legal level which is funding source within program.

CORRECTIONS, DEPARTMENT OF

Finding Control Number: **FS-467-10-100**
ACCOUNTING CONTROLS (OVERALL)
BUDGET
Inaccurate Statutory (Budgetary) Basis Financial Statements

Condition: The *Budgetary Compliance Report* (BCR) for the Department of Corrections (Department) reported the following instances of non-compliance with the Constitution of the State of Georgia:

Program	Fund Source	Funds Available Under Expenditures
Departmental Administration	Federal Funds Not Specifically Identified	$16,518,353.20
Uncontrolled Program	Federal Funds Not Specifically Identified	$1,050,072.21
Uncontrolled Program	Other Funds	$1,318,068.08

Based on our testing, however, we were unable to confirm that these reported instances of non-compliance were accurate. While we were unable to obtain sufficient evidential matter to make correcting adjustments, it appears that the deficiency of funds available in the *Departmental Administration* program is offset by an excess of funds available in the *Food and Farm Operations* program that also does not appear accurate.

Also current year balances were reported in *Uncontrolled Program* which is not a valid budget program according to the 2010 Amended Appropriations Act. These balances should have either been recorded in other valid programs of the Department, or should have been subject to correcting adjustments related to prior budget periods.

As a result, in our examination of the Department's BCR, we were unable to determine whether the Department was in compliance with the requirements of the Appropriations Act, as amended (Final Budget), and the Constitution of the State of Georgia for the following programs:

1. Departmental Administration,
2. Food and Farm Operations, and
3. Uncontrolled Program.

Criteria: The Appropriations Act, as amended, (Final Budget) prohibits an agency from overspending their authorized budgeted amounts at the legal level of budgetary control (funding source within program). As applied here, this means that amounts reflected in the "variance" columns of the appropriated budget unit's budgetary comparison schedule at the legal level of budgetary control are not negative variances and do not result in a deficiency of funds available under expenditures.

Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, "…the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that amounts reflected in the "variance" column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported.

Information: The BCR reflects the Department's budgetary activity at the legal level of budgetary control as prescribed by the FY 2010 Amended Appropriations Act. Also at this level, the BCR reports whether the Department is operating within the debt limitations of the Constitution of the State of Georgia which prohibits expenditures from exceeding funds available.

Cause: As of fiscal year end, the Department was unable to adjust prior budget year carry-over amounts to the correct budget program. As a result, when prior year carry-over amounts were recognized as funds available in the current year, the Department reported large deficits or large excesses of funds available in the programs where corrections are needed. The Department has had conversations with the State Accounting Office with the goal of working together during fiscal year 2011 to correct those prior year carry-over amounts.

Effect: The amounts reported in the Department's BCR for the three programs identified should not be used for decision-making purposes at the legal level of budgetary control.

Recommendation: The Department should manage its budgetary activity at the legal level of control, which is fund source within program. In order to produce accurate and useful BCR reports in the future, actions to be taken by the Department should include, but not be limited to, the following:

1. Obtain additional understanding and needed training regarding Program-Based Budgeting.

2. Ensure that current activity is not co-mingled with prior year activity.

3. Identify the correct programs and make appropriate adjustments for prior budget year amounts.

View of Officials: When Program Based Budgeting was initially implemented, there was insufficient guidance available regarding the impact it would have on requirements for financial reporting, including that program/fund source would become the legal level of reporting. It was viewed by Corrections only as a tool to identify costs of the specific activities (Programs) within the Department. As such, much attention was given to the expensing of items in the proper program, but revenue did not receive such attention. Because the general ledger reporting was still done at the Department-wide level, revenue was generally brought in under the Administration program. Also, surplus repayments were paid strictly from the same program including surpluses from years prior to implementation of Program Based Budgeting. As a result, the Department has both prior year deficits and surpluses when viewed at the program/fund source line detail. When working in FY10, the Department used the tools available in PeopleSoft, e.g., Program Budget Comparison Report (PBCR), to pay close attention to the balance of current funds available compared to current expenses. According to the PBCR, the Department had no negative variances at the end of FY 2010. As the BCR was being completed, the Department was made aware that the previously mentioned deficits/surpluses would be captured in the final reports. As such, the deficits took the three mentioned combinations of program and fund source into a final deficit number. Moving forward, the Department will work closely with the State Accounting Office to remedy these prior year variances so that they will no longer impact the final numbers for the Department.

As an additional note, following any requested post-closing adjustments, the Department has never closed out a fiscal year with an overall deficit balance.

Finding Control Number: **FS-467-10-101**
ACCOUNTING CONTROLS (OVERALL)
BUDGET
Audit Adjustments to the Budget Comparison Report and Other Budgetary Deficiencies

Condition: Our examination found that the Department of Corrections (Department) generally maintained their "current year appropriations" at the legal level of budgetary control as prescribed by the 2010 Appropriations Act, as amended, (Final Budget). However, erroneous carry-over balances from prior years had a negative impact on the Department's *Budgetary Compliance Report* (BCR). As a result, numerous audit adjustments were necessary to correct and prepare for presentation the BCR for the Department. Specifically, the following audit adjustments were made:

1. An adjustment to Uncontrolled Program/Other Funds to reserve $15,065.11 that had not been recognized as funds to be reserved by the Department.

2. An adjustment to the Detention Centers and Transitional Centers programs for $8,428.43 and $12,112.17 respectively to move expenditures from Other Funds to State General Funds in order to remove deficiencies in funds available in the current year.

3. An adjustment to the Bainbridge Probation Substance Abuse Treatment Center program/Federal Funds Not Specifically Identified for $361.95 to recognize deferred revenue that had not been previously recognized by the Department in order to remove a deficiency in funds available in the current year.

4. An adjustment to the Uncontrolled Program/Federal Funds Not Specifically Identified for $1,168,180.68 to remove a deficit ending fund balance from this program and fund source and move it to the Departmental Administration program/Federal Funds Not Specifically Identified in order to prevent unidentified program activity in future budget years.

In addition to the deficiencies noted above and in finding FS-467-10-100, the Department also had numerous underlying budgetary deficiencies that became apparent when reviewing the Department's overall ending balance by program and fund source and when performing an analysis to determine prior budget year fund balance.

The following instances of overall deficit ending fund balances were noted. These deficit fund balances indicate apparent noncompliance with State Laws relating to either the current budget year or prior budget years:

Program	Fund Source	Overall Ending Fund Balance Deficit
Departmental Administration	State General Funds	$3,597,327.85
Departmental Administration	Federal Funds Not Specifically Identified	$17,994,447.96
Food and Farm Operations	State General Funds – Prior Year	$1.70
Detention Centers	Other Funds	$7,811.32
Transitional Centers	Other Funds	$130,928.14
Uncontrolled Program	Other Funds	$788,439.86

In addition, an analysis to identify ending fund balance by prior budget years revealed the Department also had the following deficiencies with their statutory (budgetary) basis financial statements:

Program	Fund Source	Ending Prior Budget Year Fund Balance Deficit
Departmental Administration	State General Funds	$3,670,635.67
Departmental Administration	Federal Funds Not Specifically Identified	$1,476,094.76
Departmental Administration	Other Funds	$16,673,579.09
Food and Farm Operations	State General Funds – Prior Year	$1.70
Food and Farm Operations	Other Funds	$88,192.04
Detention Centers	Other Funds	$7,811.32
Probation Diversion Centers	Other Funds	$11,177.33
Probation Supervision	Other Funds	$18,958.59
State Prisons	Other Funds	$1,285,596.50
Transitional Centers	Other Funds	$130,928.14

Criteria: The Appropriations Act, as amended, (Final Budget) prohibits an agency from overspending their authorized budgeted amounts at the legal level of budgetary control (funding source within program). As applied here, this means that amounts reflected in the "variance" columns of the appropriated budget unit's budgetary comparison schedule at the legal level of budgetary control are not negative variances and do not result in an deficiency of funds available under expenditures.

Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, "…the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that amounts reflected in the "variance" column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported.

In accordance with Statewide Accounting Policies and Procedures issued by the State Accounting Office (SAO) on Management Responsibilities, "...the management of each state organization is responsible for the accuracy and completeness of its accounting and financial records and reports." In addition,

"Management of each individual state organization is also responsible for ensuring compliance with applicable laws and regulations."

Internal controls over the period-end financial reporting process should include controls over the general ledger and the BCR. Further, these internal controls should be sufficiently designed and be in-place to identify misstatements due to error or fraud.

Information: The BCR reflects the Department's budgetary activity at the legal level of budgetary control as prescribed by the FY 2010 Amended Appropriations Act. Also at this level, the BCR reports whether the Department is operating within the debt limitations of the Constitution of the State of Georgia which prohibits expenditures from exceeding funds available.

Cause: During the year, management of the Department utilized the budget comparison reports available in PeopleSoft to monitor their budgetary activity. However, in their efforts to monitor this activity, they did not factor in all aspects of Program Budgeting as it relates to the State's statutory basis of accounting and budgetary statement presentation, such as prior year carry-over and other items affecting the changes in fund balances.

Effect: Insufficient internal controls over the period-end financial reporting process increases the risk that material misstatement in the financial statements and BCR will occur and not be detected.

Recommendation: The Department should implement policies and procedures, as needed, to ensure that all adjustments are properly recorded in the accounting records and that the Budgetary Compliance Report is accurate prior to it being presented for review.

In addition, the Department should manage its budgetary activity at the legal level of control, which is fund source within program. In order to produce accurate and useful BCR reports in the future, actions to be taken by the Department should include, but not be limited to, the following:

1. Obtain additional understanding and needed training regarding Program-Based Budgeting.

2. Ensure that current activity is not comingled with prior year activity.

3. Identify the correct programs and make appropriate adjustments for prior budget year amounts.

View of Officials: With the exception of item #1, these adjustments were requested/approved as a result of the same situation that created finding FS-467-10-100. Prior year deficits/surpluses carried forward as current year activity and negatively impacted the ending balances at the program/fund source level. The adjustments were made so that the Department could begin FY11 without those balances negatively impacting another year. Given that we were able to identify the correct program/fund source combination with an associated surplus to move the deficits into, the Department chose to proceed with the adjustments. Moving forward, the Department will work closely with the State Accounting Office to make sure these adjustments are entered correctly into PeopleSoft along with the adjustments needed for the deficit variances in FS-467-10-100.

Finding Control Number: **FS-467-10-102**
ACCOUNTING CONTROLS (OVERALL)
REVENUES AND RECEIVABLES
EXPENSES/EXPENDITURES AND LIABILITIES
BUDGET
Use of Incorrect Fund Source Identifiers

Condition: The Department of Corrections (Department) failed to use correct fund source identifiers for three Federal program grants. CFDA Nos. 16.OFA, DEA Confiscated Funds and Regional Fugitive Task Force, were direct Federal grants but were identified by the Department within the accounting system using fund source numbers designated for Restricted Other Funds. CFDA No. 84.391, Special Education

Grants to States, Recovery Act (ARRA), was an indirect Federal grant from the Georgia Department of Education but was identified by the Department within the accounting system using fund source numbers that are designated for Intra-State Other Funds.

In addition, the Department also budgeted for these Federal grants as Other Funds instead of Federal funds.

Criteria: The *Accounting Procedures Manual*, Section 2, states, "The initial two digits of a fund source (program) have been standardized for statewide reporting purposes." The fund source range of 10-29 should be used for Federal Restricted - Direct Programs, and the fund source range of 30-39 should be used for Federal Restricted - Indirect Programs.

Financial Management Policies and Procedures issued by the Office of Planning and Budget and State Accounting Office for Budgeting of Federal Funds from Another State Agency, Policy No. 02.01.0501, states that "Federal funds received from sources other than the Federal government should be amended as Federal funds if the receiving agency is required to comply with the original grant or other financial assistance requirements."

Cause: The Department failed to have adequate policies and procedures in place for managing their fund source structure to ensure it was in compliance with the *Accounting Procedures Manual* and for properly budgeting for Federal funds.

Effect: Failure by the Department to maintain their fund source structure as required by the *Accounting Procedures Manual* resulted in the Department's Budgetary Compliance Report being misstated between Federal and Other Funds. Since the Department budgeted these Federal grants as Other Funds instead of Federal as they should have been, there is no negative variance for expenditures compared to budget present on the Statement of Funds Available and Expenditures Compared to Budget By Program and Funding Source in the Department's Budgetary Compliance Report. However, there are deficiencies of funds available under expenditures present on the Statement.

Recommendation: The Department of Corrections should implement policies and procedures to ensure their fund source structure is in compliance with the *Accounting Procedures Manual* and that Federal grant funds are budgeted as Federal and not as Other Funds.

View of Officials: The Department of Veterans Service was unable to finish the massive clean-up of our accounting/PeopleSoft records during fiscal year 2010. Much of these data problems predate programmatic budgeting. We are confident this effort will be completed during fiscal year 2011.

PUBLIC SERVICE COMMISSION

Finding Control Number: **FS-470-10-01**
ACCOUNTING CONTROLS (OVERALL)
FINANCIAL REPORTING AND DISCLOSURE
BUDGET
Failure to Maintain Accounting Records at Legal Level of Budgetary Control

Condition: Our review of the Budgetary Compliance Report (BCR) found that the Public Service Commission failed to maintain their accounting records on a fund source by program basis which prevented the Commission from managing their activity at the legal level of budgetary control as specified in the 2010 Appropriations Act, as amended, (Final Budget).

Criteria: The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported.

Cause: See "View of Officials" below.

Effect: The Commission's failure to maintain their accounting records at the legal level of budgetary control could result in misstatements in the financial statements and noncompliance with the 2010 Appropriations Act, as amended,(Final Budget).

Recommendation: The Public Service Commission should maintain their accounting records at the legal level of control, which is fund source within program.

View of Officials: The PSC does in fact receive Operating Funds (Revenues) from three sources: State of Georgia, Federal and Other. It should be noted the Federal funds are from four sources: Primarily from a semi-annual reimbursement (after the funds have been spent), two separate grants from DOT and one DOE ARRA grant.

The PSC controls its budget within each of the three Programs by line item expenditures at an 'Object Code Level.' The PSC does not forecast fund sources at an 'Object Code Level' just at a program level.

The assertion "that the Public Service Commission failed to maintain their accounting records on a fund source by program basis which prevented the Commission from managing their budgetary activity at the legal level of control as specified in the FY 2010 Amended Appropriations Act" is injudicious. The three Revenues sources are all deposited in to the same 'State – Agency' Operating Account in order to fund the three programs. Separate sub-ledger/details are maintained to assure received funds are directed to the designated program.

At no time has the PSC spent beyond the State allotted funds for any program even as the Governor's Office cut funding the last month of FY2009 and FY2010.

The PSC contends that "The Commission's failure to maintain their accounting records at the legal level of budgetary control could result in misstatements in the financial statements and noncompliance with the 2010 Appropriations Act, as amended, (Final Budget)" is not a legitimate effect of this review.

We take exception at the implication that the PSC has violated the 2010 Appropriations Act as stated in HB 947 Section 55.

The PSC Fiscal Office will create an accounting routine to respond to the recommendation that "The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported."

AUDITOR CONCLUDING REMARKS TO FINDING FS-470-10-1

The Public Service Commission did not maintain their accounting records on a fund source by program basis. The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported. The Commission should refer to the State Accounting Office Accounting Policy Manual, Category 2 – Financial Reporting, Chart of Accounts, Structure Overview for further guidance in establishing the required accounting structure for budgetary reporting.

BOARD OF REGENTS

Finding Control Number: **FS-472-10-01**
ACCOUNTING CONTROLS (OVERALL)
Inadequate Internal Controls over Payroll Consolidation and Outsourcing Project

Condition: The University System failed to adequately plan and monitor the Shared Services Center Initiative project which included the outsourcing of employee compensation. The University System appears to have moved forward with the project in an effort to meet deadlines despite critical pieces of the project plan being incomplete. The University System did not have the ability to ensure the information

maintained in the financial accounting system provided accurate information for financial reporting and decision making.

Criteria: AICPA Professional Standards, AU 319.04, states that internal control is a process – affected by an entity's board of directors, management and other personnel – designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Questioned Cost: N/A

Information: During June 2008, the University System of Georgia's Board of Regents voted to approve moving forward with the Shared Services Initiative with payroll consolidation as the first component. The Shared Services Initiative project was to provide consolidation and streamlining of the Universities' administrative support functions into a "Shared Services Center" to ensure efficient and effective service delivery. As a result of a competitive bid process, Automatic Data Processing, Inc. (ADP) was selected as the provider of a consolidated payroll system as Phase I of the Shared Services Initiative. The implementation of the Shared Services Initiative affected 34 units of the University System of Georgia (USG).

We noted the following deficiencies:

- The overall management and monitoring of the project by the USG was not adequate to protect the fiscal and technical interests of the USG.
- Adequate attention was not given to financial reporting during the planning, risk assessment, and design phases of the project plan.
- Payroll issues unique to Higher Education were not addressed in the design phase.
- Key functionality, the General Ledger interface, was not complete prior to the implementation date; therefore, upon implementation the institutions had no systematic mechanism to record employee compensation expense on the General Ledger.
- Users were not adequately trained and lacked an understanding of the system. The users did not have the knowledge to adequately resolve identified variances.
- At implementation, the USG failed to provide adequate tools to assist users in performing reconciliations. This deficiency was not addressed until May 2010 – ten months after the implementation date.
- Inadequate monitoring of rate tables resulted in processing errors for two months.
- Numerous contracts associated with the project were not approved and/or signed by appropriate, authorized USG personnel in accordance with USG rules and regulations.
- Consultants employed by the USG requested and approved modifications to original contracts and approved invoices for payment.
- USG did not appear to consistently approach invoice approval to protect their interest.

Cause: The University System failed to provide the appropriate level of oversight related to the Shared Services project. This lack of oversight resulted in management's failure to ensure that key elements of the Shared Services Initiative project plan were completed before project implementation. Additionally, University System management was not actively involved in contract administration and monitoring to ensure that the USG's interests were protected.

Effect: Failure to implement adequate internal controls and the lack of monitoring key components of the project exposed the University System to unnecessary risk from both a fiscal and technical perspective. Problems resulting from key functionality not being completed prior to implementation plagued each unit of the University System involved in the project. To ensure that business operations continued, throughout the fiscal year, each unit spent significant resources to identify issues and process payroll.

Recommendation: The University System should continue to review the controls and procedures currently in place associated with the Shared Services Project Initiative. Management should identify weaknesses, and design and implement procedures necessary to strengthen controls over the accounting functions,

financial reporting and monitoring of the project. Additionally, management should assess whether an appropriate foundation and a fully developed and strongly administered plan is in place related to Shared Services Initiative project before proceeding to ensure that the ultimate goals of the project are met.

Finding Control Number: **FS-472-10-02**
EXPENDITURES/LIABILITIES/DISBURSEMENTS
GENERAL LEDGER
Inadequate Internal Controls

Condition: Accounting procedures of the University System Office were insufficient to provide adequate internal control over the recording of health benefit claims expense and the processing of journal entries.

Criteria: Management of the University System Office is responsible for designing and maintaining internal controls that provide reasonable assurance that transactions are properly processed and reported.

Questioned Cost: N/A

Information: **Expenditures/Liabilities/Disbursements**

Management has implemented certain monitoring procedures designed to detect errors in the processing and recording of claims health benefit expenses related to the Retiree Health Benefit Fund. However, these procedures were not adequate in detecting errors in a timely manner. An error was discovered in the methodology for determining the split between retiree and active employee claims expense, which resulted in an increase in retiree claim cost that was absorbed by the employer. Adjustments were made to the financial statements to correct the effects of this error.

General Ledger

Accounting procedures are designed so that certain employees enter and post journal entries within the GeorgiaFirst accounting system. A second level approval occurs manually. The controls associated within the manual approval which occurs outside GeorgiaFirst, was not designed to prevent or detect unapproved journal entries from being posted. Our testing revealed instances where unapproved journal entries were posted within the accounting system.

In addition, employees with the ability to enter and post journal entries within the accounting system have other job duties, such as bank reconciliation, that reduces the effectiveness of potential compensating controls.

Cause: Management did not properly design procedures to ensure that errors are detected in a timely manner.

Effect: Misstatements could occur and not be corrected in a timely manner.

Recommendation: Management of the University System Office should strengthen internal controls in place related to the monitoring of health benefit claims expense to ensure that errors are detected in a timely manner.

In addition, management of the University System Office should strengthen internal controls in place to ensure that accounting procedures related to the initiation and authorization of journal entries are adequately designed to prevent or detect unapproved journal entries from being posted within the accounting system. We recommend that management either separate the ability to initiate and post journal entries within the accounting system or implement mitigating compensating controls outside the accounting system using system generated data.

REVENUE, DEPARTMENT OF

Finding Control Number: **FS-474-10-01**
CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

Condition: The Department of Revenue (Department) did not perform adequate bank reconciliation procedures for various bank accounts. Exceptions noted were as follows:

1. The bank reconciliation for the Income Tax - Control Disbursement account contained an unidentified variance of $1,952,298.22 for the months of July 2009 through March 2010 and $(2,709,176.46) for the months of April 2010 and May 2010. In addition, the bank reconciliation for the General Disbursement account contained an unidentified variance of $24,955.62 for the months of July 2009 through September 2009.

2. The following bank reconciliations contained adjustments that were not corrected in a timely manner:

   - The Operating account for the months of March 2010 through June 2010.
   - The Payroll account for the months of February 2010 through June 2010.
   - The Lockbox account for the months of July 2009 through April 2010.
   - The Revenue Collections account for the months of July 2009, August 2009, October 2009, March 2010, and April 2010.
   - The Income Tax – Control Disbursement account for the months of July 2009 through April 2010 and June 2010.
   - The Corporate Refunds account for the months of July 2009, August 2009, October 2009 through January 2010, and March 2010.
   - The Corporate Control Disbursement account for the months of April 2010 through June 2010.

3. Bank reconciliations were not reviewed and approved in a timely manner for the months of July 2009 and August 2009 for the Operating account, the Payroll account, the General Disbursement account, the Electronic Fund Transfer account, the Lockbox account, the Revenue Collections – IRS Offsets account, the Income Tax - Control Disbursement account, the Corporate Refunds account, and the Corporate Control Disbursement account. In addition, the bank reconciliation for the Revenue Collections account was not reviewed and approved in a timely manner for the month of July 2009.

4. The bank reconciliations for the Operating account, Payroll account, General Disbursement account, Income Tax – Control Disbursement account, Corporate Refunds account, and Corporate Control Disbursement account contained outstanding checks that have been outstanding for over one year. In addition, the outstanding checklist for the General Disbursement account did not contain an accurate issue date for the checks.

Criteria: An adequate system of internal controls dictates that bank reconciliations be performed at a minimum on a monthly basis, and as appropriate, include the following: 1) adequate supporting documentation, 2) reconciling items correctly identified by description and amount, 3) adjustments are identified and made in a timely manner, and 4) evidence of an effective supervisory review and approval function. In addition, the *Accounting Procedures Manual* for the State of Georgia, Section 4-6-2, states, in part: "all checks over a year old should be cancelled or voided."

Cause: The deficiencies noted above were the result of the Department's failure to adequately manage and monitor their bank reconciliation process.

Effect: Failure to maintain an effective bank reconciliation process increases the risk of material misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Department of Revenue should review their current internal control procedures regarding their bank reconciliations and implement additional policies and procedures to ensure an effective bank reconciliation process is in place. In addition, the Department should review outstanding checklists each month and make adjustments accordingly to comply with the *Accounting Procedures Manual* for the State of Georgia.

Finding Control Number: **FS-474-10-100**
BUDGET
Budgetary Compliance Deficiency

Condition: Our examination of the Budgetary Compliance Report (BCR) found that the Department of Revenue (Department) reported the following instance of non-compliance with State laws:

Motor Vehicle Registration and Titling/Federal Funds Not Specifically Identified
Expenditures exceeded Budget by $65,425.

Criteria: The State of Georgia's budget is enacted each year and serves as an internal control to ensure that spending is limited to authorized areas and amounts. For fiscal year 2010, the Georgia General Assembly enacted Prioritized Program Based Budgeting (PPBB) for the fifth consecutive year. The 2010 Appropriations Act, as amended, (Final Budget) states that an appropriated budget unit cannot overspend their authorized budgeted amounts at the legal level of budgetary control (funding source within program). This means that the amounts that are reflected in the "Actual" and "Variance" columns of the appropriated budget unit's budgetary comparison schedule at the legal level of budgetary control (funding source within program) are all positive variances or result in an excess of funds available over expenditures.

To demonstrate budgetary compliance with the 2010 Appropriations Act, State budget unit organizations must:

1. Record revenues to the appropriate funding source within program.

2. Record expenditures to the correct program at the legal level of budgetary control in an amount not to exceed final budgeted amounts.

3. Record expenditures to the correct program at the legal level of budgetary control in an amount not to exceed actual recorded revenues (reduced by any allotment cuts) plus carryover funds.

Cause: The Department did not request a budget amendment to increase its spending authority even though funds were available to cover its expenditures.

Effect: The Department's failure to monitor their BCR can result in misstatements in the financial statements and noncompliance with the 2010 Appropriations Act, as amended, (Final Budget).

Recommendation: The Department of Revenue should implement policies and procedures to ensure that budget amendments are requested in a timely manner so that the Department is in compliance with the 2010 Appropriations Act, as amended, (Final Budget).

DRIVER SERVICES, DEPARTMENT OF

Finding Control Number: **FS-475-10-100**
BUDGET
Overexpenditure of State General Funds

Condition: The Department of Driver Services (Department) spent or contractually obligated $1,438.69 in excess of the State general funds which it had available in its License Issuance program after undertaking allotment

reductions in June 2010. As a result, an audit adjustment was necessary which de-encumbered $1,438.69 from an open purchase order at June 30, 2010, in order to bring the License Issuance program into compliance with the current Appropriations Act, as amended, (Final Budget).

Criteria: Each budget unit subject to the allotment process is required to limit the total of its expenditures and contractual obligations of State general funds to the reduced amount in appropriations. 1975 Op. Attorney Gen. 75-88.

Information: On June 17, 2010, the Governor, estimating that actual revenues would fall short of appropriations of State general funds, acted under the Budget Act to withhold a percentage of State allotments, including a percentage of the Department's remaining allotment. The amount of the withheld allotment in State general funds for the Department was $103,278.77.

In addition, all appropriated budget units were also encouraged by the State's management to not drawdown State appropriations unnecessarily. As a result, the Department elected to not drawdown an additional $435,851.00 of its fiscal year 2010 State appropriation.

Cause: The Department did not have adequate controls in place to prevent overexpenditures at the legal level of budgetary control when allotment reductions occurred.

Effect: An audit adjustment, which deobligated open purchase orders, was necessary to prevent an overexpenditure of State General Funds in the amount of $1,438.69 in their License Issuance program.

Recommendation: The Department of Driver Services should monitor its budgetary activity in order to avoid any overexpenditures at the legal level which is funding source within program.

STUDENT FINANCE COMMISSION, GEORGIA

Finding Control Number: **FS-476-10-01**
GENERAL LEDGER
Deficiencies in Deferred Revenue Account Balance

Condition: The Georgia Student Finance Commission (Commission) incorrectly used the Deferred Revenue account to record transactions involving State Appropriation Lottery funds. This resulted in an invalid balance of $1,073,804.66 in the Deferred Revenue account at fiscal year end. An audit adjustment was posted to the Commission's budgetary statements which corrected the Deferred Revenue account balance and increased Lottery for Education surplus from $38,448,109.69 to $39,521,914.35.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section Three, Page 3-1-10 states, in part "…appropriations which are defined by GAAP as operating transfers are recorded as earned revenues…" The State Appropriations Receivable and the Appropriation Allotments Revenue accounts should be used to record all State Appropriation funds when they become available through the appropriation and allotment process.

Information: The Commission used the Deferred Revenue account as a clearing account for transactions involving State Appropriation Lottery funds.

Cause: The deficiency noted above was a result of the Commission's failure to have adequate policies and procedures in place to ensure that State Appropriation Lottery funds were correctly recorded in the proper accounts when they became available.

Effect: Failure to correctly record State Appropriation Lottery funds caused the Commission's surplus to be understated by $1,073,804.66.

Recommendation: The Georgia Student Finance Commission should develop policies and procedures to ensure that State Appropriation Lottery funds are correctly recorded in accordance with the *Accounting Procedures Manual* for the State of Georgia.

TRANSPORTATION, DEPARTMENT OF

Finding Control Number: **FS-484-10-01**
ACCOUNTING CONTROLS (OVERALL)
Sub-ledgers Not Properly Maintained

Condition: The Department of Transportation's (Department) Division of Finance did not maintain adequate sub-ledgers at the fund source level (i.e., State General Funds, State Motor Fuel Funds, Federal Awards, etc.). Our examination of the Department's accounting records at the fund source level revealed balances in clearing accounts, negative cash and accounts receivable balances, and deficit fund balances in many fund sources. We also noted fund balances in reimbursable based programs (such as General Obligation Bonds and Federal Highway Administration Highway Planning and Construction), which should not have a fund balance at the end of the fiscal year since revenue is accrued based on expenditures.

Criteria: According to the *Accounting Procedures Manual* for the State of Georgia (Manual), Section 2, Page 2-6-1, a full set of balanced financial statements should be available at the fund source level. The Manual states, in Section 3, Page 3-4-1, that procedures should be in place "...to ensure that clearing accounts do not have balances at the end of each reporting period..."

An adequate system of internal controls should include procedures that enable management to monitor the reliability of reporting systems. These procedures should involve the following: 1) periodic reviews of reports to verify the accuracy and reliability of data in the accounting records, and 2) reconciling information used to manage operations with data generated by the financial reporting system.

Cause: The deficiencies noted above were the result of the Department's failure to properly monitor the fund source ledgers. Furthermore, the Department does not have an adequate system in place to maintain correct revenues, accounts receivable, or fund balances at the fund source level.

Effect: Failure to monitor the fund source ledgers in a timely manner could affect the proper recording of revenues and expenditures which could result in material misstatements in the financial statements.

Recommendation: The Department of Transportation should ensure that all fund source ledgers are adequately maintained within the accounting system. This includes correctly maintaining receivable, payable and clearing account balances within the fund source trial balances in accordance with the *Accounting Procedures Manual* for the State of Georgia.

A fund source identifier should be used to designate revenue sources and track expenditures made against those revenues. Since a full set of balanced financial statements should be available by fund source, fund source identifiers should also be used to account for assets, liabilities, and fund balances for all specific funding sources.

In addition, State organizations that administer Federal programs must maintain sufficient accounting records to allow for the recording of Federal funds at an expenditure level adequate to establish that the funds have not been used in violation of Federal laws and regulations. Such records must provide for the identification of individual grants, revenues, and expenditures from those grants, unobligated grant balances, and grant assets and liabilities. Therefore, for Federal programs, a separate fund source should be established for each grant received.

Finding Control Number: **FS-484-10-02**
ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
Deficiencies in Other Funds Ledgers

Condition: Our examination included a review of the Department of Transportation's (Department) fund source balances for Other Funds/Reserves. The following deficiencies were noted:

1. The Department was unable to provide adequate detail to support the other reserves balance of $17,285,306.49 as reflected in the financial statements.

2. Disbursements of Other Funds were not consistently charged to the correct fund source codes.

In addition, the Department failed to record Deferred Revenue for local cash participation funds that were received but not contractually obligated as of June 30, 2010. An audit adjustment was posted to the Department's budgetary statements to recognize Deferred Revenue totaling $10,576,586.24.

Criteria: An adequate system of internal control dictates that controls be in place to ensure that the receipt and disbursement of Other Funds are properly recorded in accordance with the *Accounting Procedures Manual* for the State of Georgia (Manual). The Manual, Pages 2-6-1, 2-6-3 and 3-2-15, states in part that: (1) "A full set of balanced financial statements will be available for a fund source (program)...", (2) Fund sources in the 40-59 range "...should be used to account for nonfederal restricted funds which do not meet the permanent or private-purpose trust fund definitions...", and (3) "...other revenues received in advance of being earned should be recorded as deferred revenues."

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal controls to ensure that the receipt and disbursement of Other Funds were properly identified and recorded on the general ledger.

Effect: Inadequate internal controls increase the risk of material misstatement in the financial statements including misstatements due to error or fraud.

Recommendation: The Department of Transportation should develop and implement additional internal control policies and procedures to ensure that the receipt and disbursement of Other Funds are properly recorded in accordance with the *Accounting Procedures Manual* for the State of Georgia.

Finding Control Number: **FS-484-10-03**
EXPENSES/EXPENDITURES AND LIABILITIES
Contract Monitoring Deficiencies

Condition: Our examination included a review of thirty-one (31) individually significant item contracts with outstanding encumbrance balances totaling $23,702,388.31 that were established prior to July 1, 2009 and had no payment activity during fiscal year (FY) 2010. Our examination revealed that the Department of Transportation (Department) should have closed or canceled the outstanding encumbrance balances for five (5) of the thirty-one (31) individually significant item contracts by the end of fiscal year 2010 since no additional payments were expected. The outstanding encumbrance balances for these five (5) individually significant item contracts totaled $5,040,003.97.

Criteria: According to the State Accounting Office (SAO) Accounting Directive AD 200905, "For proper accounting and year end calculation of surplus, all open encumbrances should be reviewed and any funds that will not be needed should be disencumbered. This is done by either cancelling or closing the Purchase Order associated with the encumbrance."

Information: Although deficiencies were identified during our examination, we noted that the Department's Division of Finance made significant efforts during FY 2010 to disencumber funds no longer needed for contracts.

The outstanding encumbrance balances for the five (5) contracts identified above were closed by the Department in FY 2011.

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal controls that would provide for consistent monitoring of outstanding contractual obligations.

Effect: Failure to consistently monitor outstanding contractual obligations resulted in budgetary expenditure/liabilities being overstated with fund balance being understated in the amount of $5,040,003.97.

Recommendation: The Department of Transportation should implement policies and procedures to ensure that outstanding contractual obligations are consistently monitored throughout the year.

Finding Control Number: **FS-484-10-04**
EXPENSES/EXPENDITURES AND LIABILITIES
Deficiencies in the Bid Eligibility Process

Condition: Our examination included a review of prequalification files of vendors that were awarded contracts during the year under review to determine if a current Certificate of Qualification was received prior to bidding in accordance with the Department of Transportation's (Department) "Standard Specifications Construction of Transportation Systems" manual.

We tested ninety-two (92) contracts including forty-seven (47) individually significant item contracts totaling $770,874,095.96 and a random sample of forty-five (45) contracts totaling $71,271,524.78. The following deficiencies were identified during our examination:

1. Of the (47) individually significant item contracts examined, thirteen (13) contracts totaling $296,946,421.19 had Certificates of Qualification that were expired.

2. Of the forty-five (45) random sample contracts examined, two (2) contracts totaling $5,452,180.38 had Certificates of Qualification that were expired.

In addition, the Ability Factor documentation and the financial statements contained in the prequalification files for the vendors identified above were also not current. This information is used to calculate the Maximum Capacity Rating reported in the Certificate of Qualification.

Criteria: Section 102 - Bidding Requirements and Conditions of the "Standard Specifications Construction of Transportation Systems" manual states, in part: "Before submitting a bid in excess of $2,000,000, the Bidder shall have been prequalified with the Department and received a Certificate of Qualification in accordance with the Rules and Regulations approved and adopted by the State Transportation Board."

Cause: The deficiencies noted above occurred as a result of the Department's failure to ensure that policies and procedures documented in the "Standard Specifications Construction of Transportation Systems" manual were being consistently followed.

Effect: Failure to adhere to the prescribed policies and procedures increases the risk that contracts will be awarded to vendors that are unreliable or lack the capacity to complete the project in a timely manner, which can result in cost overruns and substandard work.

Recommendation: The Department of Transportation should review their internal controls and implement additional controls as needed to ensure that the established policies and procedures in the "Standard Specifications Construction of Transportation Systems" manual are being consistently followed.

Finding Control Number: **FS-484-10-05**
EXPENSES/EXPENDITURES AND LIABILITIES
Inadequate Monitoring Procedures

Condition: The Department of Transportation (Department) did not have adequate internal control procedures in place to monitor project balances. Our examination included a review of the unearned project cost (outstanding contractual obligations) balances at the end of fiscal year 2010 on all Federal fund source codes. Our examination revealed that the balance of unearned project costs on fourteen (14) Federal fund source codes exceeded the total amount of funds available for the equivalent program (FHWA Code) on the Federal Highway Programs – Outlays report (FMISM80A) by $3,374,950.68.

In addition, we reviewed project data in the PeopleSoft Project Costing Module and found numerous instances where total costs (unearned and earned) for a project exceeded the total amount of funds that were allotted (allotment/agreement total), resulting in deficit balances at the fund source and project level. In some cases, these deficit balances caused errors in the amount of federal revenue that was recognized for earned project costs. The Department submitted post-closing entries to correct these errors. The post-closing entries recognized revenue for the earned project costs that were not included in Federal bills due to insufficient funding agreement totals.

Finally, weaknesses in the Department's internal controls over project monitoring were also evident during our examination of manual journal entries that were posted to the Department's general ledger during fiscal year 2010. We found that an excessive number (over 1290) of manual journal entries were made during periods 12 and 998 (adjustment period) to the expenditure accounts. The number of manual journal entries posted in these two periods was 37% of the total number of manual journal entries that were posted to the expenditure accounts for the entire year.

Criteria: The *Accounting Procedures Manual* for the State of Georgia, Section Five, Page 5-6-3 states, in part: "…management should establish procedures to monitor the functioning of control activities and the use of control overrides." These procedures should include periodic reviews of reports to verify that transactions are being recorded correctly in the accounting records.

Cause: The deficiencies noted above were a result of the Department's failure to establish adequate monitoring procedures that would enable management to consistently identify and correct deficit project balances.

Effect: Inadequate monitoring procedures could increase the risk of material misstatement in the financial statements including misstatements due to error or fraud.

Recommendation: The Department of Transportation should develop and implement additional internal control procedures to ensure that project balances are consistently monitored throughout the year. These procedures should enable management to determine if project costs and funding agreements were correctly recorded in the accounting records and to investigate and correct deficit balances in a timely manner.

Finding Control Number: **FS-484-10-06**
EXPENSES/EXPENDITURES AND LIABILITIES
Internal Control Deficiencies over Contractual Obligations

Condition: Our examination included a review of the supporting source documentation maintained in purchase order files for contractual obligations that were recorded on the general ledger during fiscal year 2010. The contractual obligations consisted of construction and consultant contracts and modifications (i.e. contract amendments, supplemental agreements and allotment requests).

Our testing included ninety-two (92) construction and consultant contracts consisting of forty-seven (47) individually significant item contracts totaling $770,874,095.96 and a random sample of forty-five (45) contracts totaling $71,271,524.78. In addition, we tested twenty-one (21) modifications consisting of eleven (11) individually significant item modifications totaling $40,595,494.00 and a random sample of ten (10) modifications totaling $3,961,529.58. The following exceptions were noted:

For the forty-seven (47) individually significant item contracts examined:

1. Five (5) contracts totaling $78,391,757.75 were recorded on the general ledger more than two months after execution.

2. One (1) of the five (5) contracts in the amount of $15,987,990.00 was recorded on the general ledger more than seven months after execution.

3. The purchase order file could not be located for one (1) contract in the amount of $270,560.00.

4. The approval (execution) date was not documented for one (1) contract in the amount of $5,851,217.38.

5. One (1) contract in the amount of $705,219.46 was executed by the Department more than four months after being signed by the vendor.

For the forty-five (45) random sample contracts examined:

1. Seven (7) contracts totaling $18,163,665.30 were recorded on the general ledger more than two months after execution.

2. The approval (execution) date was not documented for one (1) contract in the amount of $209,945.72.

3. Four (4) contracts totaling $6,157,788.81 were executed by the Department more than two months after being signed by the vendor.

4. Three (3) of the four (4) contracts totaling $1,657,788.81 were executed by the Department more than four months after being signed by the vendor.

For the eleven (11) individually significant item modifications examined:

1. Five (5) modifications totaling $5,391,885.53 were recorded on the general ledger more than two months after execution.

2. One (1) modification in the amount of $1,015,454.00 was executed by the Department more than four months after being signed by the vendor.

For the ten (10) random sample modifications examined:

1. Two (2) modifications totaling $38,378.47 were recorded on the general ledger more than three months after execution.

2. Two (2) modifications totaling $676,206.50 were executed by the Department more than two months after being signed by the vendor.

3. One (1) of the two (2) modifications in the amount of $659,106.50 was executed by the Department more than four (4) months after being signed by the vendor.

Criteria: An adequate system of internal controls dictates that contractual obligations be supported with adequate documentation and recorded on the general ledger in a timely manner to ensure that liabilities are recognized as soon as they are incurred in accordance with generally accepted accounting principles.

Section 103.06 – Execution and Approval of Contract of the "Standard Specifications Construction of Transportation Systems" manual states, in part: "The Contract shall be signed by the successful Bidder and returned within 15 calendar days after the date of the letter transmitting the Contract to the Bidder. If the Contract is not executed by the Department within 30 calendar days following receipt from the Bidder of the signed Contract, unless a longer period is specified in the Proposal or the successful Bidder agrees in writing to a longer period, the Bidder shall have the right to withdraw his Bid without penalty."

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal control policies and procedures to ensure that contractual obligations were consistently signed and recorded on the general ledger in a timely manner and properly documented.

Effect: Inadequate internal controls increase the risk of material misstatement in the financial statements including misstatements due to error or fraud.

Recommendation: The Department of Transportation should develop and implement additional internal control policies and procedures that will enable management to consistently monitor the status of contractual obligations and investigate any contracts or modifications that were not signed or recorded on the general ledger in a timely manner.

Finding Number: **FS-484-10-07**
ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
FINANCIAL REPORTING AND DISCLOSURE
Failure to Submit an Accurate Schedule of Expenditures of Federal Awards by the Established Deadline

Condition: The Department of Transportation (Department) failed to meet the deadline established by the State Accounting Office (SAO) for the submission of the Schedule of Expenditures of Federal Awards (SEFA). Furthermore, our examination of the SEFA submitted by the Department revealed the following deficiencies:

1. The expenditure total initially reported on the SEFA for CFDA No. 20.205, Highway Planning and Construction (Federal-Aid Highway Program), included other expenditures from non-Federal fund sources totaling $286,935,944.69 and conversions of Advanced Construction expenditures totaling $(286,559,941.42). Adjustments were made to correct the expenditure total reported on the SEFA.

2. CFDA No. 20.509, Formula Grants for Other Than Urbanized Areas, reported $47,468.64 of expenditures that should have been reported under CFDA No. 20.507, Federal Transit Formula Grants (Urbanized Area Formula Program).

3. Expenditure amounts paid to subrecipients outside the state reporting entity were not properly identified on the SEFA for CFDA No. 20.106, Airport Improvement Program, and CFDA No. 20.205, Highway Planning and Construction (Federal-Aid Highway Program).

Criteria: As prescribed by O.C.G.A. 50-5B-4, (b) "All organizations of state government…shall conform to and comply with the rules, regulations, policies, procedures, and forms devised, promulgated, and installed by the state accounting officer. (c) All organizations of state government shall submit statements, reports, information, and data necessary to enable the state accounting officer to complete the reports required under this Code section...(g) All information and reports required in this Code section shall be provided in the form and within the time frame prescribed by the state accounting officer."

The State Accounting Office issued instructions to all organizations of the State reporting entity for the SEFA which state, "Agency management is responsible to ensure proper accounting and reporting of Federal grants. Expenditures reported in the SEFA must be reported on the GAAP basis of accounting relevant to the organization's reporting fund and must reconcile to expenditures recorded in the organization's accounting records."

In accordance with OMB Circular A-133 Subpart C Section .300(a) and .310(b), (1) "The auditee shall identify all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency and name of the pass-through entity." (2)

"...pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program."

Cause: The Department failed to implement adequate policies and procedures that would provide for the accurate reporting of expenditures of Federal awards on the SEFA and ensure that the SEFA was submitted to SAO by the established deadline.

Effect: Failure to accurately report expenditures for Federal awards could result in material misstatements in the financial statements. In addition, failure by the Department to submit the required SEFA to SAO by the prescribed deadline results in delays in the preparation of the Single Audit Report; delays which could result in the report not being issued by its deadline.

Recommendation: The Department of Transportation should implement policies and procedures to ensure that an accurate Schedule of Expenditures of Federal Awards is prepared and submitted to the State Accounting Office by the prescribed deadline.

Finding Number: **FS-484-10-08**
CAPITAL ASSETS
Inadequate Capital Asset Records - Land

Condition: The Department of Transportation (Department) failed to maintain an adequate subsidiary capital asset inventory record for land. The Department's records as presented for audit did not include the following information: Number of acres, location, parcel number, and total cost per parcel.

Criteria: The *Accounting Procedures Manual* for the State of Georgia requires that state organizations maintain a complete and accurate capital asset inventory record. The inventory record for land should include detailed information such as number of acres or square footage, location, parcel number, and total cost per parcel.

Cause: The deficiency noted above is a result of management's failure to implement adequate policies and procedures to ensure that the Department's capital assets are accounted for and reported in accordance with guidelines established by the *Accounting Procedures Manual* for the State of Georgia.

Effect: Failure to maintain complete and accurate capital asset inventory records could result in the misappropriation of assets and a material misstatement in the financial statements.

Recommendation: The Department of Transportation should maintain its land inventory in a manner such that each parcel of land identifies, at a minimum, the number of acres, location, parcel number, and cost (or estimated historical cost).

Finding Control Number: **FS-484-10-100**
ACCOUNTING CONTROLS (OVERALL)
BUDGET
Failure to Certify the Accuracy of the Budgetary Compliance Report

Condition: Our cursory review of the Budgetary Compliance Report (BCR) found that the Department of Transportation (Department) reported the following instances of noncompliance:

1. Administration/Federal Funds Not Specifically Identified
   Expenditures exceeded Authorized Budget by $1,792.00.

2. Administration/ARRA-Federal Highway Administration Highway Planning and Construction
   Expenditures exceeded Funds Available by $36,949.00.
   Expenditures exceeded Authorized Budget by $1,106.00.

3. Administration/Other Funds
   Expenditures exceeded Funds Available by $2,285,520.00.

4. Data Collection, Compliance and Reporting/Federal Funds Not Specifically Identified
   Expenditures exceeded Authorized Budget by $65,198.00.

5. Data Collection, Compliance and Reporting/Other Funds
   Expenditures exceeded Funds Available by $19,741.00.

6. Local Road Assistance/ARRA-Federal Highway Administration Highway Planning and Construction
   Expenditures exceeded Funds Available by $39,518.00.

7. Ports and Waterways/Federal Funds Not Specifically Identified
   Expenditures exceeded Funds Available by $3,052.00.
   Expenditures exceeded Authorized Budget by $638.00.

8. Rail/State General Funds
   Expenditures exceeded Funds Available by $2,029.00.
   Expenditures exceeded Authorized Budget by $192,029.00.

9. State Highway System Construction and Improvement/State Motor Fuel Funds
   Expenditures exceeded Funds Available by $3,397,136.00.
   Expenditures exceeded Authorized Budget by $3,397,136.00.

10. State Highway System Construction and Improvement/ Federal Highway Administration Highway Planning and Construction
    Expenditures exceeded Funds Available by $6,262,267.00.

11. State Highway System Construction and Improvement/ Federal Funds Not Specifically Identified
    Expenditures exceeded Funds Available by $5,808.00.
    Expenditures exceeded Authorized Budget by $68,604.00.

12. State Highway System Construction and Improvement/ ARRA-Federal Highway Administration Highway Planning and Construction
    Expenditures exceeded Funds Available by $971,590.00.

13. State Highway System Maintenance/State Motor Fuel Funds
    Expenditures exceeded Funds Available by $1,181,155.00.
    Expenditures exceeded Authorized Budget by $1,181,155.00.

14. State Highway System Maintenance/ARRA-Federal Highway Administration Highway Planning and Construction
    Expenditures exceeded Funds Available by $198,275.00.

15. State Highway System Operations/State Motor Fuel Funds
    Expenditures exceeded Funds Available by $597,584.00.
    Expenditures exceeded Authorized Budget by $597,584.00.

16. State Highway System Operations/Federal Funds Not Specifically Identified
    Expenditures exceeded Funds Available by $18,504.00.

17. Transit/Other Funds
    Expenditures exceeded Funds Available by $3,611,601.00.
    Expenditures exceeded Authorized Budget by $40,424.00.

18. Special Project-State Highway System Construction and Improvement/Federal Funds Not Specifically Identified
    Expenditures exceeded Authorized Budget by $12,621,965.00.

19. Special Project-State Highway System Construction and Improvement/Other Funds
    Expenditures exceeded Funds Available by $33,229,497.00.

20. Special Project 2-Local Road Assistance/State Motor Fuel Funds
    Expenditures exceeded Funds Available by $1,763,145.00.
    Expenditures exceeded Authorized Budget by $1,763,145.00.

The Department of Transportation, however, declined to sign the "Letter of Representation" certifying the accuracy of the amounts reported by fund source within budgetary program. As a result, we did not perform detailed testing of the underlying documentation supporting the amounts reported in the BCR. Accordingly, we were unable to determine the Department's compliance with the requirements of the current Appropriations Act, as amended, (Final Budget) and the Constitution of the State of Georgia. These compliance requirements are:

- An appropriated budget unit cannot overspend their authorized budgeted amounts at the legal level of budgetary control (funding source within program). This means that the amounts that are reflected in the "variance" column under the heading of Expenditures Compared to Budget in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

- Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, "…the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that amounts reflected in the "variance" column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

Criteria: Each appropriated budget unit of the State of Georgia was subject to compliance testing to be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AT Section 601). Compliance attestations require the responsible party at the budget unit to provide various written representations related to the accuracy of their BCR, to the best of their knowledge and belief. The responsible party's refusal or inability to furnish all appropriate representations in accordance with the attestation standards constitutes a limitation on the scope of the engagement.

Information: The BCR reflects the Department's budgetary activity at the legal level of budgetary control as prescribed by the FY 2010 Amended Appropriations Act. Also at this level, the BCR reports whether the Department is operating within the debt limitations of the Constitution of the State of Georgia which prohibits expenditures from exceeding funds available.

Cause: See "View of Officials" below.

Effect: The amounts reported in the Department's BCR should not be used for decision-making purposes at the legal level of budgetary control because of the lack of assurances by management and the likelihood that it contains material errors.

Recommendation: The Department of Transportation should manage its budgetary activity at the legal level of control, which is fund source within program. In order to produce accurate and useful BCR reports in the future, actions to be taken by the Department should include, but not be limited to, the following:

1. Obtain additional understanding and needed training regarding Program-Based Budgeting.

2. Monitor PeopleSoft budgetary reports on a weekly basis.

3. Consider the need to allocate administrative costs across programs.

4. Ensure that current activity is not co-mingled with prior year activity.

View of Officials: You have asked the Department to sign a letter of representation for your examination engagement. We respectfully decline to do so. The Department works very hard to comply with program based budgeting. We take the Appropriations Bill very seriously and we work continuously to ensure that the Department spends its funds as appropriated by program and as intended by the Governor and the General Assembly. The issue the Department has with budgetary compliance is NOT with the proper expenditure of those funds, but with the proper recording of the matching revenue on expenditure driven grants.

The Commissioner and the Treasurer cannot in good faith, sign the representation letter regarding budgetary compliance due to the fact that PeopleSoft does not currently support automated matching of expenditures with the available/earned accrued revenue for expenditure driven grants, in compliance with the State Budgetary Basis of Accounting.

Example 1:

When the Department records an expenditure/encumbrance on the State Budgetary Basis of Accounting using Federal funding, a related Federal receivable/revenue should be accrued. Currently this revenue recognition is a manual quarterly process, requiring that we run various reports, sort the data and prepare journal vouchers to accrue the receivable/revenue. This quarterly process requires the previous entry to be reversed and the new entry be posted. Upon receipt of cash, the receivable should be liquidated on a one for one basis. (This is not possible using the current quarterly net recording of receivable/revenue.) As cash is received revenue must be redistributed again by journal voucher.

The Department, to the best of its ability, has attempted to maintain receivable/revenue, by state budgetary program, by recording manual journal vouchers, many containing over 20,000 lines. However, this manual process will never be perfectly accurate, given the volume and the high possibility for error.

Example 2:

On the State Budgetary Basis of Accounting, encumbrances must be recorded at the time of contract execution, for expenditures which can take up to five years (or more) to liquidate. Therefore, the Department is constantly moving these expenditures from one funding source to another, in order to efficiently utilize funding sources and obtain reimbursement whenever possible. As a result, receivables which were valid on a particular fund source as of *6/30/08* may no longer be valid receivables today on that same fund source. With the thousands of project level transactions that the Department processes daily and the constantly changing fund sources, this process of set up and take down of receivables/revenue cannot be manually maintained or batch posted by journal voucher on a transaction level basis.

Note: The same procedures are required for other revenue sources such as: General Obligation bonds, GARVEE bonds, etc.

Since our projects can span in excess of 5 years, keeping revenue and expenditures balanced by program, by fund source, for all PAST years and for the current year, is impossible with the current PeopleSoft system configuration.

For example:

Let's assume a project is on advanced construction status in FY 10 (temporarily funded with State Motor Fuel Funds until such time we are able to convert the project to Federal funding); further assume that the revenue in that state budget program on both Federal funds and State Motor Fuel funds equals expenditures. In FY11 the Department wants to then change the funding source and fund the project with Federal Highway Administration (FHWA) funds. When we try to change fund sources in FY 11 and enter the entry in FY 10, we will get a budget checking error, which will have to be overridden. That may sound simple, but we make these entries virtually every day.

Since the Department migrated to PeopleSoft in FY 2000, the Administration Program has traditionally been used as a default program, when correcting prior year Fund Sources for FHWA billing purposes. This was done to reduce the number of transaction lines on these entries (numbering up to 8,000 entries in some years), to avoid the possibility of manual errors and better match the workload to the available staff. As a result errors will continue to exist for many years, in the beginning balance brought forward on the Budgetary Compliance Report. We are reviewing this business process to determine the ramifications of a change; however, it is not possible to go back and correct five years of entries made in this fashion.

In order to resolve the issue with budgetary compliance and the proper matching of revenue on expenditure driven grants, a substantial effort by the State Accounting Office, (SAO), will be required to automate the revenue accrual process in PeopleSoft, in order to conform with the State Budgetary Basis of Accounting. The State Accounting Office has been working diligently on this major customization of PeopleSoft.

Thank you for allowing us the opportunity to outline the issues that we face regarding the recording of revenue by program by fund source on expenditure driven grants. Please feel free to contact Kate Pfirman should you have questions or need additional information.

VETERANS SERVICE, DEPARTMENT OF

Finding Control Number: **FS-488-10-100**
ACCOUNTING CONTROLS (OVERALL)
BUDGET
Failure to Certify the Accuracy of the Budgetary Compliance Report

Condition: Our cursory review of the Budgetary Compliance Report (BCR) found that the Department of Veterans Service reported the following instances of non-compliance with State laws:

1. Departmental Administration/State General Funds
   Expenditures exceeded Budget by $826.15.
   Expenditures exceeded Funds Available by $826.15.

2. Georgia War Veterans Nursing Home - Augusta/Federal Funds Not Specifically Identified
   Expenditures exceeded Funds Available by $3,001.08

3. Veterans Benefits/State General Funds
   Expenditures exceeded Funds Available by $32,303.40.

The Department of Veterans Service, however, declined to sign the “Letter of Representation” certifying the accuracy of the amounts reported by fund source within budgetary program. As a result, we did not perform detailed testing of the underlying documentation supporting the amounts reported in the BCR. Accordingly, we were unable to determine the Department’s compliance with the requirements of the current Appropriations Act, as amended (Final Budget), and the Constitution of the State of Georgia. These compliance requirements are:

- An appropriated budget unit cannot overspend their authorized budgeted amounts at the legal level of budgetary control (funding source within program). This means that the amounts that are

reflected in the "variance" column under the heading of Expenditures Compared to Budget in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

- Article VII, Section IV Paragraph VIII of the Constitution of the State of Georgia provides, in part, "…the credit of the State shall not be pledged or loaned to any individual, company, corporation or association." As applied here, this means that amounts reflected in the "variance" column under the heading of Excess (Deficiency) of Funds Available Over/(Under) Expenditures in the Statement of Funds Available and Expenditures Compared to Budget by Program and Funding Source Budget Fund are not negative variances.

Criteria: Each appropriated budget unit of the State of Georgia was subject to compliance testing to be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AT Section 601). Compliance attestations require the responsible party at the budget unit to provide various written representations related to the accuracy of their BCR, to the best of their knowledge and belief. The responsible party's refusal or inability to furnish all appropriate representations in accordance with the attestation standards constitutes a limitation on the scope of the engagement.

Information: The BCR reflects the Department's budgetary activity at the legal level of budgetary control as prescribed by the FY 2010 Amended Appropriations Act. Also at this level, the BCR reports whether the Department is operating within the debt limitations of the Constitution of the State of Georgia which prohibits expenditures from exceeding funds available.

Cause: The Department of Veterans Service indicated to us that they were unable to finish a "clean-up" of their accounting records that pre-dated program-based budgeting prior to the completion of FY 2010.

Effect: The amounts reported in the Department's BCR should not be used for decision-making purposes at the legal level of budgetary control because of the lack of assurances by management and the likelihood that it contains material errors.

Recommendation: The Department of Veterans Service should manage its budgetary activity at the legal level of control, which is fund source within program. In order to produce accurate and useful BCR reports in the future, actions to be taken by the Department should include, but not be limited to, the following:

1. Obtain additional understanding and needed training regarding Program-Based Budgeting.
2. Monitor PeopleSoft budgetary reports on a weekly basis.
3. Consider the need to allocate administrative costs across programs.
4. Ensure that current activity is not comingled with prior year activity.

ARMSTRONG ATLANTIC STATE UNIVERSITY

Finding Control Number: **FS-524-10-01**
CASH AND CASH EQUIVALENTS
GENERAL LEDGER
Inadequate Accounting Controls

Condition: The accounting procedures of the University were insufficient to provide for adequate controls over Cash and Cash Equivalents. This deficiency was previously reported in finding FS-524-09-01 from fiscal year ended June 30, 2009.

Criteria: An adequate system of internal controls dictates that bank reconciliations be performed on a monthly basis, and include the following: 1) adequate supporting documentation, 2) reconciling items correctly

identified by description, 3) adjustments which are needed are identified and made in a timely manner, and 4) evidence of an effective supervisory review and approval function.

Information: A review of the bank reconciliations for the Operating and Payroll accounts revealed the following:

1. Bank reconciliations were not performed in a timely manner.

2. The June 2010 operating account bank reconciliation presented for audit contained an unidentified variance of $4,455.

3. Adjustments totaling $97,490 were made to the general ledger in June 2010 to clear unidentified variances but the University did not have adequate supporting documentation to support the adjustments.

4. Reconciling items recurred on the bank reconciliations for an extended period of time, including stale dated checks.

5. The Banner cash clearing account reported a cash overdraft of $10,171 at June 30, 2010. No supporting documentation for this amount was available.

Cause: University's management failed to implement satisfactory controls to ensure that bank reconciliations were properly performed on a monthly basis and reconciling items were properly identified and corrected within a reasonable amount of time.

Effect: Without satisfactory accounting controls and procedures in place, the University could place itself in a position where the potential misappropriation of assets could occur. In addition, the lack of controls could impact reporting of its financial position and results of operations.

Recommendation: Management should monitor accounting controls and procedures currently in place, identify weaknesses and implement procedures to strengthen the internal controls over the bank reconciliation process.

Finding Control Number: **FS-524-10-02**
GENERAL LEDGER
Failure to Adequately Document Adjustments to Fund Sponsored Projects

Condition: The University did not adequately monitor their Sponsored Projects which resulted in invalid accounts receivables and deficit fund balances in the Restricted Funds. To correct these issues, the University made significant journal entries to remove invalid accounts receivables and fund deficit fund balances in Sponsored Projects with State Appropriations and Tuition funds. However, the University was unable to provide adequate supporting documentation for these adjustments.

Criteria: NCGA Statement 1, paragraph 1, prescribes that an accounting system (1) present fairly and fully disclose its financial position including its financial operation of its funds in accordance with generally accepted accounting principles and (2) demonstrate compliance with finance related legal and contractual provisions. Additional management is responsible for establishing, maintaining and monitoring internal controls, the purpose of which is to ensure the fair presentation of the financial statements.

Information: In prior years, the University failed to adequately monitor their Sponsored Projects which resulted in invalid accounts receivable and deficit fund balances for certain Sponsored Projects in Restricted Funds. An examination of restricted grant projects disclosed that $308,333 of State Appropriations and $160,409 of Tuition funds were used to cover the deficit fund balances for certain Sponsored Projects. In addition, $185,723 of invalid accounts receivable were removed from the University's general ledger. The University believes that the deficit fund balances were caused by posting and allocation errors, however, adequate supporting documentation of these errors and the corrections were not provided.

Cause: The University failed to implement satisfactory accounting controls and monitoring procedures to ensure that activity for restricted grant funds was properly recorded in previous fiscal years. In addition, the

University made journal entries to fund the resulting deficit fund balances in restricted grants with State Appropriations and Tuition funds without documenting the posting and allocation errors that caused the deficits.

Effect: Failure to implement adequate accounting controls and procedures could cause internal reports to management, grantor reimbursement requests and other restricted grant information generated from the ledger to be inaccurate and misleading. In addition, the University could place itself in a position where potential misrepresentation of financial activities could occur.

Recommendation: The University should properly monitor the accounting controls and procedures in place relative to restricted grant funds to ensure that all grant activity is properly accounted for by project, charges against Sponsored Projects are made in a timely manner to facilitate prompt billing, and any adjustments are properly documented.

FORT VALLEY STATE UNIVERSITY

Finding Control Number: **FS-533-10-01**
GENERAL LEDGER
Failure to Reconcile the H.O.P.E. Scholarship Program

Condition: The University failed to perform the required annual reconciliation for the H.O.P.E. Scholarship Program.

Criteria: The H.O.P.E. Scholarship Program reconciliation is to be conducted by the University, verifying all awards and disbursement to students and resolving any discrepancies between the University's records and the H.O.P.E. Scholarship Reconciliation Report provided by the Georgia Student Finance Commission.

Information: The University failed to perform the annual reconciliation for the H.O.P.E. Scholarship Program as required by the H.O.P.E. Scholarship Program Regulations. Responsibility was not assigned and procedures were not established to ensure the H.O.P.E. Scholarship Program was properly reconciled.

Cause: The University failed to follow the H.O.P.E. Scholarship Program Regulations requirement of completing and submitting an annual reconciliation to the Georgia Student Finance Commission by August 1, immediately following completion of the award year.

Effect: The lack of proper reconciliation procedures could cause incorrect data to be sent to the Georgia Student Finance Commission and could result in the overpayment or underpayment to the University.

Recommendation: The University should establish procedures and assign responsibility for the annual reconciliation of the H.O.P.E. Scholarship Program. The University's financial aid and business office should maintain their internal records to ensure that the annual reconciliation can be prepared. The University should ensure it follows guidelines detailed in the H.O.P.E. Scholarship Program Regulations to ensure compliance with the H.O.P.E. Scholarship Program requirements.

Finding Control Number: **FS-533-10-02**
EMPLOYEE COMPENSATION
Inadequate Internal Controls

Condition: This is a repeat finding (FS-533-09-05 and FS-533-08-04) from years ended June 30, 2009, and June 30, 2008, respectively. The accounting procedures of the University were insufficient to provide for adequate controls over Compensated Absences.

Criteria: The University's management is responsible for maintaining internal controls that provide reasonable assurance that the Compensated Absences balance reflected on the financial statements is properly documented, processed and reported.

Information: Our testing revealed that the University did not have adequate internal controls in place to ensure that earned and used portions of Compensated Absences activity was properly recorded during the year. Upon testing thirty employees from the University's Compensated Absences Report, the following deficiencies were noted:

1. Four employees earned an incorrect amount of leave based upon hire date and the University's annual leave policy.

2. Three employees' ending leave balances were incorrect based upon a review of beginning balances and current year activity.

Cause: The University failed to implement satisfactory accounting procedures to ensure that all leave amounts were entered into ADP, and that the Compensated Absences Report was accurate prior to the posting of year-end Compensated Absences journal entries.

Effect: Without proper accounting controls and procedures in place, annual leave abuse could occur and the Compensated Absences balance could be misstated on the financial statements.

Recommendation: To reduce the risk of reporting incomplete and/or inaccurate information, the University should implement policies and procedures to ensure that all annual leave taken is properly documented within the leave system. The University should also review compensated absences reports periodically for accuracy, especially at year-end, prior to completing year-end journal entries associated with compensated absences.

GEORGIA SOUTHERN UNIVERSITY

Finding Control Number: **FS-539-10-01**
CAPITAL ASSETS
Inadequate Capital Assets Records

Condition: Accounting procedures of the University were insufficient to provide adequate control over Capital Assets.

Criteria: The University should maintain capital assets records in accordance with capitalization guidelines and Instructions provided in Chapter 7 of the Board of Regents' Business Procedures Manual.

Information: The following deficiencies were noted relating to Capital Assets:

1. One asset in the amount of $313,300.00 was incorrectly classified as Buildings and Building Improvements rather than Facilities and Other Improvements.

2. One asset in the amount of $2,662,618.00 was excluded from the Asset Management subsidiary ledger at Cost. Additionally, Depreciation Expense and Accumulated Depreciation are understated by $59,909.00.

3. One asset was erroneously depreciating for two years although the asset has been removed from the Asset Management Module. Depreciation Expense is overstated by $1,088,224.00 and Accumulated Depreciation is overstated by $2,176,448.00.

4. Out of a review of twenty additional items, five appear to be depreciating incorrectly. Auditor recalculated depreciation based on asset cost and useful lives which revealed an overstatement of $18,723.00.

Cause: University's management failed to implement appropriate internal controls and procedures necessary to properly record, maintain and track capital assets.

Effect: By failing to accurately record and track capital assets, the University could place itself in a position where potential misappropriation of assets could occur and impact reporting of its financial position and results of operations.

Recommendation: The University should establish appropriate procedures and controls to ensure that reconciliations are performed for the Capital Assets Module and the related subsidiary records. In addition, policies and procedures should be implemented to ensure that depreciation expense is properly recorded.

VALDOSTA STATE UNIVERSITY

Finding Control Number: **FS-551-10-01**
FINANCIAL REPORTING
Inadequate Controls over Financial Reporting

Condition: The University's accounting procedures were insufficient to provide for adequate controls over the financial statements preparation process.

Criteria: A system of internal control over financial reporting does not stop at the general ledger. Management is responsible for implementing a system of internal control over the preparation of financial statement prepared in accordance with generally accepted accounting principles (GAAP). Additionally, the University is required to annually submit GAAP basis financial statements for inclusion in the State of Georgia's Comprehensive Annual Financial Report (CAFR) and the State of Georgia's Single Audit Report.

Information: During the audit, the following deficiencies were noted in the University's GAAP basis financial statements:

1. Unrestricted Net Assets were overstated by $1,881,233 and Supplies and Other Services expense was understated by the same amount as a result of an attempt to correct a prior year misstatement related to Capital Assets. The entry, as posted, resulted in the financial statements being out of balance when presented for audit. An audit adjustment was proposed and posted to correct the error.

2. Several errors were noted in the Notes to the Financial Statements requiring adjustment.

3. The Management's Discussion and Analysis required adjustment to agree to the Financial Statements.

Cause: The University's management failed to adequately review the year-end financial statements to ensure that the statements as presented for audit were accurate and properly supported by underlying accounting records.

Effect: Significant misstatements were included in the financial statements presented for audit. In addition, the lack of controls and monitoring could impact the reporting of the University's financial position and results of operations.

Recommendation: The University should review the accounting controls and procedures currently in place, identify weaknesses, and design and implement procedures necessary to strengthen controls over the preparation of the financial statements.

ABRAHAM BALDWIN AGRICULTURAL COLLEGE

Finding Control Number: **FS-557-10-01**
CASH AND CASH EQUIVALENTS
REVENUES/RECEIVABLES/RECEIPTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
EMPLOYEE COMPENSATION
GENERAL LEDGER
CAPITAL ASSETS
Inadequate Accounting Procedures

Condition: The accounting procedures of the College were insufficient to provide adequate controls in numerous areas.

Criteria: The College's management is responsible for designing and maintaining policies and procedures to ensure that financial activity is properly processed and reflected on the College's financial records.

Information: The following deficiencies were noted:

1. Cash and Cash Equivalents
   Bank account balances were not reconciled to the general ledger in a timely manner.

2. Revenues/Receivables/Receipts
   Testing revealed that the College did not perform reconciliations between the student information system (BANNER) which acts as the accounts receivable subsidiary ledger and the general ledger in accordance with the Board of Regents, Business Procedures Manual, Section 10.6.2. At year end, an unidentified variance of $115,677.72 was noted between BANNER and the general ledger. The College posted an adjustment to the general ledger to make the student accounts receivable balances on the general ledger agree with BANNER.

3. Expenditures/Liabilities/Disbursements
   The College was unable to provide adequate documentation to support numerous payroll liability accounts totaling $472,996.91. Of this balance, the College determined $99,171.43 related to invalid liability amounts dating back over eight years. The College proposed an adjusting entry to correct the payroll liability accounts.

4. Employee Compensation
   During the fiscal year, a service organization, Automatic Data Processing, Inc. (ADP) was engaged by the University System of Georgia to perform certain payroll functions for the College. Due to the lack of timely information, the College was unable to perform reconciliations between ADP activity and the payroll expense information posted to the general ledger during the fiscal year. An attempt was made at year-end to reconcile these balances; however, unidentified variances still existed.

5. General Ledger
   a. During a review of journal entries, it was noted that various journal entries did not have evidence of adequate approval before being posted to the general ledger.
   b. The GeorgiaFirst financial system performs an edit check on all journal entries before they are allowed to post to the general ledger. Entries that are not in balance, or contain other validation errors remain unposted until corrections are made. In order to post the entries, College personnel must research the cause of these errors and make necessary adjustments. Numerous unposted journal entries were noted during the course of the audit.

6. Capital Assets
   a. The Capital Asset subsidiary ledger did not support the amounts recorded on the College's financial statements.
   b. The College did not reconcile the Capital Asset Management module to the general ledger for the first three quarters of fiscal year 2010 in accordance with Board of Regents, Business Procedures Manual, Section 1.7.1. A reconciliation was performed at year-end.

Cause: The deficiencies noted above occurred because of management's failure to implement satisfactory policies and procedures to ensure that (1) bank accounts are reconciled to the general ledger in timely manner (2) revenues, receivables, and receipts are properly documented and recorded in the accounting records (3) expenditures, liabilities, and disbursements are properly documented and recorded in the accounting records (4) employee compensation is adequately reconciled and properly documented (5) journal entries posted to the general ledger are accurate and timely, and (6) capital assets are properly recorded and maintained.

Effect: Without satisfactory policies and procedures in place, the College could place itself in a position where potential misappropriation of assets could occur. In addition, the lack of policies and procedures and failure to adhere to Board of Regents' policies could impact reporting of the College's financial position and results of operations.

Recommendation: The College should review the accounting controls and procedures in place and design and implement procedures relative to the accounting functions in the areas mentioned above to ensure that financial activity is properly processed and reflected on the College's accounting records.

Finding Control Number: **FS-557-10-02**
REVENUES/RECEIVABLES/RECEIPTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
GENERAL LEDGER
Inadequacies in Control over Restricted Funds

Condition: The accounting procedures of the College were insufficient to provide adequate controls over the Restricted Fund activity.

Criteria: NCGA Statement 1, paragraph 1, prescribes that an accounting system (1) present fairly and fully disclose the funds of the governmental unit in accordance with generally accepted accounting principles and (2) demonstrate compliance with finance related legal and contractual provisions. Additional administrative requirements are contained in the University System of Georgia, Board of Regents *Business Procedures Manual* and pertinent sections of the Official Code of Georgia Annotated (O.C.G.A.).

Information: The following deficiencies were noted in the review of the Restricted Grant Activity:

1. Revenues/Receivables/Receipts
   a. Numerous Restricted Fund accounts receivable and revenue accounts were inadequately documented and/or not adequately recorded on the general ledger. The College proposed an adjustment in the amount of $731,993.20 to correct the accounts receivable and revenue balances.
   b. Indirect Cost Recoveries were not recorded correctly resulting in an understatement of revenues in the amount of $42,129.88.

2. Expenditures/Liabilities/Disbursements
   The College was unable to provide adequate documentation to support deferred revenue balances associated with Restricted Funds. The College proposed a $230,057.93 adjustment to correct the deferred revenue balances.

3. General Ledger
   a. The College chose to perform the monthly grant allocation process manually which circumvents the controls set in place by the GeorgiaFirst system.
   b. Reconciliations of net assets by project were not performed to ensure that revenues equaled expenditures. At June 30, 2010, the Restricted Funds had an overall deficit fund balance.

Cause: The College failed to implement satisfactory controls to ensure that activity for the Restricted Grant Funds is properly documented and recorded in the accounting records.

Effect: Failure to implement satisfactory accounting controls and procedures could cause internal reports to management, grantor reimbursement request and other restricted grant information generated from the general ledger to be inaccurate and misleading. In addition, the College could place itself in a position where potential misrepresentations of financial activities could occur.

Recommendation: The College should review the accounting controls and procedures currently in place, identify weaknesses, and design and implement procedures necessary to strengthen controls over the accounting function for Restricted Grant Funds.

GEORGIA PERIMETER COLLEGE

Finding Control Number: **FS-571-10-01**
ACCOUNTING CONTROLS (OVERALL)
Inadequate Accounting Procedures

Condition: The accounting procedures of the College were insufficient to ensure that Cash, Accounts Receivable, Accounts Payable, Deposits Held for Other Organizations and Capital Assets were properly reflected on both the accounting records and the College's financial statements.

Criteria: NCGA Statement 1, paragraph 1, prescribes that an accounting system (1) present fairly and fully disclose funds of the governmental unit in accordance with generally accepted accounting principles and (2) demonstrate compliance with finance related legal and contractual provisions. Additional administrative requirements contained in the University System of Georgia, Board of Regents' Business Procedures Manual require that the general ledger be reconciled to subsidiary records as a routine matter with any variances noted and resolved in a timely manner.

Information: The following deficiencies were noted:

1. A review of Accounts Payable revealed that $1,675,476 recorded as taxes payable at June 30, 2010, were drafted from the bank account during June 2010. As a result, Accounts Payable and Cash were overstated at June 30, 2010. An audit adjustment was proposed and made to correct this error.

2. A review of the internal controls over the Accounts Payable process revealed a lack of documentation of periodic reconciliations of the Accounts Payable recorded on the subsidiary module to the General Ledger. According to the Board of Regents' Business Procedures Manual, reconciliations are required to be performed at least quarterly and documentation be maintained for a period of three years.

3. A total of $1,904,344 recorded as Accounts Receivable and Deposits Held for Other Organizations for HOPE scholarships was determined to be invalid. An audit adjustment was proposed and made to correct this error.

4. A review of Capital Assets records revealed assets totaling $12,009,909 were recorded on the General Ledger through online journal entries, but were not maintained in the Asset Management subsidiary module. These assets consist of Buildings and Improvements totaling

$5,643,399, Facilities and Other Improvements totaling $6,281,965, and Equipment totaling $84,545. The Asset Management module was used by the College to calculate depreciation. As a result, current year depreciation expense and accumulated depreciation for these assets have not been recorded. The unrecorded depreciation activity is not material to the financial statements.

Cause: The College's management failed to implement satisfactory controls to ensure that account balances were accurate, adequately documented and properly recorded in the accounting records.

Effect: Significant errors were included in the financial statements presented for audit. In addition, the lack of controls and failure to adhere to Board of Regents policies could impact reporting of the College's financial position and results of operations.

Recommendation: The College should review the accounting controls and procedures currently in place, identify weaknesses, and design and implement procedures necessary to strengthen controls over these accounting functions.

WEST GEORGIA TECHNICAL COLLEGE

Finding Control Number: **FS-826-10-02**
REVENUES/RECEIVABLES/RECEIPTS
Inadequate Internal Controls over Bookstore Sales

Condition: The accounting procedures of the Technical College are insufficient to ensure that bookstore sales are properly reflected in the financial statements.

Criteria: The Technical College's management is responsible for designing and maintaining internal controls that provide reasonable assurance that revenue activity is properly documented, processed and reported.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework states that separate and ongoing evaluations through methods such as the identification and monitoring of key control indicators enable management to determine whether the other components of internal control over financial reporting continue to function over time.

Information: Testing revealed significant unexplained differences between expected bookstore mark-up percentages and calculated mark-up percentages using financial data reported in the financial statements. It appears that the Technical College did not adequately monitor bookstore sales revenue.

Cause: The Technical College has not implemented adequate monitoring procedures over bookstore sales. In addition, other control deficiencies exist such as not reconciling bookstore inventory balances, which increases the importance of strong monitoring controls.

Effect: Without satisfactory accounting controls and procedures in place, the Technical College could place itself in a position where the potential misappropriation of assets could occur. In addition, the lack of controls could impact reporting of its financial position and results of operations.

Recommendation: The Technical College should design and implement monitoring procedures over bookstore sales. These monitoring procedures should include but not be limited to the identification and ongoing monitoring of key control indicators such as inventory mark-up percentages.

Finding Control Number: **FS-826-10-03**
REVENUES/RECEIVABLES/RECEIPTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
EMPLOYEE COMPENSATION
GENERAL LEDGER
Inadequate Segregation of Duties

Condition: The accounting procedures of the Technical College were insufficient to provide adequate separation of duties.

Criteria: AICPA Professional Standards, AU 319.04, states that internal control is a process - affected by an entity's board of directors, management and other personnel - designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Separation of duties involving key accounting functions, both manual and automated, is the basis for achieving an adequate system of internal control.

Information: Revenues/Receivables/Receipts
Deposit preparation was not separated from the record keeping and cash receipts subsidiary reconciliation functions. Additionally, the Technical College did not have procedures in place for a supervisory review of the cash drawer close-out process.

Expenditures/Liabilities/Disbursements
Accounting procedures were designed to allow certain employees the ability to create and post express vouchers within PeopleSoft and process check runs. Potential compensating controls could not be tested due to a lack of documentation.

Employee Compensation
Accounting procedures were designed to allow certain employees the ability to add new employees and make payroll changes within PeopleSoft. Potential compensating controls could not be tested due to a lack of documentation.

General Ledger
Accounting procedures were designed to allow certain employees the ability to enter and post journal entries within PeopleSoft. Although, a second level approval occurs manually outside of PeopleSoft, the compensating control was not designed to prevent or detect unapproved journal entries from being posted. In addition, employees with the ability to enter and post journal entries within PeopleSoft have other job duties, such as bank reconciliation, that reduces the effectiveness of potential compensating controls.

Cause: The Technical College did not adequately design procedures to ensure different employees were responsible for initiating transactions, authorizing transactions, recording transactions, reconciling information, and maintaining custody of assets. In addition, potential compensating controls were either not adequately designed or not formally documented.

Effect: Misstatements due to error or fraud may occur and not be detected in a timely manner.

Recommendation: The Technical College should revise and implement internal controls to ensure that proper separation of duties is established. In the case when management determines segregation of duties is not cost beneficial, management should implement compensating controls that utilize system generated reports and data.

Finding Control Number: **FS-826-10-05**
CAPITAL ASSETS
Inadequate Internal Controls over Capital Assets

Condition: The accounting procedures of the Technical College were insufficient to provide for adequate internal controls over Capital Assets.

Criteria: The State Accounting Office's *Accounting Procedures Manual* for the State of Georgia states that, "asset purchased, constructed, or donated that meet or exceed the State's established capitalization thresholds or minimum reporting requirements must be uniformly classified in conformity with the *Accounting Procedures Manual*."

Information: The Technical College did not adequately conduct a physical inventory of capital assets. Procedures performed in the audit revealed numerous instances of missing, obsolete, or scrapped items that were included in the financial statements. Significant adjustments were made to the financial statements to remove these items.

In addition, the Technical College did not adequately reconcile the capital asset subsidiary system to the financial statements. Unknown variance were identified and adjusted through current year activity.

Cause: The Technical College's management failed to implement appropriate internal controls and procedures necessary to properly record, maintain and track capital assets.

Effect: Failure to properly record and reconcile capital assets could result in the Technical College placing itself in a position where misrepresentation of its financial position and results of operations could occur.

Recommendation: The Technical College should design and implement controls over capital assets to ensure that inventory records are properly maintained to prevent reporting errors in the future. In addition, the Technical College should make appropriate correcting entries to the capital assets records to properly reflect capital asset balances.

MOULTRIE TECHNICAL COLLEGE

Finding Control Number: **FS-837-10-01**
CASH AND CASH EQUIVALENTS
Inadequate Accounting Procedures

Condition: The accounting procedures of the Technical College were insufficient to provide for adequate controls over the Cash and Cash Equivalents.

Criteria: An adequate system of internal controls dictates that bank reconciliations be performed on a monthly basis, and include the following: 1) adequate supporting documentation, 2) reconciling items correctly identified by description, 3) adjustments identified and made in a timely manner, and 4) evidence of an effective supervisory review and approval function.

Information: During our gaining an understanding of internal controls over the cash reconciliation process for the months of October and June, it was noted that the Technical College did not always reconcile the bank statements in a timely manner and failed to post all receipts and disbursements to the financial records in a timely manner for items that cleared the bank. Reconciling items were carried on the bank reconciliation for an extended period of time.

Reconciling items were posted by the Technical College to the financial statements prior to audit presentation, however, an unidentified variance of $295.00 still existed.

Cause: Technical College's management failed to implement satisfactory controls to ensure that bank reconciliations were properly performed on a monthly basis and reconciling items were properly identified and corrected within a reasonable amount of time.

Effect: Without satisfactory accounting policies and procedures in place, the Technical College could place itself in a position where potential misappropriation of assets could occur. In addition, the lack of controls could impact reporting of its financial position and results of operation.

Recommendation: Management should monitor accounting controls and procedures currently in place, identify weaknesses and implement procedures to strengthen the internal controls over the bank reconciliation process.

SEED DEVELOPMENT COMMISSION, GEORGIA

Finding Control Number: **FS-919-10-01**
ACCOUNTING CONTROLS (OVERALL)
EQUITY AND FINANCIAL STATEMENT RECONCILIATIONS
GENERAL LEDGER
Excessive Year-End Unreserved, Undesignated Fund Balance

Condition: During fiscal year 2010, the Georgia Seed Development Commission (Commission) did not adopt a policy for determining a reasonable reserve amount. During the year under review, it appears that the Commission maintained an excessive year-end unreserved, undesignated fund balance.

Criteria: The Official Code of Georgia Annotated (OCGA) 2-4-6 states, in part: "…Any and all profits earned, beyond those required as a reasonable reserve for the future operations of the commission, shall be transmitted to the state treasury."

Information: The Commission's unreserved, undesignated fund balance at year-end (net of reserves) was $4.8 million. The Commission maintains a $4 million insurance policy that is available to offset any potential financial losses resulting from natural disasters or widely fluctuating commodity prices.

Also, in August 2010, the Commission adopted a Reasonable Reserve Policy Five Year Plan.

Cause: The Commission failed to remit excess funds to the state treasury.

Effect: When the Commission fails to remit its excess year-end funds, but rather chooses to allocate these funds for other purposes, they ultimately circumvent the authority of the Georgia General Assembly to control appropriations per the Constitution of the State of Georgia.

Recommendation: The Georgia Seed Development Commission should continue to maintain proper insurance policies. In addition, the Commission should seek the guidance of the State Accounting Office to help determine if their Reasonable Reserve Policy Five Year Plan is acceptable. We recommend that the Commission consider a reserve amount equal to 10% of the total expenditures of the fiscal year (just ended) to the extent that funds are available. Finally, excess profits should be remitted to the state treasury on an annual basis.

SOUTHWEST GEORGIA RAILROAD EXCURSION AUTHORITY

Finding Control Number: **FS-984-10-01**
CAPITAL ASSETS
Inadequate Capital Asset Records - Subsidiary Ledger

Condition: The accounting procedures of the Southwest Georgia Railroad Excursion Authority (Authority) were insufficient to provide adequate internal controls over the Authority's Personal Property capital asset subsidiary ledger. The exceptions are noted as follows:

1. The subsidiary listing for Personal Property Capital Assets did not contain a complete and detailed listing of Machinery and Equipment.

2. There was no reconciliation between the subsidiary listing and amounts reported to the State Accounting Office.

Criteria: The *Accounting Procedures Manual* for the State of Georgia (Manual) requires that state organizations maintain accurate capital asset inventory records. In addition, generally accepted accounting principles (GAAP) specify requirements for reporting financial statement balances and note disclosures for the State's Capital Assets. Information reported for capital assets should include beginning and ending balances, and additions and deletions during the fiscal year. Current year additions include assets purchased during the fiscal year and non-cash activity such as adjustments, donations, and transfers. Retirements include assets that have been disposed of, removed from service, or transferred during the fiscal year.

Cause: The deficiencies noted above are the result of management's failure to implement adequate policies and procedures to ensure that the Authority's Personal Property capital asset subsidiary ledger is properly maintained in accordance with guidelines established in the *Accounting Procedures Manual* for the State of Georgia.

Effect: Failure to maintain complete and accurate capital asset subsidiary records can result in the misappropriation of assets and a material misstatement in the financial statements.

Recommendation: The Southwest Georgia Railroad Excursion Authority should develop appropriate policies and procedures to ensure that the Authority's Personal Property capital asset subsidiary ledger is properly maintained in accordance with guidelines established in the *Accounting Procedures Manual* for the State of Georgia.

(*) THIS FINDING RESULTED FROM AN AUDIT PERFORMED BY OTHER AUDITORS

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

Federal Awards
Findings and Questioned Costs

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

State of Georgia

Federal Awards Findings and Questioned Costs
Table of Contents
For the Fiscal Year Ended June 30, 2010

ENTITY CODE	ORGANIZATIONAL UNIT	PAGE NO.
407	Accounting Office, State	128
414	Education, Department of	129
419	Community Health, Department of	132
422	Governor, Office of the	137
427	Human Services, Department of	138
440	Labor, Department of	167
441	Behavioral Health and Developmental Disabilities, Department of	171
461	Juvenile Justice, Department of	174
484	Transportation, Department of	175
	Colleges and Universities	
5092	Georgia State University Research Foundation	182
521	Albany State University	183
533	Fort Valley State University	184
548	Savannah State University	187
918	Higher Education Assistance Corporation, Georgia	189
928	Environmental Finance Authority, Georgia	192

ACCOUNTING OFFICE, STATE

Finding Control Number: **FA-407-10-01**
ALLOWABLE COSTS/COST PRINCIPLES
Failure to Submit Statewide Cost Allocation Plan (SWCAP)

Condition: As of fiscal year end, the State Accounting Office (SAO) had not prepared and submitted the SWCAP's for fiscal years 2009, 2010 or 2011 to the U.S. Department of Health and Human Services, Division of Cost Allocation (HHS-DCA) for approval. These plans were due by January 1, 2008, January 1, 2009 and January 1, 2010 respectively. Central Service Costs for fiscal year 2010 were being billed based on the amounts conditionally approved in the fiscal year 2006 SWCAP which is based on fiscal year 2004 actual costs.

Criteria: The Office of Management and Budget (OMB) Circular A-87, Cost Principles Applicable to Grants and Contracts, in attachment C, Paragraph D, requires each State to submit for approval a SWCAP for each year in which the State claims central service costs relating to its Federal programs. It is further required that the SWCAP be prepared and submitted six months prior to the beginning for each of the governmental unit's fiscal years in which it proposes to claim central services costs.

Information: According to the SAO, the agency currently responsible for the preparation and submission of the annual SWCAP, the status of the SWCAPs for fiscal years 2006 through 2011 is as follows:

1. The Fiscal Year 2006 SWCAP, which is based on Fiscal Year 2004 actual costs, was conditionally approved March 10, 2010. HHS-DCA requested additional information for Section II billed costs, including service-by-service over/under-recovery analysis clarification related to pre-billings and transfers in/out of the fund for the Georgia Technology Authority (GTA). Further, HHS-DCA has requested additional information for fiscal years 2005 and 2006 relating to GTA be submitted. SAO believes they will continue to leave the approvals of the Section II billed services conditional until such time that they have fully performed their review of this documentation.

2. The SWCAP's for fiscal year 2007 (based on fiscal year 2005 actual costs) and fiscal year 2008 (based on fiscal year 2006 actual costs) were submitted to HHS-DCA in June 2010.

3. The SWCAP's for fiscal year 2009 (based on fiscal year 2007 actual costs), fiscal year 2010 (based on fiscal year 2008 actual costs), and fiscal year 2011 (based on fiscal year 2009 actual costs) were submitted to HHS-DCA in October, 2010.

During the year under review, in addition to increasing their efforts to catch up on the previously unsubmitted SWCAPs, the SAO prepared and implemented new policies and procedures designed to improve the overall SWCAP process.

Cause: The preparation and submission for approval of the State's annual SWCAP had gotten behind due to the responsibility for its preparation and submission being transferred back-and-forth between the Department of Administrative Services and the SAO.

Effect: The failure to remain current with the submission of the SWCAP could result in significant financial adjustments being required for central service costs charged by the State of Georgia on its Federal programs.

Recommendation: The State Accounting Office should continue to follow the internal controls implemented during fiscal year 2010 to ensure future SWCAPs are submitted for approval at least six months prior to them going into effect.

EDUCATION, DEPARTMENT OF

Finding Control Number: **FA-414-10-01**
ACTIVITIES ALLOWED OR UNALLOWED
Internal Control Deficiencies/Noncompliance with Federal Program Regulations
Child Nutrition Cluster - Special Milk Program for Children (CFDA 10.556)
U. S. Department of Agriculture
Grant Award: Year 2010 - 5GA300324

Condition: Our examination included a review of milk claim reimbursements submitted by the local School Food Authorities (SFA). It was noted during testing that a certain SFA overstated their milk claim. On average, the SFA claimed around 3,000 milks served per month. For the month of October, the SFA claimed more than 6,000 milks served. The SFA nor the Department of Education (Department) could explain the increase or provide documentation to support the claim.

Criteria: The Accounting Procedures Manual for the State of Georgia, Section Five, page 5-1-1 states, “Each State organization is responsible for adopting an internal control framework that is suitable for the type of services they provide. The establishment and maintenance of effective internal controls within a strong and effective internal control environment are fundamental components in the safe and sound management of all State organizations.”

The Code of Federal Regulations, Title 7, Section 215.10, Part (d) states, "In submitting a Claim for Reimbursement, each School Food Authority or child-care institution shall certify that the claim is true and correct; that records are available to support the claim; that the claim is in accordance with the existing agreement; and that payment therefore has not been received."

Questioned Cost: $550.00

Cause: The deficiency noted above occurred as a result of the Department's failure to establish adequate internal control policies and procedures for milk claim reimbursements.

Effect: Failure to establish and maintain internal control procedures could result in noncompliance with applicable Federal laws and regulations, and could result in material misstatements in the financial statements.

Recommendation: The Department of Education should implement policies and procedures to ensure that milk claim reimbursements are accurate and complete.

Finding Control Number: **FA-414-10-02**
ALLOWABLE COSTS/COST PRINCIPLES
ELIGIBILITY
Internal Control Deficiencies/Noncompliance with Federal Program Regulations
State Fiscal Stabilization Fund (CFDA 84.394)
U. S. Department of Education
Grant Awards: Year 2009 - S394A090011; S394A090011A

Condition: Our examination of the Department of Education (Department) included a review of applications and assurances on file from local educational agencies (LEA) that received funding from the State Fiscal Stabilization Fund program. Our review disclosed that the Department disbursed funds totaling $34,404.00 to three charter schools that did not have applications on file at the Department.

Criteria: The Code of Federal Regulations, Title 34, Section 76.301 states: "A local educational agency that applies for a subgrant under a program subject to this part shall have on file with the State a general application that meets the requirements of Section 442 of the General Education Provisions Act."

Questioned Cost: $34,404.00

Cause: The deficiency noted above occurred as a result of the Department's failure to adhere to established internal control procedures relating to the disbursement of State Fiscal Stabilization funds.

Effect: Failure to adhere to the prescribed policies and procedures can result in noncompliance with applicable Federal laws, regulations, and other program compliance requirements.

Recommendation: The Department of Education should review their internal controls and implement additional controls as needed to ensure compliance with applicable Federal laws, regulations, and other program compliance requirements.

Finding Control Number: **FA-414-10-03**
ELIGIBILITY
Noncompliance with Federal Program Regulations
Career and Technical Education – Basic Grants to States (CFDA 84.048)
U. S. Department of Education
Grant Awards: Year 2010 - v048a090010a; v243a090010

Condition: Our examination of the Department of Education's (Department) Career and Technical Education (CTE) program disclosed the following exceptions:

1) The Department allocated Perkins IV funds to secondary subrecipients using population data that was not in accordance with the requirements of the Perkins IV legislation. The Department allocated 70% of funds to secondary subrecipients based on a prorated portion of National Center for Education Statistics enrollment data for families in poverty rather than using 5-17 census poverty data.

2) The Department failed to appropriately administer its reserve funds to secondary eligible recipients. In addition, program management did not establish clear priorities or objectives for reserve funds. Rather, reserve funds were made available to every secondary recipient in the State based on each Local Educational Agency's (LEA) share of the rural ratio full-time equivalent (FTE) and the share of CTE enrollment. The reserve funds were added to the Section 131 formula amount and the aggregated amounts were awarded to each local eligible recipient in the State. This alternative funding process was not sanctioned by the United States Office of Vocational Education (OVAE), nor would it have been since the allocation process fails to meet the standard set forth in Section 131(b)(1) of Perkins IV legislation.

3) The Department failed to establish the proper basis for the minimum allocation requirement of Perkins IV funds to secondary eligible recipients. The Department used an allocation process that included a pool of money for the Section 112(c) reserve fund for every eligible secondary recipient.

Criteria:

1) According to Section 131(a)(2) of Perkins IV legislation, "Seventy percent shall be allocated to such local educational agencies in proportion to the number of individuals aged 5 through 17, inclusive, who reside in the school district served by such local educational agency and are from families below the poverty level…"

2) According to Section 131(b)(1) of Perkins IV legislation, the Secretary may waive the application of Section 131(a) upon submission of an application that "demonstrates that a proposed alternative formula more effectively targets funds on the basis of poverty to local educational agencies within the State than the formula described in Section 131(a)."

3) According to Section 131(a) Distribution Rules of Perkins IV legislation, "...each eligible agency shall distribute the portion of funds made available under Section 112(a)(1) to carry out this section to local educational agencies within the State as follows…". The distribution process outlined in Section 131(a) is exclusive of reserve funds described in Section 112(c). In addition, Section 131(c)

of Perkins IV requires that the minimum allocation of $15,000 be based on the application of the distribution process outlined in Section 131(a).

Cause: The deficiencies noted above were a result of the Department's failure to establish adequate internal controls to ensure compliance with Perkins IV legislation.

Effect: Failure to comply with Federal program regulations regarding authorized allocation methods can result in the allocation of incorrect amounts of Perkins IV funds. Secondly, the Department's current practice has effectively established an alternative allocation formula for the distribution of Title I funds to secondary recipients. Eligible recipients are unaware of any reserve amount, treating their award as if it were generated solely from the Section 131 fund distribution process potentially causing them to use funds in a manner not in compliance with program requirements. In addition, failure to establish approved allocation policies and procedures could result in LEAs failing to meet the $15,000 minimum allocation requirement. Failure to establish and approve allocation policies and procedures can result in LEAs not being made aware of reserve funds included in their Basic Grant amounts, causing them to potentially use the funds in a manner that is not in compliance with prescribed CTE and OVAE requirements and guidelines. This condition could also cause potential errors in financial reporting and increase the risk of a material misstatement in the financial statements.

Recommendation: The Department of Education should develop appropriate policies and procedures to ensure that secondary funds are allocated in accordance with Perkins IV legislation.

Finding Control Number: **FA-414-10-04**
EQUIPMENT AND REAL PROPERTY MANAGEMENT
Inadequate Equipment and Real Property Management

Condition: Our examination of the Equipment and Real Property management system for the Department of Education (Department) at June 30, 2010, revealed that the Department failed to perform monthly reconciliations of additions between the Asset Management Module and the general ledger in a timely manner.

In addition, thirteen (13) federally funded equipment items out of a population of twenty-two (22) were selected to test the accuracy of the Department's property management records. These items contained a value of $194,086.92 out of a population of $275,749.16 and were selected for the purpose of locating the equipment as recorded in the inventory records. One (1) inventory item selected for physical observation could not be located.

Criteria: The Code of Federal Regulations, Title 34, Section 80.32, Part (d)(1) states: "Property records must be maintained that include a description of the property, a serial number or other identification number, the source of the property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property."

Cause: The deficiencies noted above were caused by the Department's failure to implement adequate controls and procedures necessary to properly record and maintain Equipment and Real Property inventory records in accordance with Federal laws and regulations.

Effect: Failure to maintain complete and accurate equipment and real property inventory records could result in misappropriation of assets and noncompliance with provisions set forth in applicable Federal laws and regulations.

Recommendation: The Department of Education should develop appropriate policies and procedures to ensure that all equipment and real property inventories are properly accounted for and reported in accordance with applicable Federal laws and regulations.

COMMUNITY HEALTH, DEPARTMENT OF (*)

Finding Control Number: **FA-419-10-01**
ALLOWABLE COSTS/COST PRINCIPLES
Upper Payment Limit Calculation
State Medicaid Fraud Control Units (CFDA 93.775)
Hurricane Katrina Relief (CFDA 93.776)
State Survey and Certification of Health Care Providers and Suppliers (CFDA 93.777)
Medical Assistance Program (CFDA 93.778)
U. S. Department of Health and Human Services
Grant Awards: Year 2010 - 05-0805GA5028; 05-0805GA5048; 05-0905GA5028; 05-0905GA5048; 05-0905GAARRA; 05-0905NCMDSH; 05-1005GA5ADM; 05-1005GA5MAP; 05-1005GAARRA; 05-1005GAHITA

Condition: See Financial Audit Finding FS-419-10-01.

Criteria: See Financial Audit Finding FS-419-10-01.

Information: See Financial Audit Finding FS-419-10-01.

Cause: See Financial Audit Finding FS-419-10-01.

Effect: See Financial Audit Finding FS-419-10-01.

Recommendation: See Financial Audit Finding FS-419-10-01.

View of Officials: See Financial Audit Finding FS-419-10-01.

Finding Control Number: **FA-419-10-02**
ELIGIBILITY
Verification and Documentation of Eligibility
State Medicaid Fraud Control Units (CFDA 93.775)
Hurricane Katrina Relief (CFDA 93.776)
State Survey and Certification of Health Care Providers and Suppliers (CFDA 93.777)
Medical Assistance Program (CFDA 93.778)
U. S. Department of Health and Human Services
Grant Awards: Year 2010 - 05-0805GA5028; 05-0805GA5048; 05-0905GA5028; 05-0905GA5048; 05-0905GAARRA; 05-0905NCMDSH; 05-1005GA5ADM; 05-1005GA5MAP; 05-1005GAARRA; 05-1005GAHITA

Condition: This is a modification and partial repeat of finding FA-419-09-03 from the year ended June 30, 2009.

The Department of Community Health has contracted with the Department of Family and Children Services (DFCS) to provide enrollment and monitoring services for Medicaid members. During fieldwork, we noted eight (8) instances in a sample of sixty (60) Medicaid recipients whose eligibility was not properly documented. Those eight instances were as follows:

a) A case file did not contain acceptable proof of identification.
b) A case file did not contain acceptable documentation of citizenship verification.
c) A volume of a case file was not able to be located by the Department of Human Services (DHS)/DFCS (a contactor to Department of Community Health).
d) A case file did not contain evidence that eligibility was recertified in accordance with the policies and procedures in place.
e) A case file contained evidence that eligibility was improperly terminated.
f) Three (3) case files did not contain acceptable documentation of income verification.

Criteria: The Department of Community Health is responsible for administering the State of Georgia's Medicaid program. The Medicaid program is overseen by the U.S. Department of Health and Human Services through CMS. The Department of Community Health is responsible for determining that all recipients meet prescribed eligibility requirements and those requirements are appropriately documented.

Information: Without adherence to the Department of Community Health's policies and procedures in place to determine and document Medicaid eligibility, members in the Medicaid program may no longer be eligible to receive payments if documentation of their eligibility status is incomplete or inadequate.

Cause: The Department of Community Health does not have an adequate monitoring process in place over DFCS to ensure all CMS guidelines in regards to the documentation of a member's eligibility are properly followed.

Effect: An indeterminate number of participants maybe inadequately documented as to eligibility for Medicaid. The monetary effect is that federal funds used to fund the Medicaid program may be used to provide benefits for members who are not eligible for the program.

Recommendation: The Department of Community Health should improve their verification and documentation monitoring policy for Medicaid members and create more stringent controls over the eligibility process.

View of Officials: We concur with this finding and acknowledge the importance of ensuring all CMS guidelines for documenting member eligibility are followed properly. We have taken the following steps to improve our monitoring of the eligibility process: Department of Community Health placed the DFCS in the DHS under a Program Improvement Plan (PIP) effective March 12, 2010. The PIP requires DFCS to remedy areas of deficiencies such as proof of recertification of eligibility, missing records and documentation. DFCS has responded to the PIP and outlined how they will implement and monitor improvements to correct the deficiencies. Department of Community Health and DFCS management staff meet quarterly to discuss and review progress towards improving the deficiencies.

In addition, Department of Community Health implemented an external quality assurance project in 2006 through an Administrative Services Organization (ASO). The ASO project completes desk reviews of requested cases records, and reports findings to Department of Community Health on a monthly basis, with a quarterly detailed summary. The ASO finished their work in June 2010.

The Department of Community Health Medicaid Eligibility Quality Control (MEQC) team took over the ASO functions effective July 2010, reading randomly selected cases at a volume of 400 per month. The findings from these reviews are shared with DFCS for inclusion in their PIP planning and field trainings.

DHS/DFCS routinely covers error findings with their regional management staff who, in turn, discuss with county staff. Department of Community Health feels that there is positive progress in reducing the incidents of these findings.

Finding Control Number: **FA-419-10-03**
MATCHING, LEVEL OF EFFORT, EARMARKING
Matching of Allowable Expenditures
Children's Health Insurance Program (CFDA 93.767)
U. S. Department of Health and Human Services
Grant Awards: Year 2010 - 05-0909GA5021; 05-1005GA5021

Condition: This is a modification and partial repeat of finding FA-419-09-04 from the year ended June 30, 2009.

The state matching rate for its CHIP expenditures is determined in accordance with the federal matching rate for such expenditures, referred to as the enhanced Federal Medical Assistance Percentage (Enhanced FMAP). The Enhanced FMAP for federal fiscal year (FFY) 2010 is 75.57 percent and the Enhanced FMAP for FFY 2009 is 75.14 percent. During fieldwork, we noted five (5) instances in a sample of fifty-

one (51) CHIP administrative expenditures in which incorrect federal matching rates were used. Those five instances were as follows:

a) One (1) expenditure was incorrectly matched at the FFY 2009 Enhanced FMAP based on the date of the expenditure.
b) Four (4) expenditures were incorrectly matched at a rate other than the Enhanced FMAP for CHIP expenditures.

Criteria: The Department of Community Health is responsible for administering CHIP. CHIP is overseen by the U.S. Department of Health and Human Services through CMS. The Department of Community Health is responsible for matching federal program expenditures at the federally determined rate.

Questioned Cost: The Department of Community Health overpaid the state portion. The dollar variance of the overpayments is immaterial.

Information: The Department of Community Health has an extensive chart of accounts to separately denote expenditure funding sources and other details. If the funding and other account information is documented incorrectly and is not corrected during the review and approval process, the expenditure could be recorded incorrectly.

Cause: The Department of Community Health did not adequately monitor the matching rate applied to CHIP administrative expenditures.

Effect: The Department of Community Health did not match CHIP expenditures at the correct federally determined rate.

Recommendation: The Department of Community Health should improve their monitoring policy for the payment of CHIP administrative expenditures to ensure expenditures are coded appropriately and matched at the proper rate.

View of Officials: The Department of Community Health concurs with this finding. We recognize and acknowledge the need to enhance the review of payments to ensure the correct FMAP rate is used in calculating the federal and state portion of CHIP administrative expenses.

A procedure will be implemented to have the Accounts Payable Manager review and reconcile the CHIP accounts on a quarterly basis to ensure that the correct FMAP rate and any applicable enhanced rates are in compliance with CMS.

Finding Control Number: **FA-419-10-04**
SUBRECIPIENT MONITORING
Public Health Emergency Preparedness (CFDA 93.069)
U. S. Department of Health and Human Services
Grant Awards: Year 2010 - 1H75TP000384-01; 1U90TP000155-01; 3H75TP000384-01W1; 5U90TP417013-09; 5U90TP417013-10; 6U90TP000155-02

Condition: During fieldwork, we noted there were very limited and inadequate processes in place during fiscal year 2010 to evaluate and monitor subrecipient compliance with program requirements for any PHEP program except the H1N1 program.

Criteria: The Department of Community Health is responsible for administering the State of Georgia's Public Health Emergency Preparedness (PHEP) program. The PHEP program is overseen by the U.S. Department of Health and Human Services. The Department of Community Health is also responsible for monitoring the subrecipients of the PHEP program.

Information: The lack of oversight of the emergency preparedness activities was caused in part by the reporting requirements associated with the H1N1 program. Department of Community Health personnel did not perform any site visits or internal audits to monitor subrecipient compliance with the master agreements, grant in aid annexes or other program requirements. The subrecipients were also not monitored via quarterly reporting during fiscal year 2010. Additionally, we noted the Department of Community Health considered the requirement of the subrecipients to be independently audited under OMB Circular A-133 as an effective control.

Cause: The Department of Community Health does not have an adequate monitoring process in place over their subrecipients.

Effect: An indeterminate number of subrecipients are not being monitored to ensure federal funds are being spent in accordance with the terms of the grants.

Recommendation: The Department of Community Health should improve the subrecipient monitoring process in place over the PHEP program.

View of Officials: We concur with this finding and agree that quarterly reporting was not prepared as required by the original Grant-in-Aid Annex (GIA) for the fiscal year 2010 PHEP grant. Both the Director of the Office of Emergency Preparedness and the Public Health Grants Manager resigned from their positions in February 2009 with minimal notice. The Acting Director of the Office of Emergency Preparedness worked diligently to assume full management of PHEP grant activities, but the transition was challenging and the requirement for quarterly reports as a component of subrecipient monitoring was overlooked.

A new GIA was developed for the new grant cycle (still in fiscal year 2010), which included quarterly reports. Shortly after the GIA was published, the Centers for Disease Control and Prevention's (CDC) H1N1 funding was released, which required intensive monthly reports. We used the experiences of the H1N1 monthly reports to provide the basis for a more instructive and prescriptive GIA for fiscal year 2011.

In addition to the re-implementation of quarterly reports, the Department of Community Health plans to do site visits beginning in January 2011 as an additional component of subrecipient monitoring. This will allow the districts the opportunity to complete newly formatted work plans and quarterly reports, which will be reviewed during the site visits.

Finding Control Number: **FA-419-10-05**
ACTIVITIES ALLOWED OR UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
Controls Over Emergency Preparedness Administrative Expenses
Public Health Emergency Preparedness (CFDA 93.069)
U. S. Department of Health and Human Services
Grant Awards: Year 2010 - 1H75TP000384-01; 1U90TP000155-01; 3H75TP000384-01W1; 5U90TP417013-09; 5U90TP417013-10; 6U90TP000155-02

Condition: The Department of Community Health is required to have adequate controls to prevent and detect material errors. We noted one (1) expenditure in a sample of sixty (60) did not contain evidence of departmental approval in accordance with the procedures put in place by the Department of Community Health.

Criteria: The Department of Community Health is responsible for administering the State of Georgia's PHEP program. The PHEP program is overseen by the U.S. Department of Health and Human Services through the CDC. The Department of Community Health is responsible for establishing and maintaining effective internal controls over compliance with the allowable activities and cost principles applicable to the PHEP program.

Information: There was no evidence one (1) expenditure in a sample of sixty (60) was appropriately reviewed and approved by program staff as an allowable cost for the program in accordance with departmental policies and procedures.

Cause: The policies and procedures the Department of Community Health has in place to prevent and detect improper usage of program funds are not functioning effectively.

Effect: PHEP funds may be improperly used to fund unallowable costs and activities because the policies and procedures in place at the Department of Community Health to prevent and/or detect the improper payment are not being appropriately followed and/or documented.

Recommendation: The Department of Community Health should improve internal controls as they relate to the review and authorization of PHEP administrative expenses.

View of Officials: We concur with this finding. The audit found that one (1) out of sixty (60) expenditures was not approved by the Division of Emergency Preparedness and Response (DEPR). This occurred because the Public Health Lab personnel were not initially made aware, following the transition of the Division of Public Health from the Department of Human Resources (DHR) to the Department of Community Health, that expenses had to go through the funding programs for review and approval.

Shortly after transition from DHR to the Department of Community Health, leadership in the DEPR recognized that expenditure forms from the Public Health Lab were not being sent to DEPR for review and approval prior to being sent to Financial Management for payment. The Division of Public Health now sends all expenditure requests paid by the PHEP grant through DEPR to ensure program funds are documented and used appropriately.

Finding Control Number: **FA-419-10-06**
MATCHING, LEVEL OF EFFORT, EARMARKING
Documentation of Matching and Maintenance of Funding Compliance
Public Health Emergency Preparedness (CFDA 93.069)
U. S. Department of Health and Human Services
Grant Awards: Year 2010 - 1H75TP000384-01; 1U90TP000155-01; 3H75TP000384-01W1; 5U90TP417013-09; 5U90TP417013-10; 6U90TP000155-02

Condition: The Department of Community Health is required to separately account for the non-federal funds used to meet MOF requirements. We noted that there was inadequate supporting documentation for the Maintenance of Funding amounts reported to the grantor via the PERFORMS system and that the Emergency Preparedness staff was inconsistent in the separate designation of funds as matching funding or as MOF funding. Based on discussions with Emergency Preparedness staff and review of the PERFORMS system, amounts listed as Matching in PERFORMS were also identified as meeting the MOF requirement.

Criteria: The Department of Community Health is responsible for administering the State of Georgia's PHEP program. The PHEP program is overseen by the U.S. Department of Health and Human Services through the CDC. The Department of Community Health is responsible for separately documenting compliance with the Matching and Maintenance of Funding (MOF) requirements applicable to the PHEP program.

Information: There was inadequate documentation for the amounts reported as Maintenance of Funding in PERFORMS and the PHEP program had inadequate procedures in places to consistently distinguish between and separately account for amounts used to meet MOF requirements for the PHEP program.

Cause: The Department of Community Health has inadequate policies and procedures in place to consistently distinguish between, separately account for and adequately document the non-federal amounts used to meet MOF requirements for the PHEP program.

Effect: The Department of Community Health may not be meeting its MOF requirements for the PHEP program because it is not appropriately distinguishing between, separately accounting for, and adequately documenting the amounts used to meet these requirements.

Recommendation: The Department of Community Health should improve policies and procedures in place to consistently distinguish between, separately account for and adequately document the non-federal amounts used to meet MOF requirements.

View of Officials: We concur with this finding and agree there was confusion on the part of staff regarding the different requirements for MOF. The support documentation for MOF is not in PERFORMS, the CDC's on-line grant management software. It is not required by CDC to attach any documents related to MOF into the PERFORMS grant submission section. However, the MOF is being achieved through both district in-kind services and state legislatively appropriated funds and is documented by organization code/number in PeopleSoft. Therefore, upon request by CDC, the organizational code/number can be queried and the funds identified, including district in-kind services.

Staff have a clearer understanding of the requirements for documentation and tracking, and have taken steps to put into place procedures to consistently distinguish between, separately account for and adequately document the non-federal amounts used to meet MOF requirements.

GOVERNOR, OFFICE OF THE

Finding Control Number: **FA-422-10-01**
ACTIVITIES ALLOWED OR UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
EQUIPMENT AND REAL PROPERTY MANAGEMENT
Poor Internal Controls and Contract Management
Other Federal Assistance (CFDA 12.OFA)
U. S. Department of Defense
Transition to Teaching (CFDA 84.350)
Improving Teacher Quality State Grants (CFDA 84.367)
U. S. Department of Education
Grant Award: Year 2007 - U350B060018

Condition: Our review of contracts for fiscal years 2004 through 2009 between the Georgia Professional Standards Commission (Commission), an attached agency to the Office of the Governor, and the Oconee Regional Educational Service Agency (RESA) revealed several internal control deficiencies and questioned costs. These deficiencies were:

1) Computers and other IT equipment, purchased for $14,160.00 for use in the Georgia Teaching Force Program, were knowingly used by the RESA for non-program purposes.
2) A vendor of the RESA was paid $15,000.00 with Federal funds even though non-Federal work was performed by the vendor.
3) Equipment costing over $5,000.00 was purchased by the Commission without prior approval.

Criteria: The Office of Management and Budget (OMB) Circular A-87, "establishes principles for determining costs of Federal awards carried out through grants, cost reimbursement contracts and other agreements with State and local governments." OMB Circular A-87 also provides that, "Governmental units assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives and terms and conditions of Federal Awards."

OMB Circular A-133 Compliance Supplement, Part 1, Page 1-6, states, in part: "As a condition of receiving Federal awards, non-Federal entities agree to comply with applicable laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements."

Questioned Cost: $29,160.00

Information: Our review encompassed 32 contracts and amendments totaling $1,488,373 between the Commission and the RESA from fiscal years 2004 through 2009.

Cause: Failure on behalf of the Commission to have adequate internal control policies and procedures in place:

1) to adequately monitor the activities related to their contracts to ensure that Federal grant funds are being used to meet the objectives of the program and 2) to obtain pre-approval for computer purchases greater than $5,000.00 prior to their purchase.

Effect: The presence of questioned costs totaling $29,160.00 in relation to the contracts reviewed and the potential for additional improper expenditure of Federal funds.

Recommendation: The Georgia Professional Standards Commission should establish internal control policies and procedures to ensure that Federal funds are expended in accordance with the objectives of the Federal program and other Federal guidelines.

HUMAN SERVICES, DEPARTMENT OF

Finding Control Number: **FA-427-10-01**
ACCOUNTING CONTROLS (OVERALL)
Inadequate Journal Entry Documentation
State Administrative Matching Grants for Food Stamp Program (CFDA 10.561)
U.S. Department of Agriculture
Temporary Assistance for Needy Families (CFDA 93.558)
Child Support Enforcement (CFDA 93.563)
Low-Income Home Energy Assistance (CFDA 93.568)
Community Services Block Grant (CFDA 93.569)
Child Care and Development Block Grant (CFDA 93.575)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)
Foster Care_Title IV-E (CFDA 93.658)
Adoption Assistance (CFDA 93.659)
Community Services Block Grant-ARRA (CFDA 93.710)
Child Care and Development Block Grant-ARRA (CFDA 93.713)
Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program-ARRA (CFDA 93.714)
U. S. Department of Health and Human Services
Grant Awards: Year 2006 - 2006G991451; 2006G996115; Year 2007 - 2007G991451; 2007G996005; 2007G996115; 2007G999004; 2007G999005; Year 2008 - 2008G991451; 2008G992201; 2008G992212; 2008G994002; 2008G996005; 2008G996115; 2008G999004; 2008G999005; Year 2009 - 2009G9909CS; 2009G991451; 2009G992201; 2009G992212; 2009G994002; 2009G994107; 2009G994110; 2009G996005; 2009G996115; 2009G999004; 2009G999005; 2009G99UTRH; 2009G99UTRK; 2009G99UTRN; 2009G99UTRU; 5GA400403; 5GA430413;Year 2010 - 2010G9910CJ; 2010G9910CS; 2010G9910CU; 2010G991525; 2010G992201; 2010G992212; 2010G994002; 2010G994107; 2010G994110; 2010G996005; 2010G996115; 2010G999004; 2010G999005; 2010G99UTRH; 2010G99UTRK; 5GA400403-Year 2010, 5GA420413; 5GA430423

Condition: Our examination included a review of journal entries that were posted to the Department of Human Services' (Department) general ledger during fiscal year 2010. This review revealed that an excessive number (over 475) of these journal entries were made during periods 12 and 998 (year-end adjustment period) to the expenditure accounts. The number of journal entries posted in these two periods were more than 35% of the total number of journal entries that were posted to the expenditure accounts for the entire year. This excessive use of journal entries at the end of the fiscal year indicates weaknesses in the Department's internal controls.

In addition to our review of journal entry activity on the general ledger, we examined the supporting documentation maintained by the Department for various types of journal entries. We did this testing in two separate procedures during the Federal Compliance audit work.

For the testing done for Federal Cost Allocation, the auditors reviewed nineteen (19) journal entries with a dollar value of $106,797,939.19, of which three (3) with a dollar value of $4,543,002.58 were found to not be adequately supported. Additionally, five (5) of the nineteen (19) journal entries were found to not have had an approval signature within a reasonable time frame.

For the testing done on the eight major federal compliance programs, in the General Matters section, the auditors selected and reviewed four-hundred and ninety-eight (498) journal entries. The testing of journal entries was performed in two parts:

1. Interim testing in which the auditors selected and reviewed two-hundred and three (203) journal entries with a dollar value of $1,738,033,441.60 for the periods 1 through 8 (July through February) for state fiscal year 2010.

2. Final testing, in which the auditors selected and reviewed two-hundred and ninety-five (295) journal entries with a dollar value of $4,615,638,412.25 for the periods 9 through 998 (March through June and including the year-end adjustment period) for state fiscal year 2010.

For the interim testing, the 203 journal entries, selected for review, were found to have no issues.

For the Final testing, the two-hundred and ninety-five (295) journal entries tested revealed the following deficiencies:

1. For the Community Services Block Grant Cluster (CSBG) program, the auditors reviewed thirty-three (33) journal entries with a dollar value of $152,018,461.60, of which twenty (20), with a dollar value of $142,511,952.04, were found to not be adequately supported.

2. For the Low-Income Home Energy Assistance (LIHEAP) program, the auditors reviewed twenty-seven (27) journal entries with a dollar value of $411,425,359.06, of which twenty (20), with a dollar value of $392,068,909.70, were found to not be adequately supported.

3. For the Adoption Assistance (AA) program, the auditors reviewed twenty-three (23) journal entries with a dollar value of $163,203,443.04, of which nine (9), with a dollar value of $149,493,063.28, were found to not be adequately supported.

4. For the Child Care Cluster (CCC) program, the auditors reviewed forty-five (45) journal entries with a dollar value of $789,787,274.82, of which twenty-one (21), with a dollar value of $731,384,034.72, were found to not be adequately supported.

5. For the Child Support Enforcement (CSE) program, the auditors reviewed forty-five (45) journal entries with a dollar value of $504,816,874.90, of which fourteen (14), with a dollar value of $480,669,894.96, were found to not be adequately supported.

6. For the Foster Care Title IV-E (FC) program, the auditors reviewed thirty-three (33) journal entries with a dollar value of $631,123,552.40, of which thirteen (13), with a dollar value of $603,809,914.92, were found to not be adequately supported.

7. For the Supplemental Nutrition Assistance Program (SNAP), the auditors reviewed thirty-eight (38) journal entries with a dollar value of $409,237,494.74, of which eleven (11), with a dollar value of $377,582,346.00, were found to not be adequately supported.

8. For the Temporary Assistance for Needy Families (TANF) program, the auditors reviewed fifty-one (51) journal entries with a dollar value of $1,554,025,951.69, of which thirty (30), with a dollar value of $1,352,824,916.32, were found to not be adequately supported.

See the following table for a summary of the journal entries found to be inadequately supported:

Program	CFDA Number	Absolute Dollar Value of all lines of unsupported Journal Entries for the Program Tested, divided by two	Number of Journal Entries that were found to be unsupported
CSBG	93.569 93.710	$ 142,511,952.04	20
LIHEAP	93.568	$ 392,068,909.70	20
Adoption Assistance	93.659	$ 149,493,063.28	9
Child Care Cluster	93.575 93.596 93.713	$ 731,384,034.72	21
Child Support Enforcement	93.563	$ 480,669,894.96	14
Foster Care	93.658	$ 603,809,914.92	13
SNAP	10.561	$ 377,582,346.00	11
TANF	93.558 93.714	$ 1,352,824,916.32	30
Cost Allocation	Multiple CFDA's	$ 4,543,002.58	3

The dollar values in the table above are absolute dollar values of all relevant lines of the journal entries, divided by two. Analysis of the effect of these journal entries revealed that the net effect on the given programs was not significant, as the entries were mostly for recording Federal revenues and receivables, and moving expenditures between fund sources, departments, and federal fiscal years within the programs. The deficiency is more of an internal control issue for lack of adequate supporting documentation.

DHS journal entries are often upload entries that adjust multiple CFDA's at one time. So if the entry selected was wrong for one CFDA, it is wrong for all the other CFDA's on the entry

Criteria: The Financial Management Policies and Procedures, policy number 4-8-1,issued by the Office of Planning and Budget and State Accounting Office, states that "Documentation should be maintained for adjustments posted during a fiscal year, especially as a part of year-end closing procedures, that allows for the verification of the adjusted transaction to the source documentation supporting the original transaction. Such documentation should include, but is not necessarily limited to, analysis identifying original deposit ID's, purchase orders, voucher ID's or other relevant identifying reference and should identify the original transaction's budget program by fund source or justification for a change in allocation methodology."

Further, the *Accounting Procedures Manual* for the State of Georgia (Manual), Section Five, page 5-4-2, states in part that documentation "...involves preserving evidence to substantiate a decision, event, transaction, or system. All documentation should be complete, accurate, and reported promptly."

Information: See related Financial Statement finding number FS-427-10-01

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal control procedures to ensure compliance with The Financial Management Policies and Procedures and the *Accounting Procedures Manual* for the State of Georgia.

Effect: Approving journal entries without adequate supporting documentation may result in a material misstatement in the financial statements including misstatements due to fraud. The excessive, unsupported journal entries were likely the cause of the ninety eight million dollar reserve for federal funds (see Financial Statement Finding FS-427-10-4), and the three-hundred and two million dollar Federal accounts receivable on the Department's balance sheet.

Recommendation: The Department of Human Services should develop and implement policies and procedures to ensure that adequate documentation is maintained and reviewed prior to approving journal entries. Additional training on the guidelines included in The Financial Management Policies and Procedures should be provided to employees responsible for preparing and approving journal entries.

Further, the Department should implement additional procedures related to monitoring transactions posted to the subsidiary ledgers during the fiscal year instead of relying on journal entries to correct problems identified just before closing the books.

Finding Control Number: **FA-427-10-02**
ALLOWABLE COSTS/ COST PRINCIPLES
Ineffective Cost Allocation Methodology
State Administrative Matching Grants for Food Stamp Program (CFDA 10.561)
U.S. Department of Agriculture
Temporary Assistance for Needy Families (CFDA 93.558)
Child Support Enforcement (CFDA 93.563)
Low-Income Home Energy Assistance (CFDA 93.568)
Community Services Block Grant (CFDA 93.569)
Child Care and Development Block Grant (CFDA 93.575)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)
Foster Care_Title IV-E (CFDA 93.658)
Adoption Assistance (CFDA 93.659)
Community Services Block Grant-ARRA (CFDA 93.710)
Child Care and Development Block Grant-ARRA (CFDA 93.713)
Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program-ARRA (CFDA 93.714)
U. S. Department of Health and Human Services
Grant Awards: Year 2006 - 2006G991451; 2006G996115; Year 2007 - 2007G991451; 2007G996005; 2007G996115; 2007G999004; 2007G999005; Year 2008 - 2008G991451; 2008G992201; 2008G992212; 2008G994002; 2008G996005; 2008G996115; 2008G999004; 2008G999005; Year 2009 - 2009G9909CS; 2009G991451; 2009G992201; 2009G992212; 2009G994002; 2009G994107; 2009G994110; 2009G996005; 2009G996115; 2009G999004; 2009G999005; 2009G99UTRH; 2009G99UTRK; 2009G99UTRN; 2009G99UTRU; 5GA400403; 5GA430413;Year 2010 - 2010G9910CJ; 2010G9910CS; 2010G9910CU; 2010G991525; 2010G992201; 2010G992212; 2010G994002; 2010G994107; 2010G994110; 2010G996005; 2010G996115; 2010G999004; 2010G999005; 2010G99UTRH; 2010G99UTRK; 5GA400403; 5GA420413; 5GA430423

Condition: Our review of the Cost Allocation procedures at the Department of Human Services (Department) found that the Department uses a Cost Allocation method that does not appear to be the best fit. A large portion of cost allocation is done by using the Random Moment Sample Studies method, which leads to extreme inconsistencies in the allocation of standard operating expenditures over set Programs. See the table below for an analysis of the change in percentages allocated to programs quarterly.

Federal Awards Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Description	Code		1st Quarter 08-09 Absolute Change RMSS %	1st Quarter 09-10 Absolute Change RMSS %
Dept of Community Health	4275750406		10.34%	251.56%
Division of Family & Children Services	4275750413		2.63%	0.50%
Office of Regulatory Services	4275750414		10.76%	71.79%
Division of Public Health	4275750422		14.98%	35.65%
Child Support Services	4275750423		34.16%	31.86%
Division of Aging Services	4275750424		49.68%	13.17%
Division of MH/DD/AD	4275750428		3.20%	43.60%
Southwestern State Hospital	4275750431		562.07%	53.13%
Northwest GA Reg Hospital	4275750432		55.56%	100.00%
West Central State Hospital	4275750433		86.05%	71.88%
GA Reg Hospital @ Atlanta	4275750434		52.48%	53.13%
GA Reg Hospital @ Savannah	4275750436		65.52%	53.13%
East Central GA Reg Hospital	4275750437		36.63%	100.00%
Central State Hospital	4275750438		47.40%	29.41%
Office of Investigative Services	4275750443		11.11%	5.47%
Gov Coun on Dev Disabilities	4275750477			
Children Initiative/Family Connection	4275750403		100.00%	53.13%
Emergency Preparedness	4275750403		451.72%	71.88%
Total			**1594.28%**	**1039.24%**

Description	Code		2nd Quarter 08-09 Absolute Change RMSS %	2nd Quarter 09-10 Absolute Change RMSS %
Dept of Community Health	4275750406		100.00%	59.85%
Division of Family & Children Services	4275750413		5.93%	67.33%
Office of Regulatory Services	4275750414		61.96%	49.62%
Division of Public Health	4275750422		5.28%	90.12%
Child Support Services	4275750423		17.84%	23.54%
Division of Aging Services	4275750424		47.49%	10.80%
Division of MH/DD/AD	4275750428		23.13%	37.40%
Southwestern State Hospital	4275750431		32.65%	100.00%
Northwest GA Reg Hospital	4275750432		27.63%	51.52%
West Central State Hospital	4275750433		400.00%	67.88%
GA Reg Hospital @ Atlanta	4275750434		42.11%	59.85%
GA Reg Hospital @ Savannah	4275750436		32.65%	100.00%
East Central GA Reg Hospital	4275750437		27.63%	19.39%
Central State Hospital	4275750438		1.23%	27.58%

Office of Investigative Services	4275750443		204.62%	73.23%
Gov Coun on Dev Disabilities	4275750477		100.00%	59.09%
Children Initiative/Family Connection	4275750403		100.00%	59.09%
Emergency Preparedness	4275750403		15.38%	83.64%
Total			**1245.54%**	**1039.90%**

			3rd Quarter	
			08-09	09-10
Description	**Code**		**Absolute Change RMSS %**	**Absolute Change RMSS %**
Dept of Community Health	4275750406		29.53%	123.81%
Division of Family & Children Services	4275750413		0.55%	55.73%
Office of Regulatory Services	4275750414		41.61%	58.29%
Division of Public Health	4275750422		9.68%	96.02%
Child Support Services	4275750423		29.49%	88.91%
Division of Aging Services	4275750424		65.29%	333.52%
Division of MH/DD/AD	4275750428		54.99%	16.41%
Southwestern State Hospital	4275750431		133.33%	79.29%
Northwest GA Reg Hospital	4275750432		100.00%	0.00%
West Central State Hospital	4275750433		100.00%	16.19%
GA Reg Hospital @ Atlanta	4275750434		83.25%	100.00%
GA Reg Hospital @ Savannah	4275750436		16.67%	17.14%
East Central GA Reg Hospital	4275750437		53.02%	58.57%
Central State Hospital	4275750438		84.69%	61.92%
Office of Investigative Services	4275750443		41.61%	72.04%
Gov Coun on Dev Disabilities	4275750477		250.00%	100.00%
Children Initiative/Family Connection	4275750403		0.00%	0.00%
Emergency Preparedness	4275750403		133.33%	37.14%
Total			**1227.04%**	**1314.99%**

			4th Quarter	
			08-09	09-10
Description	**Code**		**Absolute Change RMSS %**	**Absolute Change RMSS %**
Dept of Community Health	4275750406		6.88%	16.11%
Division of Family & Children Services	4275750413		21.57%	90.34%
Office of Regulatory Services	4275750414		84.68%	94.92%
Division of Public Health	4275750422		0.62%	94.92%
Child Support Services	4275750423		15.60%	87.12%
Division of Aging Services	4275750424		39.22%	29.10%
Division of MH/DD/AD	4275750428		57.69%	28.39%

Southwestern State Hospital	4275750431		100.00%	0.00%
Northwest GA Reg Hospital	4275750432		38.02%	27.73%
West Central State Hospital	4275750433		84.38%	50.85%
GA Reg Hospital @ Atlanta	4275750434		5.78%	75.63%
GA Reg Hospital @ Savannah	4275750436		459.38%	67.60%
East Central GA Reg Hospital	4275750437		22.40%	42.28%
Central State Hospital	4275750438		303.13%	62.79%
Office of Investigative Services	4275750443		84.38%	193.22%
Gov Coun on Dev Disabilities	4275750477		100.00%	0.00%
Children Initiative/Family Connection	4275750403		100.00%	0.00%
Emergency Preparedness	4275750403		23.96%	75.63%
Total			**1547.65%**	**1036.63%**

RMSS - Random Moment Sample Study

Criteria: An effective cost allocation plan should produce an efficient and relatively consistent method of allocating costs to help an entity properly record (and plan for future) expenses.

Cause: The deficiencies noted above are the result of the Department's reluctance to analyze and consider alternate cost allocation methodologies, to determine the best method for allocating costs at the Department.

Effect: The Random Moment Sample Study method causes significant delays in determining final quarter end and year end expenditures, and creates the need for “Re-Rate” manual journal entries to address the unpredictable expenditure totals. Additionally, the lag time on completing the cost allocation process does not allow for the submission of final budget amendments by the yearly cut-off deadline.

Recommendation: The Department of Human Services should consider implementing an alternative cost allocation methodology to ensure that the most accurate and efficient methodology available, for the Department's circumstances, is being used.

Finding Control Number: **FA-427-10-03**
CASH MANAGEMENT
Inadequate Procedures Over Cash Draws of Federal Grants
Supplemental Nutrition Assistance Program (CFDA 10.551)
Supplemental Nutrition Assistance Program (CFDA 10.561)
U.S. Department of Agriculture
Temporary Assistance for Needy Families (CFDA 93.558)
Child Support Enforcement (CFDA 93.563)
Low Income Home Energy Assistance Program (CFDA 93.568)
Community Services Block Grant (CFDA 93.569)
Child Care and Development Block Grant (CFDA 93.575)
Child Care and Development Block Grant (CFDA 93.596)
Foster Care (CFDA 93.658)
Community Services Block Grant- ARRA (CFDA 93.710)
U. S. Department of Health and Human Services
Grant Awards: Year 2007 - 2007G991451; 2007G996005; 2007G996115; 2007G999004; 2007G999005; Year 2008 - 2008G991451; 2008G992201; 2008G992212; 2008G994002; 2008G996005; 2008G996115; 2008G999004; 2008G999005; Year 2009 - 2009G9909CS; 2009G991451; 2009G992201; 2009G992212; 2009G994002; 2009G994107; 2009G996005; 2009G996115; 2009G999004; 2009G999005; 2009G99UTRN; Year 2010 - 2010G9910CJ; 2010G9910CS; 2010G9910CU; 2010G992201; 2010G992212; 2010G994002; 2010G994107; 2010G996005; 2010G996115; 2010G999004; 2010G999005; 2010G99UTRK; 5GA400403

Federal Awards Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Condition: Our examination of Cash Management over Federal Financial Assistance Programs disclosed that the Department of Human Services (Department) requested Federal funds in excess of program expenditures. The following table identifies the programs and the number of months with requests in excess of expenditures:

CFDA	Program Name	Number of Months Reimbursements Exceeded Expenditures	Average Balance of Excess Funds On Hand
10.551 & 10.561	Supplemental Nutrition Assistance Program	2	**3,075,877.77**
93.569	Community Services Block Grant	7	**1,333,840.24**
93.710	Community Services Block Grant - AARA	1	**345,731.07**
93.558	Temporary Assistance for Needy Families	7	**28,375,294.74**
93.563	Child Support	6	**8,774,906.30**
93.568	Low Income Home Energy Assistance Program	2	**4,851,881.25**
93.575 & 93.596	Child Care	12	**33,394,729.65**
93.658	Foster Care	3	**8,125,496.51**

Criteria: Code of Federal Regulations Title 31, Chapter II, Part 205.33 indicates that "a State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project."

Information: The separate testing of ARRA funds was only feasible for the Child Care Development Fund and the Community Services Block Grant since separate CFDA numbers were designated exclusively for ARRA funds for these programs. Separate testing of ARRA funds was not possible for the Supplemental Nutrition Assistance Program, Child Support Enforcement, or Foster Care due to the fact that the cash draws for ARRA funds for those programs were not separately stated in the accounting records.

There is a related Financial Statement finding, see number FS-427-10-11.

Cause: The Department's policies and procedures for requesting Federal funds to reimburse program costs were inadequate.

Effect: Failure to draw down Federal funds on an as-needed basis could result in an interest liability being incurred.

Recommendation: The Department of Human Services should review their policies and procedures for requesting Federal funds to ensure that they are adequate to meet cash management objectives. The Department should also review the clearance patterns used for drawing Federal funds to ensure that they are still relevant to current trends.

Finding Control Number: **FA-427-10-04**
MATCHING, LEVEL OF EFFORT, EARMARKING
Internal Control Deficiency
Child Support Enforcement (CFDA 93.563)
U. S. Department of Health and Human Services
Grant Awards: Year 2009 - 2009G9909CS; Year 2010 - 2010G9910CJ; 2010G9910CS

Condition: Our examination included a review of the financial reports (396A & 34A) for the Child Support Enforcement program that were submitted to the Federal awarding agency during FY'10. None of the reports tested had been reconciled back to the general ledger, and were therefore considered invalid. Due to this, the auditor did not have reliable expenditure amounts, so the Matching requirements could not be tested.

Criteria: The Code of Federal Regulations Title 2, section 215.23 states:

"(a) All contributions, including cash and third party in-kind, shall be accepted as part of the recipient's cost sharing or matching when such contributions meet all of the following criteria.

(1) Are verifiable from the recipient's records.

(2) Are not included as contributions for any other federally-assisted project or program.

(3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.

(4) Are allowable under the applicable cost principles.

(5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.

(6) Are provided for in the approved budget when required by the Federal awarding agency."

Cause: The deficiency noted above occurred as a result of the Department's failure to establish internal control procedures to ensure that the financial reports (396A & 34A) for the Child Support Enforcement program are correctly completed, reviewed and tied to the general ledger before submission to the federal grantor agency.

Effect: Failure to reconcile the financial reports for the Child Support Enforcement program to the general ledger resulted in the auditor not having reliable expenditure amounts to use for verifying whether the Matching requirements had been met.

Recommendation: The Department of Human Services should develop appropriate policies and procedures to ensure that the financial reports (396A & 34A) for the Child Support Enforcement program are correctly completed, reviewed, and reconciled to the general ledger prior to submission to the federal grantor agency.

Finding Control Number: **FA-427-10-05**
MATCHING, LEVEL OF EFFORT, EARMARKING
Internal Control Deficiency
Child Care and Development Block Grant (CFDA 93.575)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)
U. S. Department of Health and Human Services
Grant Awards: Year 2007 - 2007G996005; 2007G999004; 2007G999005

Condition: Our examination included a review of the financial reports (ACF-696) for the Child Care Cluster (CCDF) program that were submitted to the Federal awarding agency during FY'10. None of the reports tested had been accurately reconciled back to the general ledger, and were therefore considered invalid. Due to

this, the auditor did not have reliable expenditure amounts, so the Matching, Level of Effort, and Earmarking requirements could not be tested.

Criteria: For Matching the A-133 Compliance Supplement, Section G Matching, Level of Effort, Earmarking states:

> "A State is eligible for Federal matching funds (limit specified in 42 USC 618 and 45 CFR section 98.63) only for those allowable State expenditures that exceed the State's MOE requirement, provided all of the Mandatory Funds (CFDA 93.596) allocated to the State are also obligated by the end of the fiscal year (45 CFR section 98.53).State expenditures will be matched at the Federal Medical Assistance Percentage (FMAP) rate for the applicable fiscal year."

For Level of Effort the A-133 Compliance Supplement, Section G Matching, Level of Effort, Earmarking states:

> "If a State requests Matching Funds (CFDA 93.596), State MOE (non-Federal) funds for child care activities must be expended in the year for which Matching Funds are claimed in an amount that is at least equal to the State's share of expenditures for FY 1994 or 1995 (whichever is greater) under former Sections 402(g) and (i) of the Social Security Act (42 USC 618). Private or public donated funds may be counted as State expenditures for this purpose (45 CFR section 98.53)."

For Earmarking the A-133 Compliance Supplement, Section G Matching, Level of Effort, Earmarking states:

> "Administrative Earmark – A State/Territory may not spend on administrative costs more than five percent of total CCDF awards expended (i.e., the total of CFDAs 93.575,93.596, and 93.713) and any State expenditures for which Matching Funds (CFDA 93.596) are claimed (42 USC 9858c(c)(3)(C); 45 CFR section 98.52)."

> "Quality Earmark – States and Territories must spend on quality and availability activities, as provided in the State/territorial plan, not less than 4 percent of CCDF funds expended (i.e., the total of CFDAs 93.575, 93.596, and 93.713 funds) and any State expenditures for which Matching Funds (CFDA 93.596) are claimed (45 CFR section 98.51)."

Cause: The deficiency noted above occurred as a result of the Department's failure to establish internal control procedures to ensure that the required financial reports (ACF-696) for the Child Care Cluster are correctly completed, reviewed and tied to the general ledger before submission to the federal grantor agency.

Effect: Failure to reconcile the financial reports for the Child Care Cluster program to the general ledger resulted in the auditor not having reliable expenditure amounts to use for verifying whether the Matching, Level of Effort, and Earmarking requirements had been met.

Recommendation: The Department of Human Services should develop appropriate policies and procedures to ensure that the financial reports (ACF-696) for the Child Care Cluster program are correctly completed, reviewed, and reconciled to the general ledger prior to submission to the federal grantor agency.

Finding Control Number: **FA-427-10-06**
MATCHING, LEVEL OF EFFORT, EARMARKING
SPECIAL TESTS AND PROVISIONS
Internal Control Deficiency
Temporary Assistance for Needy Families Cluster (CFDA 93.558 and CFDA 93.714)
U. S. Department of Health and Human Services
Grant Awards: Year 2009 - 2009G991451; 2009G996115; Year 2010 – 2010G991525

Condition: Our examination included a review of the financial reports (ACF-196) for the Temporary Assistance for Needy Families program that were submitted to the Federal awarding agency during FY'10. None of the reports tested had been accurately reconciled back to the general ledger, and were therefore considered invalid. Consequently, the auditor did not have reliable grant expenditure amounts needed for testing of the Level of Effort and Earmarking requirements along with the requirements to determine whether DHS had accurately reported its estimated expenditures/actual (revised) expenditures on Form OFA-100, OMB No. 0970-0366 for DHS' request for TANF Emergency Fund Grants.

Criteria: For Level of Effort - Maintenance of Effort the Code of Federal Regulations Title 45, section 263.2 states:

> "(a)(1) The minimum basic MOE for a fiscal year is 80 percent of a State's historic State expenditures. (2) However, if a State meets the minimum work participation rate requirements in a fiscal year, as required under §§ 261.21 and 261.23 of this chapter, after adjustment for any caseload reduction credit under § 261.41 of this chapter, then the minimum basic MOE for that fiscal year is 75 percent of the State's historic State expenditures."

For Earmarking the A-133 Compliance Supplement, Section G Matching, Level of Effort, Earmarking states:

a. "A State may not spend more than 15 percent for administrative purposes, excluding expenditures for information technology and computerization needed for required tracking and monitoring, of the total combined amounts available under the State family assistance grant, supplemental grant for population increases, contingency funds, and emergency funds (42 USC 604(b)(1) and (2); 45 CFR sections 263.0 and 263.13)."

For TANF Emergency Fund Grants, the A-133 Compliance Supplement, Section N Special Tests and Provisions states:

> "6. TANF Emergency Fund Grants – FY 2009 and FY 2010 Compliance Requirement - Three different categories of TANF Emergency Fund grants are available to States, Territories, and Tribes operating TANF programs (referred to collectively as ―jurisdictions') for FY 2009 and FY 2010 (42 USC 603(c), as added by Section 2101 of ARRA). Jurisdictions may apply for and receive funds on a quarterly basis under any or all of the three categories described below, if the jurisdiction meets the conditions of the grant category. :

b. Grant Related to Increased Expenditures for Non-Recurrent Short-Term Benefits: The jurisdiction's expenditures for non-recurrent short-term benefits in a quarter are higher than its expenditures for such benefits in the corresponding quarter of the TANF Emergency Fund base year (FY 2007 or 2008, whichever year has lower non-recurrent short-term benefit expenditures). ―Non-recurrent short-term benefits are defined at 45 CFR section 260.31(b)(1) for States and Territories, and at 45 CFR section 286.10(b)(1) for Tribes.

c. Grant Related to Increased Expenditures for Subsidized Employment: The jurisdiction's expenditures for subsidized employment in a quarter are higher than such expenditures in the corresponding quarter of the TANF Emergency Fund base year (FY 2007 or 2008, whichever year has lower subsidized employment expenditures). Subsidized employment refers to ―work subsidies, as defined at 45 CFR section 260.31(b)(2) for States and Territories, and at 45 CFR section 286.10(b)(2) for Tribes."

Cause: The deficiency noted above occurred as a result of the Department's failure to establish internal control procedures to ensure that the financial reports (ACF-196) for the Temporary Assistance for Needy Families program are correctly completed, reviewed and tied to the general ledger before submission to the federal grantor agency.

Effect: Failure to reconcile the financial reports for the Temporary Assistance for Needy Families program to the general ledger resulted in the auditor not having reliable grant expenditure amounts to use for verifying whether the Level of Effort and Earmarking requirements had been met. In addition, it resulted in the auditor not being able to verify that DHS had accurately reported their estimated expenditures/actual (revised) expenditures for base years 2007 and 2008 on Form OFA-100, OMB No. 0970-0366.

Recommendation: The Department of Human Services should develop appropriate policies and procedures to ensure that the financial reports (ACF-196) for the Temporary Assistance for Needy Families program are correctly completed, reviewed, and reconciled to the general ledger prior to submission to the federal grantor agency.

Finding Control Number: **FA-427-10-07**
MATCHING, LEVEL OF EFFORT, EARMARKING
Internal Control Deficiency
State Administrative Matching Grants for Food Stamp Program (CFDA 10.561)
U. S. Department of Agriculture
Grant Awards: Year 2009 - 5GA400403; 5GA430413

Condition: Our examination included a review of the financial reports (SF-269) for the State Administrative Matching Grants For The Supplemental Nutrition Assistance (SNAP) program that were submitted to the Federal awarding agency during FY'10. None of the reports tested had been reconciled back to the general ledger, and were therefore considered invalid. Due to this, the auditor did not have reliable expenditure amounts, so the Matching requirements could not be tested.

Criteria: For Matching the A-133 Compliance Supplement, Section G Matching, Level of Effort, Earmarking states:

> "The State is required to pay 50 percent of the costs of administering the program. An exception to the 50 percent reimbursement rate is 100 percent grants to administer the Employment and Training Program (7 CFR section 277.4(b))"

Cause: The deficiency noted above occurred as a result of the Department's failure to establish internal control procedures to ensure that the financial reports (SF-269) for the State Administrative Matching Grants For The Supplemental Nutrition Assistance program are correctly completed, reviewed and tied to the general ledger before submission to the federal grantor agency.

Effect: Failure to reconcile the financial reports for the State Administrative Matching Grants for the Supplemental Nutrition Assistance program to the general ledger resulted in the auditor not having reliable expenditure amounts to use for verifying whether the Matching requirements had been met.

Recommendation: The Department of Human Services should develop appropriate policies and procedures to ensure that the financial reports (SF-269) for the State Administrative Matching Grants for the Supplemental Nutrition Assistance program are correctly completed, reviewed, and reconciled to the general ledger prior to submission to the federal grantor agency.

Finding Control Number: **FA-427-10-08**
MATCHING, LEVEL OF EFFORT, EARMARKING
Internal Control Deficiency
Community Services Block Grant (CFDA 93.569)
Community Services Block Grant- ARRA (CFDA 93.710)
U. S. Department of Health and Human Services
Grant Awards: Year 2008 - 2008G994002; Year 2009 - 2009G994002; 2009G99UTRN

Condition: Our examination included a review of the financial reports (SF-269A) for the Community Services Block Grant (CSBG) program that were submitted to the Federal awarding agency during FY'10. None of the reports tested had been accurately reconciled back to the general ledger, and were therefore considered

invalid. Due to this, the auditor did not have reliable expenditure amounts, so the Earmarking requirements could not be tested.

Criteria: For Earmarking the A-133 Compliance Supplement, Section G Matching, Level of Effort, Earmarking states:

a. "A State may not spend more than 15 percent for administrative purposes, excluding expenditures for information technology and computerization needed for required tracking and monitoring, of the total combined amounts available under the State family assistance grant, supplemental grant for population increases, contingency funds, and emergency funds (42 USC 604(b)(1) and (2); 45 CFR sections 263.0 and 263.13)."

Cause: The deficiency noted above occurred as a result of the Department's failure to establish internal control procedures to ensure that the financial reports (SF-269) for the CSBG program are correctly completed, reviewed and tied to the general ledger before submission to the federal grantor agency.

Effect: Failure to reconcile the financial reports for the CSBG program to the general ledger resulted in the auditor not having reliable expenditure amounts to use for verifying whether the Earmarking requirements had been met.

Recommendation: The Department of Human Services should develop appropriate policies and procedures to ensure that the financial reports (SF-269) for the CSBG program are correctly completed, reviewed, and reconciled to the general ledger prior to submission to the federal grantor agency.

Finding Control Number: **FA-427-10-09**
PERIOD OF AVAILABILITY OF FEDERAL FUNDS
Expenditures Charged Outside Period of Availability
Community Services Block Grant (CFDA 93.569)
U. S. Department of Health and Human Services
Grant Award: Year 2008 - 2008G994002

Condition: A review of the Georgia Department of Human Services' (DHS) Community Services Block Grant (CSBG) program revealed expenditures that were charged outside the period of availability. The most recent fund source that was closed completely, during the year under review, DHS had continued to charge expenditures to this fund source after September 30, 2009. Of the ten (10) expenditures selected for testing, five (5) expenditures were for obligations which had not occurred within the period of availability, and payments for six (6) expenditures, were not within the liquidation period.

Criteria: Per the Office of Management and Budget (OMB) A-133 compliance supplement:

'Amounts unobligated by the State at the end of the fiscal year in which they were first allotted shall remain available for obligation during the succeeding fiscal year (45 CFR section 96.14(a)).'

Each federal grant period has a two year window in which expenditures can be obligated. DHS maintains a policy that after obligation, the balance must be paid within three months of the end of the obligation period. For the federal fiscal year 2008 grant period, this means that all expenditures must be liquidated by December 31, 2009.

Questioned Costs: $10,493.83

Cause: The deficiencies noted above occurred as a result of the Department's failure to establish adequate internal control policies and procedures for recording Community Services Block Grant Cluster program expenditures to the proper grant periods, and paying program expenditures within the correct liquidation period.

Effect: Failure to develop adequate policies and procedures results in noncompliance with Federal compliance requirements. In addition, charging expenditures to the incorrect period can result in the over/under statement of expenditures.

Recommendation: The Department of Human Services should develop appropriate policies and procedures to ensure that Federal expenditures for the Community Services Block Grant Cluster program are recorded in accordance with period of availability requirements, and paid out within the liquidation period.

Finding Control Number: **FA-427-10-10**
PROCUREMENT AND SUSPENSION AND DEBARMENT
Failure to follow Procurement and Suspension and Debarment Regulations
Temporary Assistance for Needy Families (CFDA 93.558)
Child Support Enforcement (CFDA 93.563)
Foster Care_Title IV-E (CFDA 93.658)
Adoption Assistance (CFDA 93.659)
U. S. Department of Health and Human Services
Grant Awards: Year 2008 - 2008G991451; 2008G996115; Year 2009 - 2009G9909CS; 2009G994107; 2009G994110

Condition: The Department of Human Services lacked adequate internal controls related to procurement and suspension and debarment. Of twenty four (24) contracts reviewed, six (6) contracts had not been monitored appropriately using the E-Procurement System.

Criteria: The Office of Management of Budget Circular A-133 (Compliance Supplement Section I) requires that agencies conform to applicable Federal laws and regulations and other standards identified in the A-102 Common Rule. In addition, the Compliance Supplement also instructs states to use the same policies and procedures used for procurement from non-Federal funds. The procurement policies and procedures for Georgia are located in the Georgia Procurement Manual.

Cause: The Department failed to implement adequate internal controls related to procurement and suspension and debarment in accordance with Federal and State guidelines.

Effect: Failure to implement adequate internal controls related to procurement and suspension and debarment causes the Department unnecessary financial risk due to the fact that they are not properly monitoring contracts, and may be contracting with entities that have been suspended or debarred by the Federal government.

Recommendation: The Department of Human Services should implement policies and procedures to ensure that proper procedures are understood and followed related to procurement. All contracts should be monitored using the E-Procurement System on a yearly basis.

Finding Control Number: **FA-427-10-11**
PROGRAM INCOME
Internal Control Deficiency
Child Support Enforcement (CFDA 93.563)
U. S. Department of Health and Human Services
Grant Awards: Year 2009 - 2009G9909CS; Year 2010 - 2010G9910CJ; 2010G9910CS

Condition: Our examination included a review of the financial reports (396A & 34A) for the Child Support Enforcement program that were submitted to the Federal awarding agency during FY'10. None of the reports tested had been reconciled back to the general ledger, and were therefore considered invalid. Due to this, the auditor did not have reliable program income amounts, so the Program Income requirements could not be tested.

Criteria: The Code of Federal Regulations Title 2, section 215.24 states

"(b) ...program income earned during the project period shall be retained by the recipient and, in accordance with Federal awarding agency regulations or the terms and conditions of the award, shall be used in one or more of the ways listed in the following.

(1) Added to funds committed to the project by the Federal awarding agency and recipient and used to further eligible project or program objectives.

(2) Used to finance the non-Federal share of the project or program.

(3) Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of costs is based."

Cause: The deficiency noted above occurred as a result of the Department's failure to establish internal control procedures to ensure that the financial reports (396A & 34A) for the Child Support Enforcement program are correctly completed, reviewed and tied to the general ledger before submission to the federal grantor agency.

Effect: Failure to reconcile the financial reports for the Child Support Enforcement program to the general ledger resulted in the auditor not having reliable program income amounts to use for verifying whether the Program Income requirements had been met.

Recommendation: The Department of Human Services should develop appropriate policies and procedures to ensure that the financial reports (396A & 34A) for the Child Support Enforcement program are correctly completed, reviewed, and reconciled to the general ledger prior to submission to the federal grantor agency.

Finding Control Number: **FA-427-10-12**
REPORTING
Internal Control Deficiencies
Community Services Block Grant (CFDA 93.569)
Community Services Block Grant-American Recovery and Reinvestment Act (CFDA 93.710)
U. S. Department of Health and Human Services
Grant Awards: Year 2008 - 2008G994002; Year 2009 - 2009G994002; 2009G99UTRN

Condition: Our examination included a review of the financial reports for the Community Services Block Grant program (CSBG). The auditor tested both the FY2008 and the FY2009 annual Financial Reports (SF-269A), submitted during the period under review. Each of the reports required reconciliations in order to tie them to the accounting records. The following deficiencies were identified:

For the FY2008 report, the auditor identified four (4) items with an absolute dollar value of $640,359.47 that had not been corrected on the general ledger by June 30, 2010.

For the FY2009 report, the auditor identified four (4) items with an absolute dollar value of $640,359.47 that had not been corrected on the general ledger by June 30, 2010.

In addition, to the exceptions noted above, the reports were not submitted until four months after the required due dates.

Criteria: Per Title 2 Section 215.21 of the Code of Federal Regulations (2 CFR 215.21):

"(b) Recipients' financial management systems shall provide for the following.

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Sec. 215.52."

Cause: The deficiencies noted above occurred as a result of the Department's failure to implement adequate policies and procedures to ensure that all reconciling items are posted to the general ledger in a timely manner, and that reports are submitted to the awarding agency by the due dates.

Effect: Failure to ensure that reconciling items are posted to the general ledger in a timely manner could result in the submission of inaccurate and/or incomplete federal financial reports. Failure to submit the financial reports within the required timeframe could result in noncompliance with Federal program regulations. As a result of these deficiencies and Federal Award finding number FA-427-10-1, we can offer no assurances on the SF-269A CSBG reports.

Recommendation: The Department of Human Services should implement additional policies and procedures to ensure that all reconciling items for the SF-269A Community Services Block Grant reports are posted to the general ledger in a timely manner, and that the reports are submitted within the required timeframe.

Finding Control Number: **FA-427-10-13**
REPORTING
Internal Control Deficiency
Temporary Assistance for Needy Families (CFDA 93.558)
Temporary Assistance for Needy Families-ARRA (CFDA 93.714)
U. S. Department of Health and Human Services
Grant Awards: Year 2007 - 2007G991451; 2007G996115; Year 2008 - 2008G991451; 2008G996115;
Year 2009 - 2009G991451; 2009G996115; Year 2010 - 2010G9910CU; 2010G991525; 2010G996115

Condition: Our examination included a review of the financial reports (ACF-196) for the Temporary Assistance for Needy Families program (TANF) that were submitted to the Federal awarding agency.

For State Fiscal Year 2010, only reports submitted for the Quarters ending 9/30/2009 and 3/31/2010 were selected for testing.

For the quarter ending 9/30/2009, DHS submitted five quarterly ACF-196 financial reports for TANF Grant Years 2005 through 2009 (one for each Grant Year). Of those, the auditor selected the ACF-196 financial reports for TANF Grant Years 2007, 2008 and 2009 for testing.

For the quarter ending 3/31/2010, DHS submitted six quarterly ACF-196 financial reports for TANF Grant Years 2005 through 2010 (one for each Grant Year). Of those, the auditor selected the ACF-196 financial reports for TANF Grant Years 2008, 2009 and 2010 for testing.

Each of the ACF-196 financial reports requires a reconciliation in order to tie it back to the accounting records. The auditor requested that DHS provide the documentation showing that the reconciling items had been corrected, specifically the journal entry that was made to correct the reconciling item on the general ledger (PeopleSoft). As noted in the information section of this finding, the auditor was informed that a number of reconciling items had not been corrected as of June 30, 2010. The following deficiencies were noted:

For the Quarter ended 9/30/2009:

1. On the TANF Grant FFY 2007 ACF-196 financial report, the auditor identified six (6) items with an absolute dollar value of $7,588,780.81 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

2. On the TANF Grant FFY 2008 ACF-196 financial report, the auditor identified thirteen (13) items with an absolute dollar value of $1,006,813.53 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

3. On the TANF Grant FFY 2009 ACF-196 financial report, the auditor identified thirty-three (33) items with an absolute dollar value of $6,369,110.82 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

For the Quarter ended 3/31/2010:

1. On the TANF Grant FFY 2008 ACF-196 financial report, the auditor identified eight (8) items with an absolute dollar value of $388,829.76 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

2. On the TANF Grant FFY 2009 ACF-196 financial report, the auditor identified twenty-three (23) items with an absolute dollar value of $25,301,117.89 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

3. On the TANF Grant FFY 2010 ACF-196 financial report, the auditor identified ten (10) items with an absolute dollar value of $13,113,714.63 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made

Criteria: Per Title 2 Section 215.21 of the Code of Federal Regulations (2 CFR 215.21):

"(b) Recipients' financial management systems shall provide for the following.

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Sec. 215.52."

Information: During inquiries about the reconciling items, the auditee explained that PeopleSoft is the book of record, but that the Grants Accounting Reporting System (GARS) is used for preparing the federal ACF-196 financial reports, since it pulls the data off PeopleSoft, and organizes it into the required reporting categories.

The financial reporting personnel review the GARS data, and based on their understanding of the programs, they make multiple changes in GARS before submitting the reports. For example, if contracts are written with incorrect project or program codes, then the financial reporting personnel make entries to move the expenditures to the correct project, program, and/or CFDA.

The financial reporting personnel also make corrections for EBT transactions uploaded from the DFCS offices and Grant-In-Aid, that the financial reporting personnel determine to be in incorrect project codes. In order for the financial reporting personnel to make these corrections on the general ledger (PeopleSoft), they request supporting documentation from the DFCS offices and Grant-In-Aid. Historically, they have not provided the required support to the reporting personnel, and therefore, the corrections have not been made on the general ledger (PeopleSoft).

In addition, the Budget department submits remax of benefits request memos. The financial reporting personnel make the entries in GARS. DHS was not able to provide the journal entry documentation for the majority of these reconciling items. For the journal entries that were provided, many had already been determined to be invalid based on journal entry testing done in the General Matters section of the Federal Program audit plan.

The other main type of reconciling item is for Cost Allocation issues. For the majority of those reconciling items, DHS was unable to provide evidence of having made the correcting journal entries on the general ledger (PeopleSoft).

Duplicate entries on the general ledger (PeopleSoft) are another issue that the financial reporting personnel correct for. None of the duplicate entries identified had been corrected.

In addition, there were several reconciling items that had not been adequately described. Some of the reconciling items have been outstanding for over one year.

Cause: The deficiencies noted above occurred as a result of the Department's failure to verify that reconciling items are valid before submitting Federal ACF-196 Financial Reports, and the failure to implement adequate policies and procedures to ensure that all reconciling items are posted to the general ledger in a timely manner.

Effect: Failure to verify the validity of reconciling items and the failure to ensure that reconciling items are posted to the general ledger in a timely manner could result in the submission of inaccurate and/or incomplete federal financial reports. As a result of this deficiency and Federal Award finding number FA-427-10-1, we can offer no assurances on the ACF-196 TANF reports.

Recommendation: The Department of Human Services should implement additional policies and procedures to ensure that all reconciling items are valid before submitting the ACF-196 financial reports to the federal grantor agencies, and to ensure that reconciling items are posted to the general ledger in a timely manner.

Finding Control Number: **FA-427-10-14**
REPORTING
Internal Control Deficiencies
Child Care Development Block Grant (CFDA 93.575)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CFDA 93.596)
Child Care and Development Block Grant-ARRA (CFDA 93.713)
U. S. Department of Health and Human Services
Grant Awards: Year 2007 - 2007G996005; 2007G999004; 2007G999005; Year 2008 - 2008G996005; 2008G999004; 2008G999005; Year 2009 - 2009G996005; 2009G999004; 2009G999005; 2009G99UTRU; Year 2010 - 2010G996005; 2010G999004; 2010G999005

Condition: Our examination included a review of the financial reports (ACF-696)for the Child Care and Development Fund program (CCDF) that were submitted to the Federal awarding agency.

For State Fiscal Year 2010, only reports submitted for the Quarters ending 9/30/2009 and 3/31/2010 were selected for testing.

For the quarter ending 9/30/2009, DHS submitted three quarterly ACF-696 financial reports for CCDF Grant Years 2007 through 2009 (one for each Grant Year). The auditor tested each of the three quarterly ACF-696 financial reports.

For the quarter ending 3/31/2010, DHS submitted three quarterly ACF-696 financial reports for CCDF Grant Years 2008 through 2010 (one for each Grant Year). The auditor tested each of the three quarterly ACF-696 financial reports.

Each of the ACF-696 financial reports requires a reconciliation in order to tie it back to the accounting records. The auditor requested that DHS provide the documentation showing that the reconciling items had been corrected, specifically the journal entry that was made to correct the reconciling item on the general ledger (PeopleSoft). As noted in the information section of this finding, the auditor was informed that a number of reconciling items had not been corrected as of June 30, 2010. The following deficiencies were noted:

For the Quarter ended 9/30/2009:

1. On the CCDF Grant FFY 2007 ACF-696 financial report, the auditor identified six (6) items with an absolute dollar value of $45,207,894.73 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

2. On the CCDF Grant FFY 2008 ACF-696 financial report, the auditor identified eight (8) items with an absolute dollar value of $11,858,034.10 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

3. On the CCDF Grant FFY 2009 ACF-696 financial report, the auditor identified fifteen (15) items with an absolute dollar value of $49,549,725.55 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

For the Quarter ended 3/31/2010:

1. On the CCDF Grant FFY 2008 ACF-696 financial report, the auditor identified eleven (11) items with an absolute dollar value of $17,008,732.20 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

2. On the CCDF Grant FFY 2009 ACF-696 financial report, the auditor identified nineteen (19) items with an absolute dollar value of $11,187,726.74 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

3. On the CCDF Grant FFY 2010 ACF-696 financial report, the auditor identified three (3) items with an absolute dollar value of $45,578.19 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

Criteria: Per Title 2 Section 215.21 of the Code of Federal Regulations (2 CFR 215.21):

"(b) Recipients' financial management systems shall provide for the following.

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Sec. 215.52."

Information: During inquiries about the reconciling items, the auditee explained that PeopleSoft is the book of record, but that the Grants Accounting Reporting System (GARS) is used for preparing the federal ACF-696 financial reports, since it pulls the data off PeopleSoft, and organizes it into the required reporting categories.

The financial reporting personnel review the GARS data, and based on their understanding of the programs, they make multiple changes in GARS before submitting the reports. For example, if contracts are written with incorrect project or program codes, then the financial reporting personnel make entries to move the expenditures to the correct project, program, and/or CFDA.

The financial reporting personnel also make corrections for EBT transactions uploaded from the DFCS offices and Grant-In-Aid, that the financial reporting personnel determine to be in incorrect project codes. In order for the financial reporting personnel to make these corrections on the general ledger (PeopleSoft), they request supporting documentation from the DFCS offices and Grant-In-Aid. Historically, they have not provided the required support to the reporting personnel, and therefore, the corrections have not been made on the general ledger (PeopleSoft).

In addition, the Budget department submits remax of benefits request memos. The financial reporting personnel make the entries in GARS. DHS was not able to provide the journal entry documentation for the majority of these reconciling items. For the journal entries that were provided, many had already been determined to be invalid based on journal entry testing done in the General Matters section of the Federal Program audit plan.

The other main type of reconciling item is for Cost Allocation issues. For the majority of those reconciling items, DHS was unable to provide evidence of having made the correcting journal entries on the general ledger (PeopleSoft).

Duplicate entries on the general ledger (PeopleSoft) are another issue that the financial reporting personnel correct for. None of the duplicate entries identified had been corrected.

In addition, there were several reconciling items that had not been adequately described. Some of the reconciling items have been outstanding for over one year.

Cause: The deficiencies noted above occurred as a result of the Department's failure to verify that reconciling items are valid, before submitting Federal ACF-696 Financial Reports, and the failure to implement adequate policies and procedures to ensure that all reconciling items are posted to the general ledger in a timely manner.

Effect: Failure to verify the validity of reconciling items and the failure to ensure that reconciling items are posted to the general ledger in a timely manner could result in the submission of inaccurate and/or incomplete federal financial reports. As a result of these deficiencies and Federal Award finding number FA-427-10-1, we can offer no assurances on the ACF-696 Child Care and Development Fund program reports.

Recommendation: The Department of Human Services should implement additional policies and procedures to ensure that all reconciling items are valid before submitting the ACF-696 financial reports to the federal grantor agencies, and to ensure that reconciling items are posted to the General Ledger in a timely manner.

Finding Control Number: **FA-427-10-15**
REPORTING
Internal Control Deficiencies
State Administrative Matching Grants for Food Stamp Program (CFDA 10.561)
U. S. Department of Agriculture
Grant Awards: Year 2009 - 5GA400403; 5GA430413; Year 2010 - 5GA400403; 5GA420413; 5GA430423

Condition: Our examination included a review of the financial reports (SF-269)for the Supplemental Nutrition Assistance Program (SNAP) that were submitted to the Federal Awarding Agency.

For State Fiscal Year 2010, only reports submitted for the Quarters ending 9/30/2009 and 3/31/2010 were selected for testing.

For the quarter ending 9/30/2009, DHS submitted one quarterly SF-269 report for the SNAP Grant. This report was for the 2009 Grant Year. This was the report selected for testing.

For the quarter ending 3/31/2010, DHS submitted one quarterly SF-269 report for the SNAP Grant. This report was for the 2010 Grant Year. This was the report selected for testing.

Each of the SF-269 reports requires a reconciliation in order to tie it back to the accounting records. The auditor requested that DHS provide the documentation showing that the reconciling items had been corrected, specifically the journal entry that was made to correct the reconciling item on the general ledger (PeopleSoft). As noted in the information section of this finding, the auditor was informed that a number of reconciling items had not been corrected as of June 30, 2010. The following deficiencies were noted:

For the Quarter ended 9/30/2009:

1. On the SNAP Grant FFY 2009 SF-269 financial report, the auditor identified eleven (11) items with an absolute dollar value of $2,178,825.53 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

For the Quarter ended 3/31/2010:

1. On the SNAP Grant FFY 2010 SF-269 financial report, the auditor identified twelve (12) items with an absolute dollar value of $91,430.08 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

Criteria: Per Title 2 Section 215.21 of the Code of Federal Regulations (2 CFR 215.21):

"(b) Recipients' financial management systems shall provide for the following.

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Sec. 215.52."

Information: During inquiries about the reconciling items, the auditee explained that PeopleSoft is the book of record, but that the Grants Accounting Reporting System (GARS) is used for preparing the federal SF-269 financial reports, since it pulls the data off PeopleSoft, and organizes it into the required reporting categories.

The financial reporting personnel review the GARS data, and based on their understanding of the programs, they make multiple changes in GARS before submitting the reports. For example, if contracts are written with incorrect project or program codes, then the financial reporting personnel make entries to move the expenditures to the correct project, program, and/or CFDA.

The financial reporting personnel also make corrections for EBT transactions uploaded from the DFCS offices and Grant-In-Aid, that the financial reporting personnel determine to be in incorrect project codes. In order for the financial reporting personnel to make these corrections on the general ledger (PeopleSoft), they request supporting documentation from the DFCS offices and Grant-In-Aid. Historically, they have not provided the required support to the reporting personnel, and therefore, the corrections have not been made on the general ledger (PeopleSoft).

In addition, the Budget department submits remax of benefits request memos. The financial reporting personnel make the entries in GARS. DHS was not able to provide the journal entry documentation for the majority of these reconciling items. For the journal entries that were provided, many had already been determined to be invalid based on journal entry testing done in the General Matters section of the Federal Program audit plan.

The other main type of reconciling item is for Cost Allocation issues. For the majority of those reconciling items, DHS was unable to provide evidence of having made the correcting journal entries on the general ledger (PeopleSoft).

In addition, there were several reconciling items that had not been adequately described. Some of the reconciling items have been outstanding for over one year.

Cause: The deficiencies noted above occurred as a result of the Department's failure to verify that reconciling items are valid, before submitting Federal SF-269 Financial Reports, and the failure to implement adequate policies and procedures to ensure that all reconciling items are posted to the general ledger in a timely manner.

Effect: Failure to verify the validity of reconciling items and the failure to ensure that reconciling items are posted to the general ledger in a timely manner could result in the submission of inaccurate and/or incomplete federal financial reports. As a result of these deficiencies and Federal Award finding number FA-427-10-01, we can offer no assurances on the SF-269 Supplemental Nutrition Assistance Program reports.

Recommendation: The Department of Human Services should implement additional policies and procedures to ensure that all reconciling items are valid before submitting the SF-269 financial reports to the federal grantor agencies, and to ensure that reconciling items are posted to the general ledger in a timely manner.

Finding Control Number: **FA-427-10-16**
REPORTING
Internal Control Deficiencies
Child Support Enforcement (CFDA 93.563)
U. S. Department of Health and Human Services
Grant Awards: Year 2009 - 2009G9909CS; Year 2010 - 2010G9910CJ; 2010G9910CS

Condition: Our examination included a review of the financial reports (396A and 34A) for the Child Support Enforcement program (CSE), that were submitted to the Federal awarding agency, during the period under review.

The auditor tested the quarters ending 6/30/2009 for federal fiscal year 2009 and the quarters ending 9/30/2009, 12/31/2009, and 3/31/2010 for federal fiscal year 2010. No reconciliations had been performed for any of the reports submitted, and the auditor was unable to independently reconcile the reports back to the general ledger.

All of the Federal Financial Reports' showed evidence of consistent review sign offs by a supervisor, but since the supporting documentation included no reconciliations between the report and the general ledger, they could not have been reviewed for accuracy and completeness.

Criteria: Per Title 2 Section 215.21 of the Code of Federal Regulations (2 CFR 215.21):

"(b) Recipients' financial management systems shall provide for the following.

1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Sec. 215.52."

Cause: The deficiencies noted above occurred as a result of the Department's failure to properly review the Federal reports to ensure they had been reconciled to the general ledger before submission to the federal grantor agency.

Effect: Failure to reconcile the Federal reports to the general ledger before submission to the federal grantor agency could result in the submission of inaccurate and/or incomplete federal financial reports. As a result of these deficiencies and Federal Award finding number FA-427-10-1, we can offer no assurances on the 396A and 34A Child Support Enforcement reports.

Recommendation: The Department of Human Services should implement additional policies and procedures to ensure that Federal reports are reconciled to the general ledger and properly reviewed and approved before submission to the federal grantor agency.

Finding Control Number: **FA-427-10-17**
REPORTING
Internal Control Deficiency/Noncompliance with Federal Program Regulations
Low-Income Home Energy Assistance (CFDA 93.568)
U. S. Department of Health and Human Services
Grant Awards: Year 2009 - 2009G992201; 2009G992212

Condition: Our examination of the fiscal year 2009 Carryover and Re-allotment Report for the Low Income Home Energy Assistance program (LIHEAP), revealed that LIHEAP personnel were unable to provide any supporting documentation for the amount reported as the unobligated balance. Further inquiry of the Director of the Office of Financial Services (OFS), revealed that the $2,082,582 reported as the unobligated balance was significantly below the $7,739,025 amount determined by OFS to be the correct unobligated balance.

Criteria: Per the Office of Management and Budget (OMB) A-133 compliance supplement:

'LIHEAP Carryover and Reallotment Report (OMB No. 0970-0106) – Grantees must submit a report no later than August 1 indicating the amount expected to be carried forward for obligation in the following fiscal year and the planned use of those funds. Funds in excess of the maximum carryover limit are subject to re-allotment to other LIHEAP grantees in the following fiscal year, and must also be reported (42 USC 8626).'

Cause: The deficiency noted above was the result of the Department's failure to establish policies and procedures to ensure appropriate review and approval of the Carryover and Re-allotment Report, and to ensure that the amounts reported were accurately calculated and supported by the accounting records.

Effect: Failure to establish adequate policies and procedures could result in the submission of inaccurate and/or incomplete special reports.

Recommendation: The Department of Human Services should establish policies and procedures to ensure that amounts reported on the Carryover and Re-allotment Report are calculated accurately, supported by the accounting records, and are appropriately reviewed and approved, before submission to the federal grantor agency.

Finding Control Number: **FA-427-10-18**
REPORTING
Internal Control Deficiency/Noncompliance with Federal Program Regulations
Temporary Assistance for Needy Families (CFDA 93.558)
U. S. Department of Health and Human Services
Grant Awards: Year 2009 - 2009G991451; 2009G996115

Condition: The Department of Human Services (Department) failed to complete and submit the Federal Fiscal Year 2009 Annual Report on Temporary Assistance for Needy Families (TANF) Maintenance of Effort (MOE) (ACF-204) in a timely manner. The report was submitted on October 20, 2010, which was nine months after the due date of December 31, 2009.

Criteria: According to the Code of Federal Regulations, Title 45, Section 265.10 the annual report is due, "The annual report required by § 265.9 is due at the same time as the fourth quarter TANF Data Report." Per the Code of Federal Regulations, Title 45, Section 265.4 the quarterly reports are due "…within 45 days following the end of the quarter…" Further per the Code of Federal Regulations, Title 45, Section 265.8 part c, "We will not impose the penalty at § 262.1(a)(3) of this chapter if the State files the complete and accurate quarterly report or the annual report before the end of the fiscal quarter that immediately succeeds the fiscal quarter for which the reports were required." This would mean the annual report is due December 31 of the FFY being reported.

Cause: The deficiency noted above occurred as a result of the Department's failure to establish internal control procedures to ensure that the Annual Report (ACF-204) for Temporary Assistance for Needy Families (TANF) program was completed and submitted by December 31.

Effect: Failure to complete and submit the annual report for Temporary Assistance for Needy Families program within the required time frame resulted in noncompliance with Federal program regulations for special reporting.

Recommendation: The Department of Human Services should implement policies and procedures to ensure that the annual ACF-204 report is properly completed, reviewed, and submitted within the required time frame.

Finding Control Number: **FA-427-10-19**
SUBRECIPIENT MONITORING
Deficiencies in Sub-recipient Monitoring Procedures
Child Support Enforcement (CFDA 93.563)
Low-Income Home Energy Assistance (CFDA 93.568)
Community Services Block Grant (CFDA 93.569)
U. S. Department of Health and Human Services
Grant Awards: Year 2008 - 2008G992201; 2008G992212; 2008G994002; Year 2009 - 2009G9909CS; 2009G992201; 2009G992212; 2009G994002; Year 2010 - 2010G9909CS; 2010G9910CJ

Condition: During the fiscal year 2010 examination of the Georgia Department of Human Services (DHS), the following issues, related to subrecipient monitoring, were noted in the Community Services Block Grant Cluster program (CSBG), the Low Income Home Energy Assistance Program (LIHEAP), and the Child Support Enforcement program (CSE):

For the CSBG program:

1. Four (4) of the twenty-four (24) subrecipients had failed to submit A-133 audit reports within the required time frame.

2. DHS had failed to issue a management decision on findings noted within the required time frame for one (1) of the subrecipients.

3. DHS had failed to send out a delinquency letter for one (1) of the four (4) sub-recipients that had failed to submit their required audits.

For the LIHEAP program:

1. Two (2) of the nineteen (19) subrecipients had failed to submit A-133 audit reports within the required time frame.

2. DHS failed to issue a management decision on findings noted within the required time frame for one (1) of the subrecipients.

3. DHS had failed to send out a delinquency letter for one (1) of the two (2) subrecipients that had failed to submit their required audits.

For the CSE program:

1. One (1) of the eight (8) subrecipients had failed to submit an A-133 audit report within the required time frame.

2. DHS had failed to properly review and approve the audit work papers for the one (1) subrecipient.

3. DHS had failed to send out a delinquency letter for the one (1) subrecipient that had failed to submit its required audit.

Criteria: Per the Office of Management and Budget (OMB) A-133 Compliance Supplement:

Subrecipient Audits – (1) Ensuring that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3)

ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Cause: The deficiencies noted above were the result of the Department's failure to adequately monitor the submission of subrecipient audit reports, the Department's failure to issue sanctions when program reports are not submitted on time, the Department's failure to properly review and approve its own audit work papers, and the Department's failure to issue timely management decisions on findings.

Effect: Failure to adequately monitor subrecipient audits results in noncompliance with Federal regulations. In addition, the continued failure to obtain all required audit reports within the required time period could result in material misstatements because of other noncompliance issues not being detected by management.

Recommendation: The Department of Human Services should develop and implement policies and procedures to more closely monitor subrecipients that must submit audit reports and ensure that these subrecipients are aware of the importance of submitting the audit reports within the required time period.

In cases of continued inability of a subrecipient to submit the required audit reports, the Department should take appropriate action using sanctions.

The Department should also develop and implement controls to ensure that timely management decisions are made for all findings listed in the subrecipient management reports, and that adequate review and approval of the DHS audit work papers occurs.

Finding Control Number: **FA-427-10-20**
SPECIAL TESTS AND PROVISIONS
Internal Control Deficiencies/Noncompliance with Federal Program Regulations
Child Support Enforcement (CFDA 93.563)
U. S. Department of Health and Human Services
Grant Awards: Year 2009 - 2009G9909CS; Year 2010 - 2010G9910CJ; 2010G9910CS

Condition: Our examination included a review of eighty (80) client case files out of a sample population of 180,329 cases from the Child Support Enforcement (CSE) program to determine if the Department of Human Services (Department) complied with applicable Federal laws, regulations, and other program compliance requirements. The following deficiencies were noted:

1. Born out of wedlock determination not performed for one (1) client case file.

2. Support cases were not monitored as necessary for one (1) client case file.

3. Delinquent cases were not identified in a timely manner for one (1) client case file.

4. Enforcement action was not initiated in a timely manner for one (1) client case file.

5. No documentation was maintained to indicate if the custodial parent obtained medical support as ordered for two (2) client case files.

6. No documentation was maintained to indicate if the non-custodial parent obtained medical support as ordered for four (4) client case files.

7. Case information recorded in the Support Tracking, Accounting, and Reporting System ($TARS) was not consistent with information in the case file for ten (10) client case files.

Criteria: An adequate system of internal controls calls for: (1) transactions to be properly recorded and accounted for in order to properly prepare reliable financial statements and Federal reports, (2) sufficient

documentation to be present in order to demonstrate compliance with laws, regulations, and other program compliance requirements.

The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 4, pages 4-93.563-6 through 4-93.563-8, requires the State agency administering the Child Support Enforcement program to comply with the following:

1. Establishment of Paternity and Support Obligations
"The IV-D agency must attempt to establish paternity and a support obligation for children born out of wedlock. The agency must establish a support obligation when paternity is not an issue..." "For State IV-D agencies, these services must be provided within the time frames specified in 45 CFR sections 303.3(b)(3) and (b)(5), 303.3(c) and, 303.4(d)."

2. Enforcement of Support Obligations
"...the agency must maintain a system for (a) monitoring compliance with the support obligation; (b) identifying on the date the parent fails to make payments in an amount equal to support payable for one month, or an earlier date in accordance with State or tribal law, those cases in which there is a failure to comply with the support obligation; and (c) enforcing the obligation. To enforce the obligation the agency must initiate income withholding..." "State IV-D agencies must initiate any other enforcement action, unless service of process is necessary, within 30 calendar days of identification of the delinquency or other support-related noncompliance, or location of the absent parent, whichever occurs later."

3. Securing and Enforcing Medical Support Obligations - State Programs "The State IV-D agency must attempt to secure medical support information, and establish and enforce medical support obligations for all individuals eligible for services under 45 CFR section 302.33."..."In cases where medical support is ordered, the agency is required to verify that it was obtained. If it was not obtained, the agency should take steps to enforce the health insurance coverage required by the support order, unless it determines that health insurance was not available to the absent parent at reasonable cost..."

Cause: The deficiencies noted above were the result of the Department's failure to implement adequate internal control policies and procedures to ensure that supporting documentation was maintained, and all transactions and related case data were properly recorded in the accounting records.

Effect: Failure to maintain an adequate system of internal controls increases the risk that the Department will not comply with the applicable Federal laws, regulations, and other program compliance requirements.

Recommendation: The Department of Human Services should develop and implement additional policies and procedures to ensure that supporting documentation is maintained, and all transactions and related case data are properly recorded in the accounting records.

Finding Control Number: **FA-427-10-21**
SPECIAL TESTS AND PROVISIONS
Internal Control Deficiency/Noncompliance with Federal Program Regulations
Temporary Assistance for Needy Families (CFDA 93.558)
U. S. Department of Health and Human Services
Grant Awards: Year 2009 - 2009G991451; 2009G996115; Year 2010 - 2010G996115

Condition: Our examination included a review of fifty (50) client case files totaling $96,785.00, out of a total population of two-hundred and forty-eight (248) client case files totaling $472,137.00, from the Temporary Assistance for Needy Families (TANF) program, in order to determine if benefit payments were properly sanctioned by the TANF program. The cases in this population were identified as having received TANF benefits past the date that a sanction should have been placed on the TANF case, due to the client having failed to provide the required cooperation with the Office of Child Support Enforcement (OCSE).

The following deficiencies were identified during our examination:

(1) TANF clients continued to receive benefit payments in error after OCSE made the request to terminate benefits for five (5) client case files, resulting in $4,283.00 of claims being paid in error.

Criteria: OMB Circular A-133, Compliance Supplement, Part 4 (4-93.558), III, N.1 states, "If the State agency responsible for administering the State plan approved under Title IV-D of the Social Security Act determines that an individual is not cooperating with the State in establishing paternity, or in establishing, modifying or enforcing a support order with respect to a child of the individual, and reports that information to the State agency responsible for TANF, the State TANF agency must (1) deduct an amount equal to not less than 25 percent from the TANF assistance that would otherwise be provided to the family of the individual, and (2) may deny the family any TANF assistance."

Section 1320 - Child Support Enforcement of the "Economic Support Services Manual" states that if a client fails to cooperate with CSE, "CSE will notify DFCS and DFCS must determine if good cause exists." If a client fails to cooperate with CSE without good cause, the client is ineligible for cash assistance.

Questioned Cost: $4,283.00

Information: In four (4) of the five (5) cases that were found in error, the Division of Family and Children Services (DFCS) office stated that they either had not received a letter from OCSE to apply a sanction, or noted that they had received a letter, but it was mishandled by office staff, and not brought to the attention of appropriate personnel until after the time the sanction should have been applied.

In one (1) of the five (5) cases that were found in error, the case had been sanctioned and closed, but when the client reapplied, the case was approved, based on the misinterpretation of a letter received from OCSE. In reviewing the case for this testing, the DFCS office contacted OCSE and learned that the non-compliance sanction should still be in place, therefore all benefit payments, made after receipt of the misinterpreted letter, were in error.

Cause: The Department of Human Services (Department) does not have sufficient internal controls in place to ensure adequate communication between the Department's DFCS offices and OCSE regarding the status of TANF clients that failed to cooperate with the Office of Child Support Enforcement without good cause, and to ensure that sanctions (denial of TANF assistance) were applied in a timely manner after non-cooperation is determined.

Effect: OMB Circular A-133 states that the Department of Health and Human Services may penalize a State for up to five percent of the grant for failure to substantially comply with the required State child support program.

Recommendation: The Department of Human Services should develop and implement policies and procedures to provide for more effective communication between the Department's DFCS offices and OCSE regarding the status of TANF clients and to ensure that sanctions are properly applied in a timely manner for cases where the client failed to cooperate with the Office of Child Support Enforcement without good cause.

Finding Control Number: **FA-427-10-22**
SUBRECIPIENT MONITORING
Failure to Accurately Report Pass-Through Amounts Provided to Subrecipients
Temporary Assistance for Needy Families (CFDA 93.558)
Child Support Enforcement (CFDA 93.563)
Low-Income Home Energy Assistance (CFDA 93.568)
Community Services Block Grant (CFDA 93.569)
Community Services Block Grant- ARRA (CFDA 93.710)
U. S. Department of Health and Human Services
Grant Awards: Year 2008 - 2008G992201; 2008G992212; 2008G994002; Year 2009 - 2009G9909CS; 2009G9910CS; 2009G991451; 2009G992201; 2009G992212; 2009G994002; 2009G996115; 2009G99UTRN; Year 2010 - 2010G9910CJ; 2010G992201; 2010G992212; 2010G994002; 2010G996115

Condition: Our examination of the Pass-Through By Entity report, in the Schedule of Expenditures of Federal Awards(SEFA), submitted by the Department of Human Services (Department) revealed that the pass-through amounts provided to subrecipients, required for the notes to the SEFA, were not reported correctly. The deficiencies noted are as follows:

1. The Temporary Assistance for Needy Families (TANF) program reported $5,328,190.82 as pass-through; however, based on FY10 testing, it was determined that TANF has no subrecipients and should not have reported any pass-through amounts.

2. The Child Support Enforcement (CSE) program reported a pass through amount that was approximately $2.5 million less than what was expected based on the FY10 testing.

3. The Low-Income Home Energy Assistance (LIHEAP) program reported a pass through amount that was approximately $27.8 million less than what was expected based on the FY10 testing.

4. The Community Services Block Grant (CSBG) program reported a pass through amount that was approximately $11.9 million less than what was expected based on the FY10 testing.

5. The Community Services Block Grant (CSBG) program did not report an ARRA pass-through amount. Based on FY10 testing, ARRA funds for this program went to subrecipients, and approximately $17 million should have been reported for CSBG.

The Department of Human Services was unable toprovide the correct ‘pass-through to subrecipient” amounts. Audit adjustments were necessary to correct these misstatements to the SEFA.

Criteria: In accordance with OMB Circular A-133 Subpart C Section .300(a), “The auditee shall identify all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency and name of the pass-through entity.”

For funds authorized under the American Recovery and Reinvestment Act of 2009, section 176.210 of Title 2 of the Code of Federal Regulations identifies the recipient’s responsibilities regarding tracking and documenting Recovery Act expenditures. These, in part, are, “…recipients agree to separately identify the expenditures for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA)...” The State Accounting Office also issued instructions to all organizations of the State reporting entity for the SEFA which state, “Agency management is responsible to ensure proper accounting and reporting of Federal grants. Expenditures reported in the SEFA must be reported on the GAAP basis of accounting relevant to the organization’s reporting fund and must reconcile to expenditures recorded in the organization’s accounting records.”

Cause: The Department failed to implement adequate policies and procedures to ensure that Federal award amounts provided to subrecipients are reported correctly on the Pass-Through by Entity report in the SEFA.

Effect: Failure to accurately report Federal award amounts provided to subrecipients could result in inaccurate reporting in the Pass-Through by Entity report and notes of the SEFA.

Recommendation: The Department of Human Services should implement policies and procedures to ensure that amounts provided to subrecipients get reported correctly on the Pass-Through by Entity report in the Schedule of Expenditures of Federal Awards database.

Finding Control Number: **FA-427-10-23**
PERIOD OF AVAILABILITY OF FEDERAL FUNDS
Expenditures Charged Outside Period of Availability
Child Support Enforcement (CFDA 93.563)
U. S. Department of Health and Human Services
Grant Awards: Year 2009 - 2009G9909CS; Year 2010 - 2010G9910CJ; 2010G9910CS

Condition: A review of the Georgia Department of Human Services' (Department) Child Support Enforcement (CSE) program revealed expenditures that were charged outside the period of availability. The Department continued to charge expenditures after September 30, 2009 to the most recent fund sources that were completely closed during the year under review. The following deficiencies were noted:

Fund Source 10887 had activity in it after it should have been closed in the amount of $802.88
Fund Source 10897 had activity in it after it should have been closed in the amount of $597,555.56
Fund Source 1S897 had activity in it after it should have been closed in the amount of $8,717.26

The amounts charged appear to be for valid expenditures to the Child Support program that are not being recorded correctly. The errors indicate internal control deficiencies, rather than misstatements or questioned costs.

Criteria: Per the Office of Management and Budget (OMB) A-133 compliance supplement:

"This program operates on a cash accounting basis and each year's funding and accounting is discrete; i.e., there is no carry-forward of unobligated funds."

Cause: The deficiencies noted above occurred as a result of the Department's failure to establish adequate internal control policies and procedures for recording Child Support Enforcement program expenditures to the proper grant periods, and paying program expenditures within the correct liquidation period.

Effect: Failure to develop adequate policies and procedures results in noncompliance with Federal compliance requirements. In addition, charging expenditures to the incorrect period can result in the over/under statement of expenditures.

Recommendation: The Department of Human Services should develop appropriate policies and procedures to ensure that Federal expenditures for the Child Support Enforcement program are recorded in accordance with period of availability requirements, and paid out within the liquidation period.

LABOR, DEPARTMENT OF

Finding Control Number: **FA-440-10-01**
ACCOUNTING CONTROLS (OVERALL)
Inadequate Supporting Documentation for Adjusting Journal Entries
Employment Services/Wagner-Peyser Funded Activities (ESC) (CFDA 17.207)
Workforce Investment Act-Dislocated Workers (WIA) (CFDA 17.260)
U. S. Department of Labor
Rehabilitation Services-Vocational Rehabilitation Grants to States (CFDA 84.126)
U. S. Department of Education
Grant Awards: Year 2008 - H126A080088; Year 2009 - AA-18634-09-55-A13; ES-19196-09-55-A13

Condition: See Financial Statement Finding FS-440-10-01

Criteria: See Financial Statement Finding FS-440-10-01

Information: See Financial Statement Finding FS-440-10-01

Cause: See Financial Statement Finding FS-440-10-01

Effect: See Financial Statement Finding FS-440-10-01

Recommendation: See Financial Statement Finding FS-440-10-01

Finding Control Number: **FA-440-10-02**
ACCOUNTING CONTROLS (OVERALL)
Status of Prior Year Finding Materially Misrepresented in Summary Schedule of Prior Year Findings and Questioned Costs

Condition: Our review of the Summary Schedule of Prior Year Findings and Questioned Costs revealed that the Department of Labor (Department) materially misrepresented the status of one of the prior year findings. The Department reported the status of audit finding FS-440-09-05 as Significantly Different Corrective Action Implemented. The correct response should have been Unresolved.

Criteria: O.M.B. Circular A-133 Section .315(a) requires the auditee "...shall prepare a summary schedule of prior audit findings." Section .315(b) states "The summary schedule of prior audit findings shall report the status of all audit findings included in the prior audit's schedule of findings and questioned costs relative to Federal awards. The summary schedule shall also include audit findings reported in the prior audit's summary schedule of prior audit findings except audit findings listed as corrected in accordance with paragraph (b)(1) of this section, or no longer valid or not warranting further action in accordance with paragraph (b)(4) of this section." Circular A-133 Section .510(a)(7) requires that the auditor report as an audit finding "Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee in accordance with Â§___.315(b) materially misrepresents the status of any prior audit finding."

Cause: The Department reported the status of one of the prior year audit finding as Significantly Different Corrective Action Implemented, however, our review did not disclose any corrective action implemented by the Department to correct the issues noted in the prior year. The finding is repeated in the current year.

Effect: The Department has materially misrepresented the status of the prior year finding.

Recommendation: The Department of Labor should correctly report the status of their prior year findings in the Summary Schedule of Prior Year Fiindings and Questioned Costs as required by OMB Circular A-133.

Federal Awards Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Finding Control Number: **FA-440-10-03**
CASH MANAGEMENT
Inadequate Procedures over Cash Draws of Federal Grants
Rehabilitation Services_Vocational Rehabilitation Grants to States (CFDA 84.126)
U. S. Department of Education
Grant Awards: Year 2010 - H126A100088A; H126A100088B; H126A100088C

See related Financial Statement finding number FS-440-10-04

Condition: Our examination of Cash Management over Federal Financial Assistance Programs disclosed that the Department of Labor (Department) requested Federal funds in excess of program expenditures. The following table identifies the programs and the number of months with requests in excess of expenditures:

CFDA #	Program Name	Number of Months Reimbursements Exceeded Expenditures	Average Monthly Balance of Excess Funds on Hand
84.126	Rehabilitation Services_Vocational Rehabilitation Grants to States	12	$10,702,960.00

Criteria: The Code of Federal Regulations Title 31, Chapter II, Part 205, Subpart A and B indicates that a State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A State and Federal Program Agency must limit the amount of funds transferred to the minimum required to meet a State's actual and immediate cash needs.

Cause: The Department's policies and procedures for requesting Federal funds to reimburse program costs were inadequate.

Effect: Failure to drawdown Federal funds on an as-needed basis could result in an interest liability being incurred.

Recommendation: The Department of Labor should review their policies and procedures for requesting Federal funds to ensure that they are adequate to meet cash management objectives. The Department should also review the clearance patterns used for drawing Federal funds to ensure that they are still relevant to current trends.

Finding Control Number: **FA-440-10-04**
REPORTING
Deficiencies in Financial Reporting
Employment Services/Wagner-Peyser Funded Activities (ESC) (CFDA 17.207)
Disable Veterans' Outreach Program (DVOP (ESC) (CFDA 17.801)
U. S. Department of Labor
Grant Awards: Year 2009 - ES-19196-09-55-A13; Year 2010 - DV1196731055513

Condition: Our examination included a review of the financial reports for the Employment Services Cluster (ES) program that were submitted to the Federal awarding agency for the quarters ending September 30, 2009, December 31, 2009, March 31, 2010, and June 30, 2010. We noted that ES financial reports were not properly reconciled to the general ledger prior to being submitted to the Federal awarding agency. The differences noted between the general ledger and the financial report for three (3) out of the six (6) ES reports examined represent amounts charged to the program in excess of the obligation authority.

The ETA-9130 report for the quarter ended March 31, 2010 showed the current period expenditures as $4,107,326.62, whereas expenditures on the supporting GA-17 reports totaled $5,428,831.20.

Cumulative expenditures on the report were $20,807,866.00, whereas cumulative expenditures on the supporting GA-17 reports were $22,129,370.58.

The ETA-9130 report for the quarter ended June 30, 2010 showed the current period expenditures as $-1,426,012.02, wheareas expenditures on the supporting GA-17 reports showed $-2,747,516.60. Cumulative expenditures on the ETA-9130 report were in agreement with the amount on the supporting GA-17.

The SF-425 report for the quarter ended June 30, 2010 showed current period expenditures of $755,458.46, whereas expenditures on the supporting GA-17 reports totaled $823,921.37. Cumulative expenditures on the report were $1,967,000.00, whereas cumulative expenditures on the supporting GA-17 reports were $2,035,462.91.

Criteria: According to the Code of Federal Regulations, Title 29, Section 97.20, Part (b) (1) Financial reporting, "Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

In addition, an adequate system of internal controls dictates that all program financial reports be supported by adequate documentation and are reconciled to the accounting records.

Cause: The deficiencies noted above occurred as a result of the Department's failure to ensure that the Federal financial reports are supported by the appropriate accounting records.

Effect: Failure to adhere to the prescribed internal control procedures could result in the submission of inaccurate and/or incomplete financial reports which would result in noncompliance with Federal program regulations.

Recommendation: The Department should ensure that the internal control procedures for Financial Reporting are adequate and operating as designed. Additionally, internal controls should be in place to monitor obligation authority prior to submission of the financial reports.

Finding Control Number: **FA-440-10-05**
REPORTING
Reports not reconciled to the accounting records
Workforce Investment Act - Adult Program (WIA) (CFDA 17.258)
Workforce Investment Act - Youth Activities (WIA) (CFDA 17.259)
Workforce Investment Act - Dislocated Workers (WIA) (CFDA 17.260)
U. S. Department of Labor
Grant Awards: Year 2009 - AA-17116-08-55-A-13; Year 2010 - AA-18634-09-55-A-13

See related Financial Statement finding number FS-440-10-03

Condition: Amounts reported on the Workforce Investment Act (WIA) ETA–9130 financial reports and the WIA American Recovery and Reinvestment Act (ARRA) 1512 reports submitted by the Department of Labor (Department) to the U. S. Department of Labor did not agree with financial information maintained within the accounting records.

Criteria: Federal regulations (20 CFR 667.300) require the Department to ensure that reported information is accurate and reconciled as necessary.

Information: Because of deficiencies within the accounting records that overstated WIA revenues and expenditures, the validity of the information submitted on the ETA-9130 financial reports and ARRA 1512 reports could not be determined. The Department utilizes information outside the accounting system to prepare these reports.

Cause: The deficiencies noted above were the result of the Department's failure to ensure that the established internal control procedures for Reporting were consistently performed and that adequate internal control procedures were in place to ensure that the financial reports were reconciled to the accounting records.

Effect: Failure to adhere to prescribed internal control procedures could result in the submission of inaccurate and/or incomplete reports.

Recommendation: The Department of Labor should ensure that established internal control procedures for Reporting are adequate and operating as designed. The Department should also develop and implement additional internal control procedures to ensure that reconciliations are properly performed and any differences are properly investigated and documented. The Department should ensure it follows guidelines detailed in the federal regulations of the WIA Program to ensure compliance with program requirements.

Finding Control Number: **FA-440-10-06**
SPECIAL TESTS AND PROVISIONS
Failure to Submit an Accurate Schedule of Expenditures of Federal Awards
Unemployment Insurance (CFDA 17.225)
Workforce Investment Act - Adult Program (CFDA 17.258)
Workforce Investment Act - Youth Activities (CFDA 17.259)
Workforce Investment Act - Dislocated Workers (CFDA 17.260)
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors (CFDA 17.275)
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program (CFDA 93.714)

Condition: Our examination of the Schedule of Expenditures of Federal Awards (SEFA) submitted by the Department of Labor (Department) revealed the following deficiencies:

1) The American Recovery and Reinvestment Act (ARRA) expenditures of $3,935,475.90 for the Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program, CFDA No. 93.714, were initially reported on the SEFA as ARRA WIA Youth Activities, CFDA No. 17.259.

2) The American Recovery and Reinvestment Act (ARRA) expenditures of $1,093,911.92 for the WIA Youth Activities, CFDA No. 17.259, were initially reported as non-ARRA funded expenditures.

3) The American Recovery and Reinvestment Act (ARRA) expenditures of $82,759.43 for the Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors, CFDA No. 17.275, were initially reported as non-ARRA funded expenditures.

4) The American Recovery and Reinvestment Act (ARRA) expenditures of $475,964.00 for the WIA Adult Program, CFDA No. 17.258; $2,809,870.08 for the WIA Youth Activities, CFDA No. 17.259; and $3,212,431.64 for the WIA Dislocated Workers, CFDA No. 17.260, should not have been reported on the SEFA.

5) Expenditures of $2,508,450.98 for the WIA Adult Program, CFDA No. 17.258; $5,796,157.82 for the WIA Youth Activities, CFDA No. 17.259; and $15,695,901.28 for the WIA Dislocated Workers, CFDA No. 17.260, should not have been reported on the SEFA.

6) The American Recovery and Reinvestment Act (ARRA) expenditures of $638,250,312.36 for the Unemployment Insurance, CFDA No. 17.225, were not initially reported on the SEFA.

7) Unemployment Insurance expenditures of $3,374,709,166.52, CFDA No. 17.225, were not initially reported on the SEFA.

8) Pass-through amounts were not initially reported on the SEFA.

Criteria: In accordance with OMB Circular A-133 Subpart C Section .300(a), "The auditee shall identify all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency and name of the pass-through entity."

In relation to funds authorized under the American Recovery and Reinvestment Act of 2009, section 176.210 of Title 2 of the Code of Federal Regulations identifies the recipient's responsibilities regarding tracking and documenting Recovery Act expenditures. These, in part, are, "…recipients agree to separately identify the expenditures for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA)...".

The State Accounting Office also issued instructions to all organizations of the State reporting entity for the SEFA which state, "Agency management is responsible to ensure proper accounting and reporting of Federal grants. Expenditures reported in the SEFA must be reported on the GAAP basis of accounting relevant to the organization's reporting fund and must reconcile to expenditures recorded in the organization's accounting records."

Information: Audit adjustments were made to correct the SEFA for the errors identified above.

Cause: The Department failed to implement adequate policies and procedures to ensure that expenditures of Federal awards were accurately reported on their SEFA. In addition, the Department failed to follow the instructions provided by OMB and the State Accounting Office.

Effect: Failure to accurately report expenditures for Federal awards could result in material misstatements on the SEFA reported in the Single Audit Report.

Recommendation: The Department of Labor should implement additional policies and procedures to ensure that an accurate Schedule of Federal Awards is prepared and submitted in accordance with Federal regulations and the State Accounting Office guidelines.

BEHAVIORAL HEALTH AND DEVELOPMENTAL DISABILITIES, DEPARTMENT OF

Finding Control Number: **FA-441-10-01**
ACCOUNTING CONTROLS (OVERALL)
ACTIVITIES ALLOWED OR UNALLOWED
ALLOWABLE COSTS/ COST PRINCIPLES
MATCHING, LEVEL OF EFFORT, EARMARKING
PERIOD OF AVAILABILITY OF FEDERAL FUNDS
REPORTING
Inadequate Journal Entry Documentation
Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959)
U.S. Department of Health and Human Services
Grant Awards: Year 2008 - 2B08TI010012-08; Year 2009 - 2B08TI010012-09; 2B08TI010061-09

Condition: Our examination included a review of journal entries that were posted to the Department of Behavioral Health and Developmental Disabilities' (Department) general ledger during fiscal year 2010. For testing done on the Substance Abuse Prevention and Treatment Block Grant program, the auditor selected and reviewed forty-three (43) journal entries. The testing of journal entries was performed in two parts:

1. Interim testing, in which the auditor selected and reviewed twenty-three (23) journal entries with a dollar value of $424,846,150.99 for the periods 1 through 11 (July through May) for state fiscal year 2010. Of the twenty-three (23) journal entries tested, fourteen (14) with a dollar value of

$38,683,695.73, were found to not be adequately supported.

2. Final testing, in which the auditor selected and reviewed twenty (20) journal entries with a dollar value of $46,827,713.64 for the periods 12 through 998 (June through the year-end adjustment period) for state fiscal year 2010. Of the twenty (20) journal entries reviewed, three (3) journal entries with a total dollar value of $37,004,960.76, were found to not be adequately supported.

The dollar values noted above are the absolute dollar value of the relevant lines of the journal entries, divided by two. Analysis of the effect of these unsupported journal entries revealed that the net effect on the program was not significant, as the entries were for recording Federal revenues and receivables, and moving expenditures between fund sources and departments within the program. The deficiency constitutes an internal control issue for lack of adequate supporting documentation.

Criteria: The Financial Management Policies and Procedures, policy number 4-8-1, issued by the Office of Planning and Budget and State Accounting Office, states that “Documentation should be maintained for adjustments posted during a fiscal year, especially as a part of year-end closing procedures, that allows for the verification of the adjusted transaction to the source documentation supporting the original transaction. Such documentation should include, but is not necessarily limited to, analysis identifying original deposit ID’s, purchase orders, voucher ID’s or other relevant identifying reference and should identify the original transaction’s budget program by fund source or justification for a change in allocation methodology.”

Further, the *Accounting Procedures Manual* for the State of Georgia (Manual), Section Five, page 5-4-2, states in part that documentation "...involves preserving evidence to substantiate a decision, event, transaction, or system. All documentation should be complete, accurate, and reported promptly."

Cause: The deficiencies noted above were a result of the Department's failure to implement adequate internal control procedures to ensure compliance with The Financial Management Policies and Procedures and the *Accounting Procedures Manual* for the State of Georgia.

Effect: Approving journal entries without adequate supporting documentation may result in a material misstatement in the financial statements including misstatements due to fraud.

Recommendation: The Department of Behavioral Health and Developmental Disabilities should develop and implement policies and procedures to ensure that adequate documentation is maintained and reviewed prior to approving journal entries. Additional training on the guidelines included in The Financial Management Policies and Procedures should be provided to employees responsible for preparing and approving journal entries.

Further, the Department should implement additional procedures related to monitoring transactions posted to the subsidiary ledgers during the fiscal year instead of relying on journal entries to correct problems identified just before closing the books.

Finding Control Number: **FA-441-10-02**
MATCHING, LEVEL OF EFFORT, EARMARKING
Internal Control Deficiency
Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959)
U. S. Department of Health and Human Services
Grant Awards: Year 2008 - 2B08TI010012-08; Year 2009 - 2B08TI010012-09; 2B08TI010061-09

Condition: Our examination included a review of the financial reports (SF-269A) for the Substance Abuse Prevention and Treatment Block Grant (SAPT) program that were submitted to the federal awarding agency during FY2010. None of the reports tested had been accurately reconciled back to the general ledger, and were therefore considered invalid. Due to this, the auditor did not have reliable expenditure amounts, so the Earmarking requirements could not be tested.

Criteria: For Earmarking, the A-133 Compliance Supplement, Section G Matching, Level of Effort, Earmarking states:

> "a. A State may not spend more than 15 percent for administrative purposes, excluding expenditures for information technology and computerization needed for required tracking and monitoring, of the total combined amounts available under the State family assistance grant, supplemental grant for population increases, contingency funds, and emergency funds (42 USC 604(b)(1) and (2); 45 CFR sections 263.0 and 263.13)."

Cause: The deficiency noted above occurred as a result of the Department's failure to establish internal control procedures to ensure that the financial reports (SF-269A) for the SAPT program are correctly completed, reviewed and tied to the general ledger before submission to the federal grantor agency.

Effect: Failure to reconcile the financial reports for the SAPT program to the general ledger resulted in the auditor not having reliable expenditure amounts to use for verifying whether the Earmarking requirements had been met.

Recommendation: The Department of Behavioral Health and Developmental Disabilities should develop appropriate policies and procedures to ensure that the financial reports (SF-269) for the Substance Abuse Prevention and Treatment Block Grant program are correctly completed, reviewed, and reconciled to the general ledger prior to submission to the federal grantor agency.

Finding Control Number: **FA-441-10-03**
REPORTING
Internal Control Deficiency
Block Grants for Prevention and Treatment of Substance Abuse (CFDA 93.959)
U. S. Department of Health and Human Services
Grant Awards: Year 2008 - 2B08TI010012-08; Year 2009 - 2B08TI010012-09; 2B08TI010061-09

Condition: Our examination included a review of the annual financial reports (SF-269A) for the Substance Abuse Prevention and Treatment (SAPT) Block Grant at the Department of Behavioral Health and Developmental Disabilities (DBHDD) that were submitted to the Federal awarding agency.

For State Fiscal Year 2010, reports submitted for the year ending 9/30/2009 were selected for testing.

For the year ending 9/30/2009, three (3) SF-269A financial reports for SAPT Federal Grant Years 2008 and 2009 (one closeout report for the FFY2008 and two for the FFY2009 Grant Year, one report covered the period of the FFY2009 grant that was administered under the Department of Human Services (DHS), and one for the period the grant was administered under (DBHDD) were submitted.

Each of the SF-269A financial reports requires a reconciliation in order to tie it back to the accounting records. The auditor requested that DBHDD provide the documentation showing that the reconciling items had been corrected, specifically the journal entry that was made to correct the reconciling item on the general ledger (PeopleSoft). The following deficiencies were noted:

For the FFY2008 SF-269A:

1. The auditor identified fifteen (15) items with an absolute dollar value of $9,627,152.36 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

For the FFY2009 SF-269A:

1. For the period the grant was under DHS, the auditor identified six (6) items with an absolute dollar value of $8,739,382.61 that had not been corrected or that did not have adequate

documentation to support the corrections that needed to be made.

2. For the period the grant was under DBHDD, the auditor identified four (4) items with an absolute dollar value of $222,222.06 that had not been corrected or that did not have adequate documentation to support the corrections that needed to be made.

All of the Federal Financial Reports' showed evidence of consistent review sign offs by a supervisor, but this review was after the report submission date, therefore, the reports could not have been reviewed for accuracy and completeness prior to submission to the federal grantor agency.

Criteria: Per Title 2 Section 215.21 of the Code of Federal Regulations (2 CFR 215.21):
"(b) Recipients' financial management systems shall provide for the following.
1. Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in Sec. 215.52."

Cause: The deficiencies noted above occurred as a result of the Department's failure to implement adequate policies and procedures to ensure that all reconciling items for the SF-269A reports are posted to the general ledger in a timely manner.

Effect: Failure to ensure that reconciling items are posted to the general ledger in a timely manner could result in the submission of inaccurate and/or incomplete federal financial reports. As a result of this deficiency and Federal Award finding number FA-441-10-1, we can offer no assurances on the SF-269A Substance Abuse reports.

Recommendation: The Department of Behavioral Health and Developmental Disabilities should implement additional policies and procedures to ensure that all reconciling items for the SF-269A reports for the Substance Abuse Prevention and Treatment Block Grant are posted to the general ledger in a timely manner.

JUVENILE JUSTICE, DEPARTMENT OF

Finding Control Number: **FA-461-10-01**
SPECIAL TESTS AND PROVISIONS
Failure to Submit an Accurate Schedule of Expenditures of Federal Awards
Edward Byrne Memorial Formula Grant Program (CFDA 16.579)
Residential Substance Abuse Treatment for State Prisoners (CFDA 16.593)
Title I, Part A Cluster
U. S. Department of Justice
Title I State Agency Program for Neglected and Delinquent Children (CFDA 84.013)
Special Education Grants to States, Recovery Act (Special Education Cluster) (CFDA 84.391)
State Fiscal Stabilization Fund Cluster (CFDA84.397)
U. S. Department of Education
Grant Awards: Year 2009 - 2009-SU-B-0003; S397A090011A-ARRA; Year 2010 - R08-8-001

Condition: Our examination of the Schedule of Expenditures of Federal Awards (SEFA) submitted by the Department of Juvenile Justice (Department) revealed the following deficiencies:

1) The American Recovery and Reinvestment Act (ARRA) expenditures of $28,020,203.00 for the State Fiscal Stabilization Fund, CFDA No. 84.397, were not initially reported on the SEFA.

2) Special Education Grants to States, Recovery Act Grant expenditures of $93,730.76, CFDA No. 84.391, were not initially reported on the SEFA.

3) CFDA No. 84.013, Title I Program for Neglected and Delinquent Children, reported $(-)815.10 of expenditures that should have been reported under CFDA No. 84.010, Title I Grants to Local Educational Agencies.

4) CFDA No. 16.579, Byrne Formula Grant, reported $58,959.99 of expenditures that should have been reported under CFDA No. 16.593, Residential Substance Abuse Treatment for State Prisoners.

Criteria: In accordance with OMB Circular A-133 Subpart C Section .300(a), "The auditee shall identify all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency and name of the pass-through entity."

In relation to funds authorized under the American Recovery and Reinvestment Act of 2009, section 176.210 of Title 2 of the Code of Federal Regulations identifies the recipient's responsibilities regarding tracking and documenting Recovery Act expenditures. These, in part, are, "... recipients agree to separately identify the expenditures for the Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA)..."

The State Accounting Office also issued instructions to all organizations of the State reporting entity for the SEFA which state, "Agency management is responsible to ensure proper accounting and reporting of federal grants. Expenditures reported on the SEFA must be reported on the GAAP basis of accounting relevant to the organizations' reporting fund and must reconcile to the expenditures recorded in the organization's accounting records."

Cause: The Department failed to implement adequate policies and procedures to ensure that expenditures of Federal awards were accurately reported on their SEFA. In addition, reporting glitches in the accounting system (PeopleSoft) were a cause of some reporting errors. When a fund source code includes an alpha character, it was not properly identified on the report used to complete the SEFA.

Effect: Failure to accurately report expenditures for Federal awards could result in misstatements on the SEFA reported in the Single Audit Report.

Recommendation: The Department of Juvenile Justice should implement policies and procedures to ensure that an accurate Schedule of Expenditures of Federal Awards is prepared and submitted in accordance with Federal regulations and State Accounting Office guidelines.

TRANSPORTATION, DEPARTMENT OF

Finding Control Number: **FA-484-10-01**
ACTIVITIES ALLOWED OR UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
Internal Control Deficiency/Noncompliance with Federal Program Regulations
Formula Grants for Other Than Urbanized Areas (CFDA 20.509)
U. S. Department of Transportation
Grant Awards: Year 2009 - GA-18-X029

Condition: Our examination included a review of the supporting documentation maintained by the Department of Transportation (Department) for forty (40) Nonurbanized Area Formula program transactions, consisting of sixteen (16) individually significant transactions totaling $1,812,531.27 and a random sample of twenty-four (24) transactions totaling $614,147.99 out of a sample population of $10,609,986.11. The supporting documentation was reviewed to determine if the transactions complied with the following compliance requirements:

- Activities Allowed or Unallowed
- Allowable Costs/Cost Principles

Our examination revealed that six (6) of the sixteen (16) individually significant transactions totaling $47,468.64 were for unallowable activities and did not comply with the applicable cost principles.

Criteria: The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 4, Page 4-20.509-2 states, in part: "The project must provide local transportation service (transit service available to the public) in an area other than an urbanized area (49 USC 5311(d)) or support intercity bus transportation (49 USC 5311(f))…" "…RTAP funds may be used to provide training, technical assistance, research and other related support services for providers of rural public transit and related services (49 USC 5311(b)(2))."

OMB Circular A-87, Attachment A, paragraph C.1, states, in part, to be allowable under Federal awards, costs must "...Be necessary and reasonable for proper and efficient performance and administration of Federal awards."

Questioned Cost: $47,468.64

Information: The six (6) individually significant transactions that failed to comply with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles requirement were for activities that should have been funded with Section 5307 funds instead of Section 5311 funds.

Cause: The deficiencies noted above were the result of the Department's failure to have adequate internal control procedures in place to ensure that costs charged to the Nonurbanized Area Formula program were allowable and in accordance with the applicable cost principles.

Effect Inadequate internal controls increase the risk of material misstatement in the financial statements including misstatements due to fraud and noncompliance with Federal laws, regulations and other program compliance requirements.

Recommendation: The Department of Transportation should develop and implement internal controls to ensure that costs charged to the Nonurbanized Area Formula program are in compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles requirements.

Finding Control Number: **FA-484-10-02**
CASH MANAGEMENT
REPORTING
Internal Control Deficiencies/Noncompliance with Federal Program Regulations
Airport Improvement Program (CFDA 20.106)
U. S. Department of Transportation
Grant Awards: Year 2005 - 3-13-1300-05; Year 2006 - 3-13-1300-06; Year: 2007 - 3-13-1300-07;
Year 2008 - 3-13-1300-08; Year 2009 - 3-13-1300-09; 3-13-SBGP-01-2009; 3-13-SBGP-02-2009;
3-13-SBGP-03-2009; 3-13-SBGP-04-2009,

Condition: The Department of Transportation (Department) did not have adequate policies and procedures in place to ensure compliance with the Cash Management and Financial Reporting requirements of the Airport Improvement program. Our examination included a review of the Federal Financial reports (SF-425) that were submitted to the Federal awarding agency for the quarters ending September 30, 2009, December 31, 2009, March 31, 2010, and June 30, 2010 and supporting source documentation, including the monthly Electronic Clearing House Operation (ECHO) Payment Request forms that were used to request reimbursement of program expenditures. The following deficiencies were noted during our examination:

1. Differences totaling $3,775,042.17 were identified between amounts reported in all four (4) of the SF-425 reports and amounts recorded in the accounting records (PeopleSoft). Supporting documentation for the SF-425 reports revealed no evidence of reconciliations that identified or explained these differences.

2. The ECHO Payment Request form for the months ending October 31, 2009 and December 31, 2009 included twenty-six (26) program costs totaling $3,741,608.14 that were paid by the Department after reimbursement was requested.

3. Reimbursement was not requested in a timely manner for eight (8) program costs totaling $422,397.40. These program costs were paid by the Department over forty-five days before the request for reimbursement was submitted.

Criteria: The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 1, Page 1-6, states: "As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements." An adequate system of internal controls dictates that reconciliations be performed to properly identify and explain any differences between amounts reported in the Federal Financial reports and amounts recorded in the accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards. These reconciliations should be reviewed by management when verifying the accuracy and completeness of the Federal Financial reports.

In addition, OMB Circular A-133 Compliance Supplement, Part 3, Page 3-c-1, states: "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." Furthermore, internal controls should be in place to ensure that reimbursements are requested in a timely manner.

Cause: The deficiencies noted above are the result of the Department's failure to have adequate policies and procedures in place for verifying the accuracy and completeness of the SF-425 reports and ensuring that reimbursement requests are submitted in a timely manner and include only paid program costs (cash disbursements).

Effect: The U.S Department of Transportation, Federal Aviation Administration (FAA) Airport Improvement Program Handbook (order 5100.38C) states, in part, that "…failure of states to comply with block grant conditions or regional agreements may ultimately result in FAA termination of the State's grant(s) or program."

Recommendation: The Department of Transportation should develop and implement additional policies and procedures to ensure that the amounts reported in the Federal Financial reports are reconciled to the accounting records (PeopleSoft). In addition, the Department should implement internal controls to ensure that unpaid program costs are excluded from ECHO Payment Request forms and reimbursement is consistently requested in a timely manner for program cash disbursements.

Finding Control Number: **FA-484-10-03**
CASH MANAGEMENT
REPORTING
Internal Control Deficiencies/Noncompliance with Federal Program Regulations
Highway Planning and Construction (CFDA 20.205)
U. S. Department of Transportation
Grant Awards: Year 2009 - N 4510.705; Year 2010 - N 4510.727

Condition: The Department of Transportation (Department) did not have adequate policies and procedures in place to ensure compliance with the Cash Management and Financial Reporting requirements of the Highway Planning and Construction Cluster program. Our examination included a review of the following:

- The PR-20 reports, Voucher for Work Under Provisions of the Federal-Aid and Federal Highway Acts (Federal bill), that were used to request reimbursement of program expenditures and the related supporting documentation.

- The clearance pattern that was used to schedule the receipt of Federal funds in accordance with the Cash Management Improvement Act Agreement.

The following deficiencies were noted during our examination:

1. Procedures performed by the Department to identify and correct errors in preliminary Federal bills were not adequately documented. These procedures include comparing project costs in the preliminary Federal bill to available funding in the U.S. Department of Transportation, Federal Highway Administration Fiscal Management Information System (FMIS).

2. Adjustments that were made to include or exclude project costs from the final Federal bills (based on procedures noted above) were not reviewed by a supervisor or manager. In some cases, the adjustments that excluded project costs from Federal bills caused errors in the amount of Federal revenue that was recognized for earned project costs. The Department submitted several post-closing entries to correct these errors.

3. The method used by the Department to calculate the clearance pattern for Highway Planning and Construction Cluster program disbursements did not conform to the requirements in the Cash Management Improvement Act Agreement.

Criteria: The Accounting Procedures Manual for the State of Georgia, Section 5, Pages 5-4-2 and 5-4-3, states, in part: 1) "Documentation – involves preserving evidence to substantiate a decision, event, transaction, or system. All documentation should be complete, accurate, and reported promptly." 2) "…Verification is the determination of the completeness, accuracy, authenticity and/or validity of transactions, events or information. This control activity enables management to ensure activities are being done in accordance with directives."

The Cash Management Improvement Act Agreement between The State of Georgia and The Secretary of the Treasury, United States Department of the Treasury, Section 7.6, states, in part that "For each day following issuance, the clearance time of the checks paid out that day shall be multiplied by the percentage of the total disbursement those checks represent. This product is the clearance factor."

Cause: The deficiencies noted above are the result of the Department's failure to have adequate policies and procedures in place for verifying the accuracy and completeness of Federal bills, scheduling the receipt of Federal funds, and maintaining adequate documentation of Financial Reporting and Cash Management procedures.

Effect: Failure to have adequate policies and procedures in place could result in noncompliance with Federal regulations and may affect the proper recording of Federal program revenues, causing misstatements within the financial statements.

Recommendation: The Department of Transportation should develop and implement additional policies and procedures to ensure that Federal bills are reviewed for accuracy and completeness. The reviews should be adequately documented and identify all adjustments that are made to correct errors before final Federal bills are submitted to the Federal Highway Administration. The Department should also correct the method used to calculate the clearance pattern and notify Financial Management Service (FMS) of any change in the clearance pattern for the Highway Planning and Construction Cluster program disbursements.

Finding Control Number: **FA-484-10-04**
CASH MANAGEMENT
REPORTING
Internal Control Deficiencies/Noncompliance with Federal Program Regulations
Formula Grants for Other Than Urbanized Areas (CFDA20.509)
U. S. Department of Transportation
Grant Awards: Year 2008 - GA-18-X029; Year 2009 - GA-86-X001

Condition: The Department of Transportation (Department) did not have adequate policies and procedures in place to ensure compliance with the Cash Management and Financial Reporting requirements of the Nonurbanized Area Formula Grants program. Our examination included a review of the Federal Financial reports (SF-425) for grant award numbers GA-18-X029 and GA-86-X001 that were submitted

to the Federal awarding agency for the quarters ending September 30, 2009, December 31, 2009, March 31, 2010, and June 30, 2010 and supporting source documentation, including the Electronic Clearing House Operation (ECHO) Payment Request forms that were used to request reimbursement of program expenditures. The following deficiencies were noted during our examination:

1. Differences were identified between amounts reported in all four (4) of the SF-425 reports and the amounts recorded in the accounting records (PeopleSoft). These differences are identified in the table below. Supporting documentation for the SF-425 reports revealed no evidence of reconciliations that identified or explained these differences.

Quarter Ending	Grant Award Number	Accounting Records (PeopleSoft) - Total Federal Exp.	SF-425 Report - Total Federal Exp.	Difference
9/30/2009	GA-18-X029	12,738,622.95	14,072,411.00	(1,333,788.05)
12/31/2009	GA-18-X029	12,186,925.95	11,560,156.00	626,769.95
	* GA-86-X001	2,038,106.00	20,762,143.00	(18,724,037.00)
3/31/2010	GA-18-X029	11,807,878.63	12,497,042.00	(689,163.37)
	* GA-86-X001	6,842,384.05	23,649,670.00	(16,807,285.95)
6/30/2010	GA-18-X029	11,776,364.92	12,596,997.00	(820,632.08)
	* GA-86-X001	16,321,868.80	25,649,675.00	(9,327,806.20)

** American Recovery and Reinvestment Act (ARRA) Award*

2. The ECHO Payment Request form for the month ending September 30, 2009 included thirty-five (35) program costs totaling $1,097,294.40 that were paid by the Department after reimbursement was requested. For example, three (3) of the thirty-five (35) program costs included in the September 30, 2009 ECHO payment request form were not paid until March 9, 2010.

3. Reimbursement was not requested in a timely manner for two (2) program costs totaling $38,657.20 that were included in the ECHO Payment Request form for the month ending September 30, 2009. These program costs were paid by the Department on August 10, 2009, over forty-five days before the request for reimbursement was submitted.

Criteria: The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 1, Page 1-6, states: "As a condition of receiving Federal awards, non-Federal entities agree to comply with laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements." An adequate system of internal controls dictates that reconciliations be performed to properly identify and explain any differences between amounts reported in the Federal Financial reports and amounts recorded in the accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards. These reconciliations should be reviewed by management when verifying the accuracy and completeness of the Federal Financial reports.

In addition, OMB Circular A-133 Compliance Supplement, Part 3, Page 3-c-1, states: "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." Furthermore, internal controls should be in place to ensure that reimbursements are requested in a timely manner.

Cause: The deficiencies noted above are the result of the Department's failure to have adequate policies and procedures in place for verifying the accuracy and completeness of the SF-425 reports and ensuring that reimbursement requests are submitted in a timely manner and include only paid program costs (cash disbursements). The total amount of Federal expenditures reported in the SF-425 reports for the ARRA grant award reflect the total amount of Federal funds authorized (grant award) instead of the actual Federal expenditure total.

Effect: The U.S. Department of Transportation, Federal Transit Administration (FTA) Circular 5010.1D states, in part, that the "…FTA may suspend or terminate all or part of the financial assistance provided herein if the grantee is, or has been, in violation of the terms of the approved grant…"

Recommendation: The Department of Transportation should develop and implement additional policies and procedures to ensure that the amounts reported in the Federal Financial reports are reconciled to the accounting records (PeopleSoft). In addition, the Department should implement internal controls to ensure that unpaid program costs are excluded from ECHO Payment Request forms and reimbursement is consistently requested in a timely manner for program cash disbursements.

Finding Control Number: **FA-484-10-05**
REPORTING
Internal Control Deficiencies/Noncompliance with Federal Program Regulations
Formula Grants for Other Than Urbanized Areas (CFDA 20.509)
U. S. Department of Transportation
Grant Awards: Year 2003 - GA-18-X023; Year 2004 - GA-18-X024; Year 2006 - GA-18-X025; GA-18-X026;
Year 2007 - GA-18-X027; GA-18-X028; Year 2008 - GA-18-X029

Condition: Our examination of Special Reporting for the Nonurbanized Area Formula program included a review of the Statewide Summary report (RU-30) that the Department of Transportation (Department) submitted to the National Transit Database (NTD) during fiscal year 2010 and the supporting source documentation, which included the following:

- Rural General Public Transit Service forms (RU-20)
- Subrecipient Financial and Operating Information (reported in the Rural Management Information System)

Our examination revealed the following deficiencies:

1. The Department did not have a review process in place to ensure the accuracy and completeness of the financial and operating information reported in the RU-30 report and the supporting RU-20 forms.

2. The financial and operating information for one Nonurbanized Area Formula program subrecipient was reported twice in the Statewide Summary report (RU-30).

3. Fifty-two (52) discrepancies were identified between the financial and operating information reported in the Rural General Public Transit Service forms and Rural Management Information System for the following line items:
   a. Line 05 - Total Annual Operating Expenses
   b. Line 08 - Local Operating Assistance
   c. Line 13 - Annual Capital Costs
   d. Lines 25a, 25b, 25c (Mode), Column g - Total Trips

Criteria: The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement, Part 1, Page 1-6, states, in part: "As a condition of receiving Federal awards, non-Federal entities agree to comply with

applicable laws, regulations, and the provisions of contract and grant agreements, and to maintain internal control to provide reasonable assurance of compliance with these requirements."

An adequate system of internal controls requires that reports of Federal Awards be reviewed by a supervisor or manager prior to being submitted to the Federal awarding agency to assure accuracy and completeness of the data and information included in the reports. Proper documentation should be maintained to preserve evidence that the review was performed. The date of the review and the signature of the reviewer (even in electronic form) should be included in the supporting documentation.

Cause: The deficiencies noted above were the result of the Department's failure to have adequate internal control procedures over Special Reporting to ensure the accuracy and completeness of the financial and operating information reported in the Statewide Summary report and supporting Rural General Public Transit Service forms.

Effect: Inadequate internal controls over Special Reporting resulted in the submission of inaccurate and/or incomplete information to the National Transit Database and increases the risk that the Department will not comply with Federal regulations.

Recommendation: The Department of Transportation should develop and implement internal controls over Special Reporting to ensure that reviews of the financial and operating information included in the Statewide Summary report and Rural General Public Transit Service forms are performed and that the information reported is accurate and properly supported by the subrecipient information maintained in the Rural Management Information System.

Finding Control Number: **FA-484-10-06**
SPECIAL TESTS AND PROVISIONS
Internal Control Deficiency/Noncompliance with Federal Program Regulations
Highway Planning and Construction (CFDA 20.205)
Grant Awards: Year 2009 - N4510.697; N4510.705; Year 2010 - N4510.727

Condition: Our examination included a review of twelve (12) project files maintained by the Department of Transportation's (Department) Office of Materials and Research to determine if the quarterly Materials Certificate (MC) Checklists were properly completed in accordance with the Department's Quality Assurance program. We noted that the quarterly Materials Certificate Checklists were not consistently completed and/or maintained in eight (8) of the project files reviewed.

Criteria: According to the Department's policies and procedures, Sections 20.2 and 20.3, "Projects let January 2002 and after require a Materials Certificate Checklist to be completed and sent to the Office of Materials and Research, Materials Audit Unit for every project that has a construction report turned in during the preceding three months... The MC checklist shall be completed every January, April, July and October by the Project Engineer for every project that had work going on for the previous three months... The deadline to turn in the checklist is 30 days after the last day of the report month."

Cause: The deficiency noted above was the result of the Department's failure to ensure that the quarterly Materials Certificate Checklists were consistently completed and maintained in accordance with the internal control procedures established in the Quality Assurance program.

Effect: Failure to adhere to the prescribed internal control procedures can effect project costs and may result in significant delays in project closings.

Recommendation: The Department of Transportation should review their internal controls and implement additional controls as needed to ensure that the established procedures relating to the completion of the quarterly Materials Certificate Checklists are properly and consistently followed.

GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION (*)

Finding Control Number: **FA-5092-10-01**
REPORTING
Lack of Support and/or Inconsistent Support for Reporting
TRIO Cluster (CFDA #'s 84.044; 84.047; 84.066)
U. S. Department of Education

Condition: Supporting documents provided for the reports submitted to the Department of Education ("ED") did not agree to the annual performance reports. Specifically, the following exceptions in key line items of the annual performance reports were noted in our testing:

- Educational Opportunity Center program - the number of total participants reported for the key line item Participant Distribution by Eligibility (Section II, subsection B) was 1,098. The number of total participants on the supporting participant data file maintained by the Research Foundation was 1,091.
- Upward Bound – Dekalb program - one individual noted as a current year participant on the supporting participant roster was included as a prior year participant on the annual performance report submitted to ED.
- Upward Bound – Gwinnett program - one individual noted as a current year participant on the supporting participant roster was not included in the data file submitted as part of the annual performance report.
- Talent Search program - The number of participants for the key line item Participant Distribution by Eligibility (Section II, subsection B) did agree to the supporting data file in total. However, the individual component line items that make up the total within Participant Distribution by Eligibility (Section II, subsection B) – Low-Income & Potential First-Generation College Students, Low-Income Only, and Potential First-Generation College Students Only – did not agree to the supporting participant rosters maintained by the Research Foundation.

Criteria: In accordance with OMB Approval No.: 1840-0762 Upward Bound, Upward Bound Math-Science, and Veterans Upward Bound Programs Annual Performance Report and OMB Approval No.: 1840-0561 Talent Search (TS) and Educational Opportunity Centers (EOC) Programs Annual Performance Report, grantees must submit an annual performance report to ED each year of the project period. This report includes critical information about the participants including their eligibility status.

Cause: Inaccurately compiling the data included in the annual performance reports.

Effect: Without consistent and accurate documentation of participant information that agrees to the data submitted in the annual performance reports it is unclear that the Research Foundation has properly reported participant information to ED.
A violation or failure to comply with Federal laws and regulations may result in ED withholding payments to the Research Foundation, withholding approval of further grants with the Research Foundation, and any other action deemed necessary to gain compliance.

Recommendation: We recommend the TRIO cluster programs establish policies and procedures to accurately report all required information concerning the program participants.

Finding Control Number: **FA-5092-10-02**
MATCHING, LEVEL OF EFFORT, EARMARKING
Failure to Meet Required Earmarking Threshold
Education Opportunity Center (CFDA 84.066)
U. S. Department of Education

Condition: At least two-thirds of the individuals served by the Educational Opportunity Center must be low-income

individuals who are potential first-generation college students. Based on the data reported in the annual performance report submitted to ED by the Research Foundation for the period September 1, 2008 through August 31, 2009, only 63.8% of participants qualified as both low income and first generation college students.

Criteria: Per 34 CFR 644.10 at least two-thirds of the individuals served under the proposed Educational Opportunity Centers project will be low-income individuals who are potential first-generation college students.

Cause: Insufficient monitoring of program participants' eligibility status in aggregate.

Effect: A violation or failure to comply with Federal laws and regulations may result in ED withholding payments to the Research Foundation, withholding approval of further grants with the Research Foundation, and any other action deemed necessary to gain compliance.

Recommendation: The program director should monitor the percentage of participants that qualify as both Low Income and First Generation and take appropriate corrective action if the program is not meeting the two-thirds requirement.

Finding Control Number: **FA-5092-10-03**
REPORTING
Required Reports Not Filed or Not Submitted on Time
Research and Development Cluster (CFDA 12.420)
Research and Development Cluster (CFDA 12.OFA)
U. S. Department of Defense

Condition: Certain financial and other reports required by grant and contractual agreements entered into by the Research Foundation with various federal agencies were not submitted on time. Of a total of 22 reports judgmentally selected for testing, 2 were not submitted on time.

Criteria: The Research Foundation is required to submit performance and financial reports as required by the award terms and conditions. Such reports are required to be submitted within a specified timeframe as required by the applicable grant or contract agreement.

Cause: Insufficient monitoring of compliance with the reporting terms and conditions of awards.

Effect: A violation or failure to comply with an award's terms and conditions may result in the Federal agency withholding payments to the Research Foundation, withholding approval of further grants with the Research Foundation, and any other action deemed necessary to gain compliance.

Recommendation: Efforts should continue to be made by the Research Foundation to reemphasize policies and procedures to ensure required reports are submitted to the contracting agencies by the specified due dates.

ALBANY STATE UNIVERSITY

Finding Control Number: **FA-521-10-01**
SPECIAL TESTING AND PROVISIONS
Deficiencies in Student Financial Aid Refund Process
U. S. Department of Education
Student Financial Aid Cluster Program

Condition: Due to data entry errors, the Student Financial Aid Office did not properly calculate refunds for students who withdrew.

Criteria: Provisions included in 34 CFR 668 provide general requirements for administering Student Financial Aid (SFA) programs.

Questioned Cost: $550.47

Information: Twenty-seven students that received Federal financial aid and withdrew from the University were selected to determine if refunds were calculated and returned in the correct amount to the proper funding agency and/or student. Our examination revealed that the University failed to properly calculate the withdrawal refunds for four students due to a deficiency in the operation of the automated control process. The refund calculation for one student caused the University to refund $358.91 more than should have been to the various SFA programs. The refund calculation for three students caused the University to refund $550.47 less than should have been to various SFA programs.

Cause: These deficiencies were the result of management's failure to monitor the student financial aid refund process to ensure that data was properly input into the automated system.

Effect: The SFA Office is not refunding the correct amount of refunds to the Title IV Federal program.

Recommendation: The University should develop and implement monitoring procedures to ensure that student financial aid refunds are properly calculated and unearned funds are correctly returned to the appropriate accounts in a timely manner in accordance with the Higher Education Amendments of 1998, Public Law 105-204. The University should also contact the U. S. Department of Education regarding the resolution of this finding.

FORT VALLEY STATE UNIVERSITY

Finding Control Number: **FA-533-10-01**
ELIGIBILITY
Overpayment of Student Financial Aid
U. S. Department of Education
Student Financial Aid Cluster Program

Condition: This is a repeat finding (FA-533-09-01 and FA-533-08-01) from years ended June 30, 2009, and June 30, 2008, respectively. The University's Student Financial Aid Office improperly determined the financial need and cost of attendance of eligible students.

Criteria: Provisions included in 34 CFR 668 provide general provisions for administering Student Financial Aid (SFA) programs and 34 CFR 674, 675, 676, 682, 690, and 691 provide eligibility and other related program requirements that are specific to the Federal Perkins Loan Program, Federal Work-Study Program, Federal Supplemental Educational Opportunity Grant (SEOG), Federal Family Educational Loan Program (FFEL), Federal Pell Grant Program, and the Federal ACG/SMART Programs, respectively.

Questioned Cost: Questioned Costs of $26,542.00 were identified for students who received student financial aid in excess of their eligible need, which when projected over the entire population, resulted in a projected misstatement of $1,301,220.31.

Information: A sample of sixty financial aid files was selected to determine if financial aid was properly calculated and disbursed to eligible students. The items sampled contained financial aid disbursements of $662,720.50 out of a population of $41,979,620.85. The University failed to consistently apply reasonable cost of attendance budgets to determine a student's need and failed to document the criteria used for determining these costs in the budget. The following deficiencies were noted:

1. Two students in the sample were awarded based upon the incorrect Cost of Attendance (COA) budget. COA budget errors arose from the use of incorrect data for housing arrangements and the use of an unapproved COA budget, which was developed for use in previous award years.

2. One student in the sample received additional funds in the form of a scholarship from an outside organization that were not included in other resources available to the student in the calculation of need.

3. Additional testing of all housing and meal stipends received by students revealed the following problems:

    a. Incorrect stipend amounts were included in the calculation of Financial Need for two students.
    b. Stipends received by two students were not included in the calculation of Financial Need.
    c. Stipend amounts were included in two students' calculation of Financial Need, while the amounts were not actually received.

4. Testing of the Scholarships and Fellowships balance reflected on the Statement of Revenues, Expenses and Changes in Net Assets revealed that a significant amount of scholarships were not processed through Banner but were instead processed through the University's accounts payable system, which could have resulted in the omission of these scholarships from the calculation of student's financial need.

5. Four students in the sample were not in compliance with the University's published satisfactory academic progress policies. Federal regulations (34 CFR 668.32 and 668.34) state that a student must maintain satisfactory academic progress to be eligible to receive financial assistance under the Title IV programs. The four students failed to meet the quantitative requirements of satisfactory academic progress and this noncompliance resulted in SFA over disbursements totaling $26,542.00.

6. One student in the sample received Direct Unsubsidized Student Loans before the Subsidized need-based loan limit was reached.

7. Eight students were qualified to receive Academic Competitiveness Grant (ACG) awards and did not receive the grant at all during the academic year.

8. One student was disbursed financial aid in excess of their award amount.

Cause: The University's Student Financial Aid Office had not performed a risk assessment of its procedures to identify areas subject to nonconformity with eligibility requirements, and thus there were insufficient controls in place to assure that SFA funds were awarded and disbursed correctly.

Effect: The University was not in compliance with Federal regulations concerning the awarding of SFA funds to students. A total of $26,542.00 was disbursed in excess of eligibility. Additionally, $6,000.00 in eligible aid was not disbursed.

Recommendation: The University should perform a risk assessment of its processes and procedures for determining each student's financial aid eligibility. Where vulnerable, the University should develop and/or modify its policies and procedures to ensure that correct amounts will be awarded to students in conformity with financial need requirements. Additionally, the University should develop and implement a monitoring process to ensure that controls are properly implemented. The University should also contact the U. S. Department of Education regarding the resolution of this finding.

Federal Awards Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

Finding Control Number: **FA-533-10-02**
SPECIAL TESTS AND PROVISIONS
Failure to Reconcile the Federal Direct Loan Program
U. S. Department of Education
Student Financial Aid Cluster Program

Condition: This is a repeat finding (FA-533-09-04) from year ended June 30, 2009. The University failed to perform the required monthly reconciliations for the Federal Direct Loan Program.

Criteria: Provisions included in 34 CFR sections 685.102(b), 685.301, and 685.303 provide program requirements for the Federal Direct Loan program.

Questioned Cost: N/A

Information: The University failed to perform the monthly reconciliations for the Direct Loan Program. The auditor identified a total unreconciled variance of $272,474.00 between the total drawdowns from the Direct Loan Common Origination and Disbursement (COD) system and the total Banner awards.

Cause: The University failed to follow the required monthly reconciliation procedures when it began participation in the Direct Loan program. Responsibility was not assigned and procedures were not established to ensure the Direct Loan program was properly reconciled each month.

Effect: The University was not in compliance with Federal regulations concerning the program requirements of the Federal Direct Loan program.

Recommendation: The University should establish procedures and assign responsibility for the monthly and yearly reconciliation of the Federal Direct Loan program. The University's financial aid and business office should maintain their internal records in such a way that they can prepare for the monthly reconciliation. The University should ensure it follows guidelines detailed in the Federal Direct Loan School Guide to ensure compliance with Federal Direct Loan program requirements.

Finding Control Number: **FA-533-10-03**
SPECIAL TESTS AND PROVISIONS
Deficiencies in Student Financial Aid Refund Process
U. S. Department of Education
Student Financial Aid Cluster Program

Condition: This is a repeat finding (FA-533-09-06 and FA-533-08-03) from years ended June 30, 2009, and June 30, 2008, respectively. The Student Financial Aid Office failed to properly perform the refund process and to ensure that unearned Title IV funds were returned in a timely manner.

Criteria: Provisions included in 34 CFR 668 provide general provisions for administering Student Financial Aid (SFA) programs.

Questioned Cost: $1,642.18

Information: Ten students who received Federal financial aid for the Fall 2009 and Spring 2010 semesters and officially withdrew from the University and six students who received Federal financial aid for the Fall 2009 and Spring 2010 and unofficially withdrew from the University were selected to determine if refunds were calculated and returned in the correct amount to the proper funding agency and/or student in a timely manner. Our examination revealed the following deficiencies:

1. The refund calculation for four students who officially withdrew during the Fall 2009 semester was incorrectly calculated due to the incorrect start date, end date, and enrollment break days were entered into Banner. These students returned $393.50 more than should have been to various SFA programs.

2. The refund calculation for two students who unofficially withdrew during the Spring 2010 semester was calculated incorrectly because the incorrect number of total days in the semester was used in determining the amount of financial aid earned. These students returned $61.53 more than should have been to various SFA programs.

3. The refund calculation for one student who officially withdrew during the Fall 2009 semester was calculated incorrectly. The student returned $1,990.00, which was the amount of Federal Direct Loans received by the student, rather than $3,165.54, which was the pro-rata refund amount based upon the student's Pell and Direct Loan award amounts. The student returned $1,175.54 less than should have been to various SFA programs.

4. The refund calculation for one student who unofficially withdrew was calculated incorrectly. The incorrect Federal Direct Loan disbursement amount was utilized in the refund calculation causing the student to return $466.64 less than the required refund amount.

5. The University returned four official withdrawal refunds of Title IV funds for the Fall 2009 semester 49, 49, 67, and 79 days, respectively, after the students' official withdrawal. 34 CFR 668.22(j) 1 states that "An institution must return the amount of Title IV funds . . . as soon as possible but no later than 45 days after the date of the institution's determination that the student withdrew." Therefore, these refunds were not processed in a timely manner.

Cause: These deficiencies were the result of management's failure to properly process student financial aid refunds in accordance with Federal regulations.

Effect: The SFA Office refunded SFA funds to students incorrectly and unearned funds were not returned in a timely manner.

Recommendation: The University should develop and implement procedures to ensure that student financial aid refunds are properly calculated and that unearned funds are correctly returned to the appropriate accounts in a timely manner in accordance with the Higher Education Amendments 1998, Public Law 105-244. The University should also contact the U. S. Department of Education regarding resolution of this finding.

SAVANNAH STATE UNIVERSITY

Finding Control Number: **FA-548-10-01**
SPECIAL TESTS AND PROVISIONS
Deficiencies in Student Financial Aid Refund Process
Student Financial Aid Cluster Program

Condition: The Student Financial Aid office failed to properly perform the refund process and to ensure that unearned Title IV funds were returned in a timely manner. This deficiency was previously reported in finding FA-548-09-01 and FA-548-08-01 from fiscal years ended June 30, 2009, and June 30, 2008, respectively.

Criteria: Provisions included in 34 CFR 668 provide general requirements for administering Student Financial Aid (SFA) programs. Provisions included in 34 CFR 685 provide eligibility and other related program requirements that are specific to William D. Ford Direct Student Loan Program.

Questioned Cost: N/A

Information: Fifteen students that received Federal financial aid and officially withdrew from the University were randomly selected to determine if refunds were calculated and returned in the correct amount to the proper funding agency and/or student. Our examination revealed the following deficiencies:

1. For one student unearned Title IV funds were not applied by the University to the appropriate student financial aid programs within 30 days as required by the Higher Education Amendments of 1998, Public Law 105-244.

2. In one instance, the University failed to accurately calculate the percentage of earned and unearned Federal financial aid funds after receiving notification of the student's official withdrawal. This resulted in an invalid student accounts receivable in the amount of $405.

Cause: These deficiencies were the result of management's failure to properly process student financial aid refunds in accordance with Federal regulations.

Effect: The SFA Office failed to accurately calculate funds earned and unearned funds were not returned in a timely manner.

Recommendation: The University should develop and implement procedures to ensure that student financial aid refunds are properly calculated and unearned funds are correctly returned to the appropriate accounts in a timely manner in accordance with the Higher Education Amendments of 1998, Public Law 105-244. The University should contact the U. S. Department of Education regarding resolution of this finding.

Finding Control Number: **FA-548-10-02**
SPECIAL TESTS AND PROVISIONS
Deficiencies over the Verification Process

Condition: The Student Financial Aid Office failed to meet student verification and documentation requirements.

Criteria: Provisions included in 34 CFR 668 indicate the compliance requirements for the verification process that the University should follow for students who receive financial aid and identifies the acceptable documentation that the University should maintain.

Questioned Cost: N/A

Information: Our examination of the verification procedures revealed no evidence to support the verification process was completed for three students who were selected for verification.

Cause: The Student Financial Aid Office failed to comply with the requirements for verification in accordance with Federal regulations.

Effect: The SFA Office did not properly verify the information for students selected for verification and has placed the University in a position where students may be improperly awarded student financial aid.

Recommendation: The Student Financial Aid Office should develop and implement policies and procedures to ensure that verification procedures are completed as required and adequate documentation is maintained. The University should contact the U. S. Department of Education regarding resolution of this finding.

HIGHER EDUCATION ASSISTANCE CORPORATION, GEORGIA (*)

Finding Control Number: **FA-918-10-01**
REPORTING
Failure to assign defaulted loan to the U.S. Department of Education
Federal Family Education Loan Program (CFDA 84.032)
U. S. Department of Education

Condition: For fiscal year end June 30, 2010, a loan tested that met the criteria for loans to be assigned to ED was not properly assigned.

Criteria: Unless the Secretary notifies a guaranty agency in writing that other loans must be assigned to the Secretary, a guaranty agency must assign any loan that meets all of the following criteria as of April 15 of each year: (a) unpaid principal balance is at least $100; (b) the loan, and any other loans held by the guaranty agency for that borrower, have been held by the agency for at least five years; (c) a payment has not been received on the loan in the last year; and (d) a judgment has not been entered on the loan against the borrower.

Information: One exception out of a sample of sixty (60) was noted as meeting the criteria to be assigned to ED but was not properly assigned and removed from the books of the Corporation.

Cause: The exception was noted to be due to a system error in which a treasury offset payment which originally paid the loan in full was subsequently reversed; however, the paid in full status was not removed from the loan when the payment was reversed. The system error prevented the Corporation's system from recognizing the loan as subject to assignment.

Effect: The Corporation failed to comply with the specific requirement and held a loan in its portfolio at year end which should have been assigned to the ED.

Recommendation: The Corporation should assign this loan to ED in accordance with 34 CFR section 682.409.

View of Officials: The Corporation agrees that on the loan identified, the paid in full status was not removed when the treasury offset payment was reversed, preventing the system from recognizing the loan as subject to assignment. We have corrected the status of the identified loan, and the loan was referred for assignment to ED as of September 13, 2010.

To ensure these errors do not occur again, the Corporation will put additional internal controls in place. We will query the servicing system to check for paid in full status loans with balances and verify that the changes are made correctly.

Finding Control Number: **FA-918-10-02**
ELIGIBILITY
Failure to charge appropriate costs for default collection activities to borrowers on defaulted loans.
Federal Family Education Loan Program (CFDA 84.032)
U. S. Department of Education

Condition: The Corporation charged inappropriate costs to one borrower noted in our sample of sixty (60).

Criteria: Guaranty agencies are required to charge defaulted borrowers reasonable costs incurred by the agency for its default collection activities. The rate is based on the amount that would be charged if the loan was held by the U.S. Department of Education.

Information: In the prior year, a payment was posted to the borrower's account and subsequently reversed; however, the collection charge was not also reversed. When a payment was posted in fiscal year 2010, the payment was first applied to the outstanding fee and an additional fee was charged.

Cause: In the prior year, a payment was posted to the borrower's account and subsequently reversed; however, the collection charge was not also reversed. When a payment was posted in fiscal year 2010, the payment was first applied to the outstanding collection fee and an additional fee was charged.

Effect: Inappropriate costs were charged to the borrower on this defaulted loan.

Recommendation: The Corporation should implement procedures to ensure that all collection charges are reversed when payments are reversed.

View of Officials: The Corporation agrees that on the loan identified, the borrower was charged inappropriate costs related to collection activities. Since a reversal of the Treasury Offset Program (TOP) payment associated with the collection charge TOP fee of $17 was processed in the prior year, the TOP fee should have been manually reversed by the Corporation due to a system limitation which will not automatically reverse the collection charge along with the related payment.

To ensure inappropriate collection costs are not charged to borrower's accounts, the Corporation has developed and implemented additional operational and internal control procedures. When a reversal of a TOP payment occurs and no portion of this payment is re-applied to the borrower's account, then the Corporation will manually reverse the associated TOP fee. Additionally, a database query report will be provided by the Information Technology (IT) department at the beginning of each month to identify any borrowers' accounts with unpaid TOP fees which indicates a reversal of a TOP payment has been processed. Each of the borrower's accounts listed on the report will be researched to determine if the TOP fee should be reversed, given this should only occur if no portion of the TOP payment will be re-applied to the borrower's account. Otherwise, the TOP fee will remain in the "unpaid" field until some portion of the payment is re-applied to the borrower's account at which time the TOP fee will be reflected in the "paid" field. Once these steps have been completed, the accounting manager will review and initial the report indicating approval of the TOP fee as appropriate.

Furthermore, the borrower's account noted above has been corrected and now reflects the correct TOP fee of $16.

Finding Control Number: **FA-918-10-03**
ELIGIBILITY
Failure to rebate default aversion fees on a loan which was subsequently paid as a default claim
Federal Family Education Loan Program (CFDA 84.032)
U. S. Department of Education

Condition: The Corporation did not return the 1% default aversion fee on a loan which was subsequently paid as a default claim.

Criteria: Guaranty agencies may transfer a default aversion fee from its Federal Fund to its Operating Fund based on 1 percent of the total unpaid principal and accrued interest owed on loans on which the lender requests default aversion assistance. However, if a loan on which the guaranty agency has received the default aversion fee is subsequently paid as a default claim, the guaranty agency must rebate funds to the Federal Fund by deducting the rebate funds from the default aversion fee calculation.

Information: Due to a timing issue, the default aversion fee was billed a day after the default claim was paid.

Cause: The Default Aversion Assistance Request (DAAR) was processed on 4/29/10 and the claim paid 4/29/10. Default aversion fee billing executed on 4/30/10 at month end. Due to a timing issue the loan was no longer in a claim status because of claim payment and fee billing occurred. Therefore, the default aversion fee was not subsequently refunded after the defaulted claim was paid.

Effect: Inappropriate costs were billed to the U.S. Department of Education.

Recommendation: The Corporation should implement procedures to ensure that all default aversion fees are rebated when default claims are paid.

View of Officials: The Corporation agrees that on the loan identified, the 1% default claim payment amount was not reimbursed to ED. The Corporation has made an adjustment to this loan and reimbursed ED the total fee billed amount of $2,172 on 7/31/10.

To ensure this system error does not occur again, the Corporation has modified the system to run the Default Aversion Billing Program before the scheduled weekly Claim Purchase Program. This will resolve the timing issue. In addition, we will query the system monthly to verify there are no exceptions.

Finding Control Number: **FA-918-10-04**
REPORTING
Failure to properly report loans purchased by the U.S. Department of Education
Federal Family Education Loan Program (CFDA 84.032)
U. S. Department of Education

Condition: The Corporation did not property report the amounts in line MR-27 of ED Form 2000 in accordance with 34 CFR section 682.414(b)(4)).

Criteria: Once a loan is purchased by the U.S. Department of Education, guaranty agencies cease to have any obligations, responsibilities, or rights (including any rights to any payment) for the loan. Guaranty agencies annually submit to ED Form 2000, Guarantee Agency Financial Report. Line AR-7, Loans Transferred Out on that report shows the loans sold to ED. Also line MR-15 shows the Secretary's fee for defaulted FFEL loans consolidated with Direct Loans and line MR-27 is the total receivable on these loans.

Information: Amounts reported on line MR-27 of ED Form 2000 included the 18.5% Direct Consolidation Fee in addition to the outstanding principal and interest on loans consolidated.

Cause: Due to management oversight, amounts reported on line MR-27 of ED Form 2000 included the 18.5% Direct Consolidation Fee in addition to the outstanding principal and interest on loans consolidated.

Effect: See above condition.

Recommendation: The Corporation should implement procedures to ensure that all amounts are properly reported on ED Form 2000.

View of Officials: The Corporation agrees that in several instances, the 18.5% Direct Consolidation Fee (DCF) was improperly reported in line MR-27 of ED Form 2000. The error was caused due to human error in which the amount was manually calculated rather than reported as provided on the GACD444 report from GOALS, the reporting system used for ED Form 2000. Given the DCF amount was reported in the "Other Amount" column and separately from the principal and interest amounts on line MR-27 of ED Form 2000, the DCF amount had no financial impact and was not used to calculate the federal receivable balance due to the Corporation.

To ensure that all amounts are properly reported on ED Form 2000, the Corporation has developed and implemented additional operational and internal control procedures. Amounts reported on the ED Form 2000, to include amounts for line MR-27, will be obtained from the appropriate GOALS report as provided for the ED Form 2000 reporting. Any deviation from this procedure will be brought to the attention and discussed with the accounting manager, the Corporation's service provider, Great Lakes and the Department of Education, as appropriate to determine the proper amount to report and the appropriate resources for obtaining this data. Additionally, the current month ED Form 2000 will be compared to the prior period's report line by line. Any discrepancies found will be researched and analyzed to ensure the amounts are properly reported.

ENVIRONMENTAL FINANCE AUTHORITY, GEORGIA (*)

Finding Control Number: **FA-928-10-01**
SUBRECIPIENT MONITORING
CCR Registration
Clean Water State Revolving Fund (CFDA 66.458)
Drinking Water State Revolving Fund (CFDA 66.468)
Environmental Protection Agency
Energy Efficient Appliance Rebate Program (CFDA 81.127)
U. S. Department of Energy
Grant Awards: All-Award Year - 2009

Condition: The Authority did not document its initial review of subrecipients current CCR numbers nor whether the information had been updated throughout the year.

Criteria: Section 1512 (h) of the American Recovery and Reinvestment Act (ARRA) and 2 CFR section 176.50(c) require pass-through entities to review whether first-tier subrecipients receiving ARRA funding have current Central Contract Registrations (CCR). Also, the pass-through entity must perform periodic checks to ensure that subrecipients are updating this information, as necessary.

Information: During our audit it was noted that CCR numbers were not obtained for any subrecipients on any of the ARRA funded programs detailed in this finding.

Cause: The Authority was unaware of the requirement to verify and monitor the updating of subrecipients CCR numbers.

Effect: Without ensuring updated CCR number, the Authority could award ARRA funding to entities who have not registered for a CCR prior to the award of the contract, which is a violation of Federal Acquisition Regulation 4.11. CCR registrations increase visibility of vendor sources and establish a common source of vendor data for the Federal Government.

Recommendation: We recommend the Authority enact controls which require the respective program managers to document the procedures performed to ensure that entities receiving ARRA funding have a current CCR and that the Authority has annually reviewed CCR registrations to ensure updates are made, as necessary.

View of Officials: The Authority does not agree with this finding. CCR registrations are verified using the CCR verification service available online at https://www.bpn.gov/CCRSearch/Search.aspx. Each subrecipient's data universal numbering system (DUNS) number is verified by data entry to the CCR verification site to determine if an active registration exists. If it is determined that a subrecipient is not registered, the subrecipient is notified to register with the CCR and is provided instructions on how to register. ARRA guidelines require that verification of registration is performed. The guidelines do not state or require the Authority to maintain a separate tracking system specifically for the capture of the CAGE code or CCR registration number. Additionally, submission of 1512 data is certified as the Authority submits its quarterly reports which require all contractors to be registered prior to submission.

AUDITOR CONCLUDING REMARKS TO FINDING FA-928-10-01

Management has stated they "do not agree with the finding". For the programs described in this finding, no documentation was maintained by the Authority to verify compliance with the requirement. A result of this lack of documentation was our inability to audit the compliance with the requirement and therefore resulted in the finding.

Finding Control Number: **FA-928-10-02**
SUBRECIPIENT MONITORING
ARRA Contracts
Clean Water State Revolving Fund (CFDA 66.458)
Drinking Water State Revolving Fund (CFDA 66.468)
Environmental Protection Agency
Weatherization Assistance for Low-Income Persons (CFDA 81.042)
U. S. Department of Energy
Grant Awards: All-Award Year - 2009

Condition: The Authority had not properly identified, through it's agreement with the subrecipients of ARRA funding, at the time of the subaward and disbursement of funds, the CFDA number to each subrecipient.

Criteria: 2 CFR section 176.210 requires recipients to (1) separately identify to each subrecipient and document at the time of the subaward and disbursement of funds, the Federal Award number, CFDA number, and the amount of ARRA funds; and (2) require their subrecipients to provide similar identification in their SEFA and SF-SAC.

Information: During our review of subaward agreements between the Authority and the subrecipients for the programs listed in this finding, it was noted that the subaward agreements did not properly include the CFDA number.

Cause: The Authority failed to document the appropriate CFDA numbers in the signed contract agreements with subrecipients.

Effect: Subrecipients could potentially misidentify federal funding awarded to them by the Authority.

Recommendation: We recommend the Authority enact controls to ensure that subaward contracts contain the information as required.

View of Officials: The Authority agrees with the recommendation above. All contracts will be reviewed to ensure that all federal identifications are included within the subaward contracts for those contractors applicable to Single Audit requirements.

Finding Control Number: **FA-928-10-03**
SUBRECIPIENT MONITORING
Subrecipient Monitoring During the Award
Weatherization Assistance for Low-Income Persons (CFDA 81.042)
U. S. Department of Energy
Grant Awards: All-Award Year - 2009

Condition: The Authority performs on-site monitoring activities of each of its subrecipients for this program. If a finding or issue is found during the Authority's monitoring which requires the subrecipient to perform corrective action, it is the Authority's policy to allow 30 days for the corrective action to take place, at which time the Authority should receive follow up information from the subrecipient validating the actions taken. The Authority had not consistently been adhering to this policy of a timely 30 day follow-up of subrecipients with whom deficiencies were noted during monitoring.

Criteria: OMB Circular A-133 section .400(d)(3) requires the pass-through entity must monitor the activities of the subrecipient as necessary to ensure that Federal awards are used for authorized purposes in compliance with the laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

Information: During review of monitoring files of all 22 subrecipients for this program, corrective action was required on 15 of the subrecipients based on findings from the Authority's monitoring. None of these 15 had

Authority follow-up on the corrective action taken by subrecipients within the 30 day policy of the Authority.

Cause: The Authority is working with large workload volumes with this and other programs.

Effect: Subrecipients could not take corrective action as necessary and be in consistent violation of the Federal award.

Recommendation: We recommend the Authority enact controls to ensure that all deficiencies noted during monitoring are followed-up on in a timely manner and that it's internal policy be consistently followed.

View of Officials: The Authority agrees with the recommendation above. The Authority has changed its internal policy to allow up to 60 days for subrecipients to respond to corrective action requests. In addition, the Authority will implement a process to better manage and acknowledge subrecipients who have failed to respond in a timely manner and follow up with those subrecipients accordingly.

(*) THIS FINDING RESULTED FROM AN AUDIT PERFORMED BY OTHER AUDITORS

Auditee's Section

Expenditures of Federal Awards

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

Schedule of Expenditures of Federal Awards

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

State of Georgia

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
African Development Foundation			
01.OFA Other Federal Assistance			
Direct		$ 164,152	(R)
Through: JETS	71307	$ 35,911	
Program Total		**200,063**	
AGENCY TOTAL		$ **200,063**	
Inter - American Foundation			
04.OFA Other Federal Assistance			
Direct		$ 29,078	
Program Total		**29,078**	
AGENCY TOTAL		$ **29,078**	
Peace Corps			
08.OFA Other Federal Assistance			
Direct		$ 11,075	(R)
Program Total		**11,075**	
AGENCY TOTAL		$ **11,075**	
Agriculture, U.S. Department of			
10.001 Agricultural Research_Basic and Applied Research			
Direct		$ 1,399,699	(R)
Through: DELAWARE STATE UNIVERSITY	20444	$ 9,367	(R)
UNIVERSITY OF FLORIDA	20220	19,110	(R)
L3 COMMUNICATIONS/ROCKWALL TEXAS	5866127152	46,604	(R)
Program Total		**1,474,780**	
10.025 Plant and Animal Disease, Pest Control, and Animal Care			
Direct		1,499,650	(R)
Through: MISSISSIPPI STATE UNIVERSITY	20262	10,994	(R)
Program Total		**1,510,644**	
10.028 Wildlife Services			
Direct		785,768	(R)
Program Total		**785,768**	
10.086 ARRA-Aquaculture Grants Program-AGP			
Direct		205,200	
Program Total		**205,200**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Agriculture, U.S. Department of				
10.162	Inspection Grading and Standardization			
Direct			$ 12,422	
Program Total			**12,422**	
10.163	Market Protection and Promotion			
Direct			206,063	
Program Total			**206,063**	
10.169	Specialty Crop Block Grant Program			
Direct			39,412	
Program Total			**39,412**	
10.170	Specialty Crop Block Grant Program - Farm Bill			
Direct			535,431	
Program Total			**535,431**	
10.200	Grants for Agricultural Research, Special Research Grants			
Direct			1,981,977	(R)
Through:	AUBURN UNIVERSITY	20288	$ 10,430	(R)
	AUBURN UNIVERSITY	20288	2,985	(R)
	CLEMSON UNIVERSITY	20208	13,267	(R)
	CLEMSON UNIVERSITY	20208	6,490	(R)
	CORNELL UNIVERSITY	67101	86,239	(R)
	DONALD DANFORTH PLANT SCI CTR	68932	7,174	(R)
	FLORIDA STATE UNIVERSITY	20278	382,995	(R)
	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383 DUNS	128,866	(R)
	MISSISSIPPI STATE UNIVERSITY	20262	17,100	(R)
	NORTH DAKOTA STATE UNIVERSITY	20319	13,483	(R)
	RUTGERS UNIVERSITY	20214	16,629	(R)
	RUTGERS UNIVERSITY	20214	3,247	(R)
	UNIVERSITY OF ARKANSAS	20217	22,809	(R)
	UNIVERSITY OF FLORIDA	20220	11,853	(R)
	UNIVERSITY OF FLORIDA	20220	48,821	(R)
	WEST VIRGINIA UNIV RSCH CORP	68507	8,251	(R)
Program Total			**2,762,616**	
10.202	Cooperative Forestry Research			
Direct			844,912	(R)
Program Total			**844,912**	
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act			
Direct			4,795,620	(R)
Program Total			**4,795,620**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Agriculture, U.S. Department of				
10.206	Grants for Agricultural Research_Competitive Research Grants			
Direct			$ 4,089,409	(R)
Through:	BAYLOR UNIVERSITY	68960	$ 83,718	(R)
	KANSAS STATE UNIVERSITY	20255	-1,106	(R)
	NORTH CAROLINA STATE UNIV	20211	141,443	(R)
	UNIV OF CALIFORNIA/DAVIS	20423	58,659	(R)
	UNIV OF MARYLAND/COLLEGE PARK	20223	194,734	(R)
	UNIVERSITY OF ARIZONA	20266	66,919	(R)
	UNIVERSITY OF CALIFORNIA	20218	-133,855	(R)
	UNIVERSITY OF WISCONSIN	20232	93,785	(R)
	WASHINGTON STATE UNIVERSITY	20236	19,277	(R)
Program Total			**4,612,983**	
10.207	Animal Health and Disease Research			
Direct			79,438	(R)
Program Total			**79,438**	
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants			
Direct			25,340	(R)
Program Total			**25,340**	
10.212	Small Business Innovation Research			
Through:	SSS OPTICAL TECHNOLOGIES, LLC	61539	1,251	(R)
Program Total			**1,251**	
10.215	Sustainable Agriculture Research and Education			
Direct			2,306,241	(R)
Through:	HERBERT GREEN AGROECOLOGY, INC.	108301	7,278	(R)
Program Total			**2,313,519**	
10.216	1890 Institution Capacity Building Grants			
Direct			3,633,360	(R)
Program Total			**3,633,360**	
10.217	Higher Education Challenge Grants			
Direct			330,623	(R)
Through:	UNIVERSITY OF FLORIDA	20220	24,191	(R)
	UNIVERSITY OF WISCONSIN	20232	44,881	(R)
Program Total			**399,695**	
10.219	Biotechnology Risk Assessment Research			
Direct			134,874	(R)
Program Total			**134,874**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Agriculture, U.S. Department of				
10.220	Higher Education Multicultural Scholars Program			
Direct			$ 63,528	(R)
Program Total			**63,528**	
10.250	Agricultural and Rural Economic Research			
Direct			25,222	(R)
Through:	REGENTS OF UNIVERSITY OF CALIF	20285	$ 30,041	(R)
Program Total			**55,263**	
10.253	Food Assistance and Nutrition Research Programs (FANRP)			
Direct			6,977	(R)
Program Total			**6,977**	
10.254	Program of Research on the Economic of Invasive Species Management (PREISM)			
Direct			56,958	(R)
Program Total			**56,958**	
10.290	Agricultural Market and Economic Research			
Direct			16,552	(R)
Program Total			**16,552**	
10.303	Integrated Programs			
Direct			1,917,637	(R)
Through:	NORTH CAROLINA STATE UNIV	20211	89	(R)
	NORTH CAROLINA STATE UNIV	20211	18,115	(R)
	TEXAS AGRILIFE EXTENSION SERVICE	2008-51130-19537	16,853	(R)
	TEXAS AGRILIFE EXTENSION SVC	20466	23,790	(R)
	TEXAS COOPERATIVE EXTENSION	20406	78,420	(R)
	UNIV OF CALIFORNIA/DAVIS	20423	62,684	(R)
	UNIV OF NEBRASKA-LINCOLN	20263	729	(R)
	UNIVERSITY OF IDAHO	20287	17,812	(R)
	UNIVERSITY OF MINESOTA	41-6007513	283	
	VIRGINIA POLYTECHNIC INSTITUTE	20233	15,632	(R)
	WESTERN MICHIGAN UNIVERSITY	20376	46,050	(R)
Program Total			**2,198,094**	
10.304	Homeland Security_Agricultural			
Direct			332,205	(R)
Through:	UNIVERSITY OF FLORIDA	20220	49,120	(R)
Program Total			**381,325**	
10.305	International Science and Education Grants			
Direct			17,849	(R)
Program Total			**17,849**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Agriculture, U.S. Department of				
10.309	Specialty Crop Research Initiative			
Direct			$ 341,303	(R)
Through:	UNIV OF MARYLAND/COLLEGE PARK	20223	$ 58,717	(R)
Program Total			**400,020**	
10.310	Agriculture and Food Research Initiative (AFRI)			
Direct			212,526	(R)
Through:	WASHINGTON STATE UNIVERSITY	20236	1,270	(R)
Program Total			**213,796**	
10.443	Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers			
Direct			22,007	(R)
Program Total			**22,007**	
10.446	Rural Community Development Initiative			
Direct			25,238	(R)
Program Total			**25,238**	
10.450	Crop Insurance			
Direct			109,108	(R)
Program Total			**109,108**	
10.455	Community Outreach and Assistance Partnership Program			
Direct			3,150	(R)
Program Total			**3,150**	
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection			
Direct			6,306,491	
Program Total			**6,306,491**	
10.479	Food Safety Cooperative Agreements			
Direct			391,114	(R)
Program Total			**391,114**	
10.500	Cooperative Extension Service			
Direct			13,706,278	(R)
Through:	AUBURN UNIVERSITY	20288	106,551	(R)
	CLEMSON UNIVERSITY	20208	2,652	(R)
	KANSAS STATE UNIVERSITY	20255	154,075	(R)
	MONTANA STATE UNIVERSITY	20380	7,088	(R)
	NORTH CAROLINA STATE UNIV	20211	5,939	(R)
	TEXAS AGRILIFE EXTENSION SVC	20466	52,329	(R)
	TEXAS COOPERATIVE EXTENSION	20406	36,579	(R)
	UNIV OF NEBRASKA-LINCOLN	20263	14,446	(R)
	UNIVERSITY OF ILLINOIS	20221	7,591	(R)
	UNIVERSITY OF WYOMING	20365	1,319	(R)
Program Total			**14,094,847**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES	
Agriculture, U.S. Department of				
10.551 Supplemental Nutrition Assistance Program(SC)				
Direct		$ 0	2,457,272,783	
Program Total		**0**	**2,457,272,783**	(4)
10.553 School Breakfast Program(CNC)				
Direct		138,408,809		
Program Total		**138,408,809**		
10.555 National School Lunch Program(CNC)				
Direct		515,142,643		
Program Total		**515,142,643**		
10.556 Special Milk Program for Children(CNC)				
Direct		17,576		
Program Total		**17,576**		
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children				
Direct		246,910,760		
Program Total		**246,910,760**		(2)
10.558 Child and Adult Care Food Program				
Direct		4,693,533		
Program Total		**4,693,533**		
10.559 Summer Food Service Program for Children(CNC)				
Direct		15,656		
Program Total		**15,656**		
10.560 State Administrative Expenses for Child Nutrition				
Direct		6,257,456		
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	$ 58,727		
Program Total		**6,316,183**		
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program(SC)				
Direct		71,413,484		
Program Total		**71,413,484**		
10.561 ARRA-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program(SC)				
Direct		5,040,378		
Program Total		**5,040,378**		
10.565 Commodity Supplemental Food Program				
Direct		22,460		
Program Total		**22,460**		

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Agriculture, U.S. Department of			
10.568 Emergency Food Assistance Program - Administrative Costs(EFA)			
Direct		$ 1,963,596	
Program Total		**1,963,596**	
10.568 ARRA-Emergency Food Assistance Program - Administrative Costs(EFA)			
Direct		1,206,577	
Program Total		**1,206,577**	
10.572 WIC Farmers Market Nutrition Program (FMNP)			
Direct		84,310	
Program Total		**84,310**	
10.574 Team Nutrition Grants			
Direct		58,119	
Through: UNIVERSITY OF MISSISSIPPI	UNKNOWN	$ 40,681 (R)	
Program Total		**98,800**	
10.576 Senior Farmers Market Nutrition Program			
Direct		23,848	
Program Total		**23,848**	
10.579 Child Nutrition Discretionary Grants Limited Availability			
Direct		17,140	
Program Total		**17,140**	
10.579 ARRA-Child Nutrition Discretionary Grants Limited Availability			
Direct		824	
Program Total		**824**	
10.580 Special Nutrition Assistance Program Outreach Participation Program			
Direct		-56,572	
Program Total		**-56,572**	
10.582 Fresh Fruit and Vegetable Program			
Direct		1,796,974	
Program Total		**1,796,974**	
10.603 Emerging Markets Program			
Direct		325 (R)	
Program Total		**325**	
10.606 Food for Progress			
Direct		2,519 (R)	
Program Total		**2,519**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Agriculture, U.S. Department of				
10.652	Forestry Research			
Direct			$ 994,431	(R)
Through:	UNIV OF KENTUCKY RESEARCH FDN	69324	$ 41,286	(R)
Program Total			**1,035,717**	
10.664	Cooperative Forestry Assistance			
Direct			4,402,480	(R)
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	4,774	
Program Total			**4,407,254**	
10.665	Schools and Roads_Grants to States(SRC)			
Direct			1,864,095	
Program Total			**1,864,095**	
10.672	Rural Development, Forestry, and Communities			
Direct			195	(R)
Through:	UNIV OF MISSOURI-COLUMBIA	20443	5,578	(R)
Program Total			**5,773**	
10.674	Forest Products Lab: Technology Marketing Unit (TMU)			
Direct			30,564	(R)
Program Total			**30,564**	
10.675	Urban and Community Forestry Program			
Direct			4,428	
Program Total			**4,428**	
10.676	Forest Legacy Program			
Direct			85,848	(R)
Program Total			**85,848**	
10.678	Forest Stewardship Program			
Direct			668,663	(R)
Program Total			**668,663**	
10.680	Forest Health Protection			
Direct			1,101,546	(R)
Program Total			**1,101,546**	
10.687	ARRA-Recovery Act of 2009: Capital Improvement and Maintenance			
Direct			103,868	(R)
Program Total			**103,868**	
10.688	ARRA-Recovery Act of 2009: Wildland Fire Management			
Direct			2,943,449	
Program Total			**2,943,449**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Agriculture, U.S. Department of				
10.689	Community Forest and Open Space Conservation Program (CFP)			
Direct			$ 3,355	(R)
Program Total			**3,355**	
10.766	ARRA-Community Facilities Loans and Grants			
Direct			50,000	
Program Total			**50,000**	
10.769	Rural Business Enterprise Grants			
Direct			230,053	
Program Total			**230,053**	
10.783	ARRA-Rural Business Enterprise Grants - ARRA			
Direct			418,285	
Program Total			**418,285**	
10.856	1890 Land Grant Institutions Rural Entrepreneurial Outreach Program			
Direct			173,430	
Program Total			**173,430**	
10.861	Public Television Station Digital Transition Grant Program			
Direct			175,005	
Program Total			**175,005**	
10.868	Rural Energy for America Program			
Direct			27,885	(R)
Program Total			**27,885**	
10.902	Soil and Water Conservation			
Direct			1,901,468	(R)
Program Total			**1,901,468**	
10.903	Soil Survey			
Direct			8,477	(R)
Program Total			**8,477**	
10.912	Environmental Quality Incentives Program			
Direct			290,109	(R)
Through:	AUBURN UNIVERSITY	20288	$ 518	(R)
Program Total			**290,627**	
10.916	ARRA-Watershed Rehabilitation Program			
Through:	USDA NATURAL RESOURCES CONSERVATION SERVICE	58-0642409	255,308	
Program Total			**255,308**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Agriculture, U.S. Department of			
10.950 Agricultural Statistics Reports			
Direct		$ 62,422	
Program Total		**62,422**	
10.960 Technical Agricultural Assistance			
Direct		112,089 (R)	
Program Total		**112,089**	
10.961 Scientific Cooperation and Research			
Direct		23,422 (R)	
Program Total		**23,422**	
10.962 International Training_Foreign Participant			
Direct		56,751 (R)	
Program Total		**56,751**	
10.OFA Other Federal Assistance			
Direct		398,449 (R)	
Through: UNIVERSITY OF FLORIDA	20220	$ 57,495 (R)	
Program Total		**455,944**	
AGENCY TOTAL		$ **1,058,351,194**	$ **2,457,272,783**
Commerce, U.S. Department of			
11.113 ITA Special Projects			
Direct		$ 22 (R)	
Through: CENTER FOR ROTORCRAFT INNOVATION (RITA)	W911W60620002	$ 32,327 (R)	
Program Total		**32,349**	
11.303 Economic Development_Technical Assistance			
Direct		142,880 (R)	
Program Total		**142,880**	
11.307 ARRA-Economic Adjustment Assistance(PWEDC)			
Direct		356,395	
Program Total		**356,395**	
11.313 Trade Adjustment Assistance			
Through: EMORY UNIVERSITY/ATLANTA GA	992607659	1,421,175	
Program Total		**1,421,175**	
11.400 Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)			
Direct		37,007 (R)	
Program Total		**37,007**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Commerce, U.S. Department of				
11.407	Interjurisdictional Fisheries Act of 1986			
Direct			$ 210,522	
Program Total			**210,522**	
11.417	Sea Grant Support			
Direct			1,238,803	(R)
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	$ 38,521	(R)
	MARYLAND EASTERN SHORE	NA17AE626	243,879	(R)
	SOUTH CAROLINA SEA GRANT CONSORTIUM	371, 372, 373	15,004	(R)
	UNIVERSITY OF PUERTO RICO	R92108	19,484	(R)
Program Total			**1,555,691**	
11.419	Coastal Zone Management Administration Awards			
Direct			2,425,777	
Program Total			**2,425,777**	
11.420	Coastal Zone Management Estuarine Research Reserves			
Direct			773,836	(R)
Through:	SAPELO ISLAND ESTUARINE RESEARCH RESERVE	58-1130945	3,596	
Program Total			**777,432**	
11.429	Marine Sanctuary Program			
Direct			887,456	(R)
Program Total			**887,456**	
11.430	Undersea Research			
Through:	UNIVERSITY OF MISSISSIPPI	20273	194,112	(R)
	UNIVERSITY OF NORTH CAROLINA WILMINGT	NA08OAR4300863NCB	74,622	(R)
Program Total			**268,734**	
11.431	Climate and Atmospheric Research			
Direct			3,533,501	(R)
Through:	UNIV CORP FOR ATOMOSPHERIC RSC	60993	131,303	(R)
	UNIVERSITY OF FLORIDA	20220	3,568	(R)
	ARIZONA STATE UNIVERSITY/TEMPE AZ	NA08OAR4310551	106,278	(R)
	UCLA/LOS ANGELES CA	NA08OAR4310882	51,141	(R)
Program Total			**3,825,791**	
11.432	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes			
Through:	UNIVERSITY OF MIAMI	68841	96,260	(R)
Program Total			**96,260**	
11.433	Marine Fisheries Initiative			
Direct			1,612	(R)
Program Total			**1,612**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Commerce, U.S. Department of				
11.434	Cooperative Fishery Statistics			
Direct			$ 216,238	
Program Total			**216,238**	
11.439	Marine Mammal Data Program			
Direct			34,413	
Program Total			**34,413**	
11.460	Special Oceanic and Atmospheric Projects			
Direct			92,610	(R)
Through:	FLORIDA STATE UNIVERSITY TALLAHASSEE FLA	NA09OAR4600198	$ 36,351	(R)
Program Total			**128,961**	
11.463	Habitat Conservation			
Through:	SOUTHEAST AQUATIC RES PARTNERS	68959	2,442	(R)
Program Total			**2,442**	
11.467	Meteorologic and Hydrologic Modernization Development			
Through:	COOP PROGRAM OP METEOR ED/TRN	68347	26,635	(R)
Program Total			**26,635**	
11.469	Congressionally Identified Awards and Projects			
Direct			190,321	
Through:	CONSORTIUM FOR OCEAN LEADERSHIP	52-1892964	11,892	
Program Total			**202,213**	
11.472	Unallied Science Program			
Direct			654,767	
Program Total			**654,767**	
11.473	Coastal Services Center			
Through:	SC SEA GRANT CONSORTIUM	93_374	37,655	(R)
	UNIVERSITY OF MARYLAND	248,249,250	103,394	(R)
Program Total			**141,049**	
11.474	Atlantic Coastal Fisheries Cooperative Management Act			
Direct			342,968	
Program Total			**342,968**	
11.478	Center for Sponsored Coastal Ocean Research_Coastal Ocean Program			
Direct			62,473	(R)
Program Total			**62,473**	
11.481	Educational Partnership Program			
Direct			247,906	
Program Total			**247,906**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Commerce, U.S. Department of				
11.550	Public Telecommunications Facilities Planning and Construction			
Direct			$ 66,434	
Program Total			**66,434**	
11.558	ARRA-State Broadband Data and Development Grant Program			
Direct			313,156	
Program Total			**313,156**	
11.603	National Standard Reference Data System			
Through:	NORTHROP CORPORATION/	RA134107SU1774	$ -382	(R)
Program Total			**-382**	
11.609	Measurement and Engineering Research and Standards			
Direct			214,654	(R)
Program Total			**214,654**	
11.610	National Center for Standards and Certification Information			
Direct			30,455	(R)
Program Total			**30,455**	
11.611	Manufacturing Extension Partnership			
Direct			257,646	(R)
Through:	EMORY UNIVERSITY/ATLANTA GA	70NANB5H1146	2,898,458	
Program Total			**3,156,104**	
11.616	Technology Innovation Program (TIP)			
Through:	THIRD WAVE SYSTEMS/MINNEAPOLIS MN	70NANB10H007	8,738	(R)
Program Total			**8,738**	
11.618	National Institute of Standards and Technology Construction Grant Program			
Direct			528,560	(R)
Program Total			**528,560**	
11.800	Minority Business Development Centers			
Through:	EMORY UNIVERSITY ATLANTA GA	4100700101	240,962	
Program Total			**240,962**	
11.OFA	Other Federal Assistance			
Direct			14,000	(R)
Program Total			**14,000**	
AGENCY TOTAL			$ **18,671,827**	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of				
12.100	Aquatic Plant Control			
Direct			$ 1,090,185	(R)
Through:	ALLIANT TECHSYSTEMS INC CLEARWATER FL	"UNKNOWN"	$ 292,220	(R)
	L3 COMMUNICATIONS TORRANCE CA	F0863500C0014	147,384	(R)
	MUSTANG TECHNOLOGY GROUP LP ALLEN	20100000000000	33,759	(R)
	NORTHROP CORPORATION	"UNKNOWN"	451,343	(R)
	NORTHROP CORPORATION	W31P4Q050A00029	211,005	(R)
	RAYTHEON	W31P4Q05A0031TO21	3,815,472	(R)
	RAYTHEON	W31P4Q05A0031TASKORD	33,249	(R)
	SAIC	N6600108C2011	122,963	(R)
	SAIC	07C1608	-140	(R)
	SAIC	N0017804D4143	28,728	(R)
	SAIC	HR001108C0090	368,653	(R)
Program Total			**6,594,821**	
12.112	Payments to States in Lieu of Real Estate Taxes			
Direct			1,503,391	
Program Total			**1,503,391**	
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services			
Direct			498,062	
Program Total			**498,062**	
12.114	Collaborative Research and Development			
Through:	UNIV OF SOUTH CAROLINA COLUMBIA SC	W912DY0720041	120,524	(R)
Program Total			**120,524**	
12.300	Basic and Applied Scientific Research			
Direct			19,798,829	(R)
Through:	JOHNS HOPKINS UNIVERSITY	68079	11,369	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	261,722	(R)
	ADVANCED OPTICAL SYSTEMS HUNTSVILLE GA	N6833510C0124	10,000	(R)
	AEROTONOMY INCORPORATED	N0001410C0157	37,823	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	N0017405D00130002	-3,428	(R)
	ARIZONA STATE UNIVERSITY TEMPE AZ	N000140810696	353,998	(R)
	AUBURN UNIVERSITY AUBURN ALABAMA	N0001410C0190	1,236	(R)
	AURORA FLIGHT SCIENCES CAMBRIDGE MA	FA955010C0039	7,244	(R)
	BBN SYSTEM AND TECHNOLOGIES ARLINGTON VA	N6600109C2073	11,022	(R)
	BOEING AEROSPACE COMPANY	N000140811158	304,507	(R)
	BOOZ ALLEN AND HAMILTON INC	N6133906C0046	187,238	(R)
	BOOZ ALLEN AND HAMILTON INC	N6660406C2335	449,451	(R)
	CHILDREN'S HEALTHCARE OF ATLANTA ATLANTA GA	N000140811131	47,212	(R)
	CLARKSON AEROSP FA865005D-1912	FA865005D1912	79,624	(R)
	CLEMSON UNIVERSITY CLEMSON SC	N6833508C0132	94,322	(R)
	COMPACT MEMBRANE SYSTEMS	DTRT07G0004	47,536	(R)
	CONCURRENT TECHNOLOGY JOHNSTOWNE PA	W911NF0820004	166,143	(R)
	DUPONT CENTRAL RESEARCH AND DEVE	W19CRB06D0032	197,359	(R)
	DYNETICS INCORPORATED	N0010406CCA54WO10580	911	(R)

Defense, U.S. Department of

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Through:	GENERAL DYNAMICS INFORMATION TECHNOLOGY INC FAIRFA	N0017804D4012DOFD04	$ 182,155	(R)
	HARRIS CORPORATION	N6893607C0012	491,843	(R)
	ITT ELECTRONICS SYSTEMS CLIFTON NJ	N0002409C6316	117,119	(R)
	L3 COMMUNICATIONS ROCKWALL TEXAS	N000140710378	31,652	(R)
	LOCKHEED MARTIN	N0001409D0702	21,018	(R)
	LOCKHEED-MARTIN	N0017405D00130017	180,087	(R)
	LOCKHEED-MARTIN	N0001407C0888	32,096	(R)
	LOCKHEED-MARTIN	N000140711074	99,437	(R)
	LUNA INNOVATIONS BLACKBURG VA	N0017405D00130019	4,196	(R)
	NORTHROP CORPORATION	N0017405D00130020	41,075	(R)
	RAYTHEON	N0017308C6002	408,685	(R)
	SAIC	HC104705D40000067	365,952	(R)
	SAIC	N0042105D0054	12,108	(R)
	SAIC	FA852304D00060018	2,369,224	(R)
	SAIC	05D38340008	54,027	(R)
	SAIC	N000140810987	70,581	(R)
	SAIC	N000140810481	391,751	(R)
	SARNOFF CORPORATION PRINCETONNJ	N0017805D4527	-964	(R)
	SPARTA INC	N0001408C0501	60,914	(R)
	SUMMA TECHNOLOGIES HUNTSVILLE AL	N6600108D00410001	74,218	(R)
	TELCORDIA TECHNOLOGIES MORRISTOWN NJ	N6600108C1018	594,534	(R)
	TRANDES CORPORATION LANHAM MD	N0017405D00130021	15,153	(R)
	TRANDES CORPORATION LANHAM MD	N0017804D4016	4	(R)
	TYBRIN CORPORATION FT WALTON BEACH FL	05D38340009	124,306	(R)
	TYBRIN CORPORATION FT WALTON BEACH FL	F4265001C7218	290,559	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	N0002409D53910001	873,342	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	N6133108P3568	-98	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	N0016708P0007	23,954	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	N000140910054	349,078	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	N6258308C0072	188,338	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	N6600108D00410002	838,315	(R)
	UNIV OF DAYTON RES INST DAYTON OH	N6133109P3507	-9,922	(R)
	UNIV OF FLORIDA	N000140710143	34,481	(R)
	UNIV OF MAINE ORONO ME	R01HL09292601A2	225,173	(R)
	UNIV OF MARYLAND COLLEGE PARK MD	N0002409D53910002	331,772	(R)
	UNIVERSITY OF NEW MEXICO ALBUQUERQUE NM	N6600108C2011	3,282	(R)
	WESTLAND TECHNOLOGIES INC MODESTO CA	N0017805D4611N402	138,848	(R)
Program Total			**31,092,411**	
12.300	ARRA-Basic and Applied Scientific Research			
Through:	STONE MOUNTAIN TECHNOLOGIES INC.	W909MY10C1014	39,222	(R)
Program Total			**39,222**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of				
12.351	Basic Scientific Research - Combating Weapons of Mass Destruction			
Direct			$ 356,403	(R)
Program Total			**356,403**	
12.400	Military Construction, National Guard			
Direct			7,565,901	(R)
Through:	CH2M HILL INC	61495	$ -1	(R)
Program Total			**7,565,900**	
12.401	National Guard Military Operations and Maintenance - O and M Projects			
Direct			28,109,645	
Program Total			**28,109,645**	
12.401	ARRA-National Guard Military Operations and Maintenance - O and M Projects			
Direct			5,465,212	
Program Total			**5,465,212**	
12.404	National Guard Civilian Youth Opportunities			
Direct			7,175,715	
Program Total			**7,175,715**	
12.420	Military Medical Research and Development			
Direct			654,593	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	397,745	(R)
	PENNINGTON BIOMEDICAL RSCH CTR	20389	2,005	(R)
	TRUE RESEARCH FOUNDATION	69400	26,931	(R)
	ACADEMY FOR EDUCA DEVELOP INC WASHINGTON DC	W81XWH0810686	39,167	(R)
	CLEANTECH PARTNERS INC MIDDLETON WI	W81XWH0820032	257,525	(R)
	CLEMSON UNIVERSITY CLEMSON SC	W81XWH0810704	681,922	(R)
Program Total			**2,059,888**	
12.431	Basic Scientific Research			
Direct			23,666,700	(R)
Through:	ACADEMY OF APPLIED SCIENCE	67899	19,500	(R)
	BAYLOR COLLEGE OF MEDICINE	29245	344,346	(R)
	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	4,910	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	79,291	(R)
	UNIV OF CALIFORNIA/SANTA BARBA	29248	108,246	(R)
	ADV VIRTUAL ENGINE TEST CELL INC/SPRINGFIELD OH	W911NF0810368	102,659	(R)
	ADVANCED ROTORCRAFT TECH/MOUNTAINVIEW CA	W911W609C0044	27,914	(R)
	AGILTRON INC/WOBURN MA	W911NF0810400	1,655	(R)
	ALION SCIENCE AND TECHNOLOGY/ROME NEW YORK	DAAD1901C0065	363,948	(R)
	ALLIANT TECHSYSTEMS INC/CLEARWATER FL	W31P4Q05CR07710405A	-6,123	(R)
	ALLIANT TECHSYSTEMS INC/CLEARWATER FL	W31P4Q05CR0770295A	-1,455	(R)
	ALLIANT TECHSYSTEMS INC/CLEARWATER FL	DAAD1303C0084	172,879	(R)
	ALLIANT TECHSYSTEMS INC/CLEARWATER FL	DASG6003C0086	1,782,651	(R)
	ANALYTICAL RESEARCH LLC/BOWIEMD	HSHQDC0700060	5,396	(R)
	ANALYTICAL SERVICES & MATERIALS	NNL09AA01Z	35,590	(R)

Defense, U.S. Department of

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
	INCORPORATED/HAMPT			
Through:	ARINC CORPORATION/	W9113M05C0194	$ 6,843,172	(R)
	ARINC CORPORATION/	W15P7T05CR405	1,131,235	(R)
	ATK MISSILE SYSTEMS CO/WOODLAND HILL CA	N0001908C0058	50,414	(R)
	BALDWIN TECHNOLOGY CO LLC/PORT WASHINGTON NY	NNX08BA85G	41,124	(R)
	BATTELLE	W909MY08C0032	115,592	(R)
	BATTELLE/	W911NFD0001DO0913	12,374	(R)
	BERRIEHILL RESEARCH CORP/DAYTON OH	"UNKNOWN"	112,493	(R)
	BOEING/LONG BEACH CA	IPADATED112006	16,074	(R)
	CALIFORNIA POLYTECHNIC STATE UNIVERSITY/SAN LUIS	W31P4Q05CR0776156A	212	(R)
	CENTER FOR ROTORCRAFT INNOVATION (RITA)	W911W6062002	68,433	(R)
	CENTER FOR ROTORCRAFT INNOVATION (RITA)	W911W60620002	54,669	(R)
	CERADYNE THERMO MATERIALS/	W13P4Q09G0001	20,987	(R)
	CLARK ATLANTA UNIVERSITY/ATLANTA GA	NNA09DA78A	987,022	(R)
	COMPACT MEMBRANE SYSTEMS	DEFG0208ER86343	79,674	(R)
	CRIMINAL INFORMATION SHARING ALLIANCE/FOLSOM CA	W911NF0620050	83,188	(R)
	CYPHY WORKS/WAYLAND MA	70NANB10H013	40,341	(R)
	DATA MATRIX SOLUTIONS INC/ABERDEEN MD	W911QX09C0087	38,545	(R)
	DEEP SPRINGS TECHNOLOGY/TOLEDO OH	W911NF0810249	287,210	(R)
	DUPONT CENTRAL RESEARCH & DEVELOPMENT	W911W60520003	44,704	(R)
	EG&G MANAGEMENT SYSTEMS/HOLLOMAN AFB NM	W911QX07P0197	82	(R)
	EMORY UNIVERSITY/ATLANTA GA	W911NF07D0001DO0415`	18,883	
	EMORY UNIVERSITY/ATLANTA GA	W911W609C0408	5,000	(R)
	GENERAL DYNAMICS INFORMATION TECHNOLOGY/DAYTON OH	F3361503D5408	3,584	
	GEORGE MASON UNIVERSITY/FAIRFAX VA	W91WAW09C0096BAA	20,991	(R)
	GPA TECHNOLOGIES INC/VENTURACA	N6258309D0029	24,515	(R)
	IMAGING SYSTEMS TECHNOLOGY/TOLEDO OH	W31P4Q05CR0772397A	-73	(R)
	IMPACT TECHNOLOGIES LLC/ROCHESTER NY	NNX09CB61C	57,500	(R)
	IMPACT TECHNOLOGIES LLC/ROCHESTER NY	FA955010C0036	15,134	(R)
	JET PROPULSION LAB/CALIFORNIA INST. OF TECH	NMO710764	19,638	(R)
	JT3 LLC	W15P7T05CP207	-1,201	(R)
	JT3 LLC	W911W506D00010023	-93	(R)
	JT3 LLC	F4265001C7218	299,959	(R)
	KANSAS STATE UNIVERSITY	W911NF0710355	86,910	(R)
	KANSAS STATE UNIVERSITY	W911NF0710476	139,750	(R)
	KITWARE INC/CLIFTON PARK NY	W31P4Q09C0256	29,826	(R)
	KYMA/RALEIGH NC	W911W506D00010027	4,594	(R)
	L3 COMMUNICATIONS	USZA2203D0006	152,793	(R)
	L3 COMMUNICATIONS/ROCKWALL TEXAS	W31P4Q05CR0773217A	-320	(R)
	L3 COMMUNICATIONS/ROCKWALL TEXAS	DAAB0702DP0001	95,494	(R)
	L3 COMMUNICATIONS/ROCKWALL TEXAS	W31P4Q05CR0771347A	-485	(R)
	L3 COMMUNICATIONS/ROCKWALL TEXAS	W31P4Q05CR0773297A	-219	(R)
	L3 COMMUNICATIONS/TORRANCE CA	W911W506D00010031	454	(R)
	LAVENDER INDUSTRIES INC/CHATSWORTH CA	W911W506D00010034	-34	(R)
	LOCKHEED-MARTIN	W9113M06C0044	5,790	(R)
	LOCKHEED/MARTIN	W31P4Q08CA123	8,744	(R)
	LUNA INNOVATIONS/BLACKBURG VA	W15P7T10CC002	23,057	(R)

Defense, U.S. Department of

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Through:	MADISON RESEARCH CORPORATION/HUNTSVILLE AL	W9113M06C0156	$ 41	(R)
	MANUFACTURING TECHNOLOGY INC/FORT WALTON BEACH FL	W911NF07D00010164	-19	(R)
	NANO ENGINEERED MATERIALS CORP	FA955010C0030	7,004	(R)
	NORTHROP CORPORATION/	W31AP4Q05CR0774317A	13	(R)
	NORTHROP CORPORATION/	W9124Q07C0712	51,047	(R)
	NORTHROP CORPORATION/	W31P4Q06DA0030009	37	(R)
	NORTHROP CORPORATION/	W31P4Q06DA0030007	-42	(R)
	NORTHROP CORPORATION/	W912PP07C0019	5	(R)
	NORTHROP CORPORATION/	W31P4Q05D40004347A	38,827	(R)
	OAK RIDGE NATL LAB/OAK RIDGE TN	W911NF0710576	178,834	(R)
	PENNSYLVANIA STATE UNIV/UNIV PARK PA	W911NF0810124	144,703	(R)
	PROJECT PERFORMANCE CORP/MCLEAN VA	DEDT0000016	96,800	(R)
	RAYTHEON	W911W506D00010042	-9,077	(R)
	RAYTHEON	W911W506D00010043	349	(R)
	RESEARCH AND ENGINEERING DEVELOPMENT INC/LEXIN	W911W506D00010044	185,523	(R)
	RESEARCH AND ENGINEERING DEVELOPMENT INC/LEXIN	W911W506D00010045	-12,500	(R)
	RESEARCH AND ENGINEERING DEVELOPMENT INC/LEXINGTON	W31P4Q05A0032	-827	(R)
	ROCHESTER INSTITUTE OF TECH	H4560030005	9,250	(R)
	SAIC	W911NF0820004	668,382	(R)
	SAIC	W900KK08C0006	642,692	(R)
	SAIC	W911W506D00010048	27,363	(R)
	SAIC	W911NF0810315	1,874,553	(R)
	SAIC	W31P4Q05A0031;TO25	425,551	(R)
	SAIC	W31P4Q05A0031	260,886	(R)
	SAIC	W911W506D00010052	-737	(R)
	SAIC	W31P4Q06DA0030011	1,704,405	(R)
	SAIC	W31P4Q05A0030	-5,408	(R)
	SAIC	W911W506D00010054	145,401	(R)
	SAIC	W31P4Q08D00060002	-84	(R)
	SAIC	W31P4Q08D00060005	65	(R)
	SAIC	W91CRB08C0123	159,779	(R)
	SAIC	DAAD1901C0062	2,371	(R)
	SAIC	W15P7T06DA401	1,275	(R)
	SAIC	W911W506D00010050	135,238	(R)
	SAIC	W911W506D00010046	81,843	(R)
	SAIC	W911W506D00010047	-1,454	(R)
	SAIC	W911W506D00010049	10,511	(R)
	SAIC	W911W506D00010051	66,009	(R)
	SAIC	W31P4Q08D00060007	-77	(R)
	SAIC	W31P4Q08D00060006	2,938	(R)
	SAIC	W911W506D00010053	90,069	(R)
	SAVANNAH RIVER COMPANY/WESTINGHOUSE	W31P4Q08D00060008	314,217	(R)
	SCHAFER CORPORATION/CHELMSFORD MA	W911W506D00010055	24,577	(R)
	SCHAFER CORPORATION/CHELMSFORD MA	FA495305D0176	56,175	(R)
	SCIENTIFIC RESEARCH CORP/ATLANTA GA	W31P4Q06DA004	52,308	(R)
	SCIENTIFIC SYSTEMS COMPANY/WOBURN MA	W911W506D00010056	23,605	(R)
	SRA INTERNATIONAL INC/FAIRFAX VA	W31P4Q06DA0030015	729,585	(R)

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of				
Through:	SSAI/MELBOURNE FL	W31P4Q08D00060011	$ 5,207	(R)
	SSAI/MELBOURNE FL	W911W506D00010058	10,017	(R)
	SSAI/MELBOURNE FL	W911W506D00010057	440,132	(R)
	SSAI/MELBOURNE FL	W31P4Q08D00060009	9,445,490	(R)
	SSAI/MELBOURNE FL	W911W506D00010059	31,651	(R)
	SSAI/MELBOURNE FL	W31P4Q08D00060010	232,670	(R)
	STOTTLER HENKE ASSOCIATES INC/ SAN MATEO CA	W9132T09R0014	30,000	(R)
	TASK FORCE FOR GLOBAL HEALTH/DECATUR GA	5U36CD30043028	28,213	(R)
	TELCORDIA TECHNOLOGIES/MORRISTOWN NJ	W31P4Q06DA0030016	5,155	(R)
	TELCORDIA TECHNOLOGIES/MORRISTOWN NJ	DAAB00702DP002	-869	(R)
	TELCORDIA TECHNOLOGIES/MORRISTOWN NJ	W31P4Q06DA0030014	363	(R)
	TKC INTEGRATION SERVICES LLC/TUCKER GA	W911NF0810515	165,344	(R)
	TRACE PHOTONICS INC/CHARLESTON IL	W15QKN04C1123	100,306	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	W31P4Q06DA0030018	65,729	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	W911W506D00010060	54,682	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	HQ014708C7929	18	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	W911QY08C0136	70,026	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	W31P4Q08D00060013	17,474	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	W31P4Q08D00060014	865,132	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	W911W506D00010061	10,571	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	W31P4Q08C0445	1,685	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	W31P4Q08D00060012	25,562	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	W9113M09C0005	11,569	(R)
	UES INC/DAYTON OH	FA865004D2404	64,591	(R)
	UNITED TECHNOLOGIES/EAST HARTFORD CT	W91CRB09C0055	63,852	(R)
	UNIVERSAL TECHNOLOGY CORP DAYTON OH	W911W506D00010065	110,926	(R)
	UNIVERSAL TECHNOLOGY CORP DAYTON OH	HHM40204D0007	2,265,508	(R)
	UNIVERSAL TECHNOLOGY CORP DAYTON OH	FA865005D1912	15,015	(R)
	UNIVERSITY OF CALIFORNIA/SANTA BARBARA CA	W911NF0910553	69,796	(R)
	WANG ELECTRO-OPTO CORPORATION/MARIETTA GA	W31P4Q08D00060015	14,851	(R)
	WESTAR AEROSPACE & DEFENSE GROUP INC/ST. LO	W911W506D00010063	284,820	(R)
	WESTLAND TECHNOLOGIES INC/MODESTO CA	W911W506D00010062	285,025	(R)
	WYLE LABORATORIES/	W911W506D00010064	64,349	(R)
	YULISTA MANAGEMENT SERVICES/HUNTSVILLE AL	W31P4Q06CR190	199,370	(R)
Program Total			**60,982,079**	
12.431	ARRA-Basic Scientific Research			
Through:	UNITED TECHNOLOGIES/EAST HARTFORD CT	W9132T10C0013	2,959	(R)
	UNIVERSAL TECHNOLOGY CORP DAYTON OH	FA865008D2806	126,318	(R)
Program Total			**129,277**	
12.551	National Security Education_Scholarships			
Direct			$ 268,829	
Program Total			**268,829**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of				
12.556	Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools			
Through:	MUSCOGEE COUNTY BOARD OF EDUCATION	58-6000143	$ 180,504	
Program Total			**180,504**	
12.558	Department of Defense Impact Aid (Supplement, CWSD, BRAC)			
Direct			$ 283,777	
Program Total			**283,777**	
12.610	Community Economic Adjustment Planning Assistance for Joint Land Use Studies			
Direct			43,098	
Program Total			**43,098**	
12.630	Basic, Applied, and Advanced Research in Science and Engineering			
Direct			19,848,189 (R)	
Through:	3 PHOENIX INC FAIRFAX VA	NNX08AZ16H	28,716 (R)	
	ADVANCED DYNAMICS INC LEXINGTON KY	W911W610C0026	23,562 (R)	
	ALION SCIENCE AND TECHNOLOGY ROME NEW YORK	N6523604D3831	39,134 (R)	
	ANTEON CORPORATION DAYTON OH	H9823008C0336	106,043 (R)	
	APPLIED RESEARCH ASSOCIATES PANAMA CITY FL	NNX08AZ15H	26,767 (R)	
	AREVA NC INC RICHLAND WA	NNX08BA93H	31,093 (R)	
	ARIZONA STATE UNIVERSITY TEMPE AZ	200000000000	69,863 (R)	
	ARIZONA STATE UNIVERSITY TEMPE AZ	DEFC2609NT43321	116,818 (R)	
	ARIZONA STATE UNIVERSITY TEMPE AZ	H9823008C0350	95,854 (R)	
	BALL AEROSPACE SYSTEMS DIV	FA860108F0105	6,268 (R)	
	BOEING AEROSPACE COMPANY	FA863305D2003	104,426 (R)	
	BOEING MESA AZ	HR00111090001	21,256 (R)	
	BURNHAM INSTITUTE FOR MEDICAL RESEARCH	R01HL085481	28,221 (R)	
	CFX BATTERY INC AZUSA CA	"UNKNOWN"	17,670 (R)	
	CROSSBOW TECHNOLOGY INC	945335	43,822 (R)	
	DREXEL UNIVERSITY PITTSBURG PA	HM15820810007	36,124 (R)	
	DUPONT CENTRAL RESEARCH AND DEVELOPMENT	H982300910018	44,224 (R)	
	DYNETICS INCORPORATED	HHM40209D0015	711,540 (R)	
	HRL LABORATORIES MALIBU CA	HR001109C0126	145,187 (R)	
	IMPACT TECHNOLOGIES ATLANTA GA	W31P4Q090538	37,384 (R)	
	LOCKHEED - FORT WORTH FORT WORTH TX	HR001108C0090	41,478 (R)	
	LOCKHEED MARTIN FORTWORTH TEXAS	FA861108C2897	63,593 (R)	
	LOCKHEED MARTIN INTEGRATED SERVICES MARLTON NJ	W15P7T06DE405	460,718 (R)	
	LOCKHEED MARTIN MOORESTOWN NJ	H9400304D0001	225,910 (R)	
	MAGNOLIA OPTICAL TECHNOLOGIES INC WOBURN MA	N10PC20062	674 (R)	
	MARCO MICROELECTRONICS ADVANCED RESEARCH CORP	HR00111030002	3,557,264 (R)	
	MATERIALS TECHNOLOGIES CORP MILFORD CT	"UNKNOWN"	34,309 (R)	
	NANO ENGINEERED MATERIALS CORP	NSF0945004	49,937 (R)	
	NORTHROP CORPORATION	HC104705D40000058	-2 (R)	
	PACIFIC NW NATL LAB BATTELLE MEMORIAL INST	DEAC0576RL01830	27,394 (R)	
	PAX STREAMLINE INC NOVATO CA	DESC0003256	35,933 (R)	
	POLYMER AGING CONCEPTS INC DAHLONEGA GA	DESC0001967	40,000 (R)	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of				
Through:	PRATT AND WHITNEY AIRCRAFT	"UNKNOWN"	$ 68,192	(R)
	PRINCETON UNIVERSITY PLAINSBORO NJ	N000140911074	89,668	(R)
	PROJECT PERFORMANCE CORP MCLEAN VA	DEDT0000516	17,000	(R)
	PURDUE UNIVERSITY	W15PT10CB019	18,857	(R)
	RAYTHEON	W31P4Q09C0094	40,000	(R)
	SAIC	H9222208F0060	311,130	(R)
	SAIC	08C8533	4,811,951	(R)
	SET CORPORATION VIENNA VA	FA865010C1716	23,546	(R)
	SPARTA INC	08D85580001	331,322	(R)
	SSAI MELBOURNE FL	N6878607D71750007	47,996	(R)
	SSAI MELBOURNE FL	08C8551	939,813	(R)
	STEVENS INST OF TECHNOLOGY	H9823010D0031	24,007	
	TELCORDIA TECHNOLOGIES MORRISTOWN NJ	N6878607D71750008	186,146	(R)
	TKC GLOBAL SOLUTIONS LLC HERNDON VA	200000000000000	44,504	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	H9823009C0652	818,232	(R)
	UNIV SPACE RESEARCH ASSOC	09C8578	449,120	(R)
	WESTAR AEROSPACE AND DEFENSE GROUP INC ST. LO	08D85580002	15,453	(R)
Program Total			**34,356,306**	
12.631	Science, Technology, Engineering and Mathematics (STEM) Educational Program: Science, Mathematics And Research for Transformation (SMART)			
Direct			$ 41,750	
Program Total			**41,750**	
12.800	Air Force Defense Research Sciences Program			
Direct			22,029,959	(R)
Through:	AZIMUTH CORPORATION	61427	26,577	(R)
	HENRY M. JACKSON FOUNDATION	69339	13,390	(R)
	NDP OPTRONICS LLC	UNKNOWN	3,950	(R)
	NDP OPTRONICS LLC	UNKNOWN	14,130	(R)
	ACADEMY FOR EDUCA DEVELOP INC WASHINGTON DC	FA95500810446	254,367	(R)
	AEGIS TECHNOLOGIES GROUP INC	FA865004D71370006	136,392	(R)
	AEROTONOMY INCORPORATED	FA865004D71370007	7,847	(R)
	AEROTONOMY INCORPORATED	FA865004D71370008	54,814	(R)
	AEROTONOMY INCORPORATED	FA865004D71370009	176,551	(R)
	AIRBORNE TECHNOLOGIES INC STERLING VA	FA865004D71370010	22,382	(R)
	ALBERT EINSTEIN COLLEGE OF MEDICINE BRONX NY	FA95500810398	298,057	(R)
	ALION SCIENCE AND TECHNOLOGY ROME NEW YORK	FA865004D71370011	129,639	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	F3361502D11250005	23,875	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	HC104705D40000001	1,082,978	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	FA865004D71370012	75,912	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	F3361502D11250010	3,618	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	FA865004D71370013	343,820	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	F3361502D11250006	16,671	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	HC104705D40000002	586,464	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	FA865004D71370014	153,786	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	F3365701C0047	847,118	(R)

Defense, U.S. Department of

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Through:	ALLIANT TECHSYSTEMS INC CLEARWATER FL	HC104705D40000005	$ 39,534	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	FA865004D71370015	43,963	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	F3361502D11250009	11,496	(R)
	ANALYTICAL MECHANICS ASSOCIATES INC HAMPTON VA	FA955010C0061	26,130	(R)
	ATAIR AEROSPACE INC BROOKLYN NY	N0001409M0309	24,381	(R)
	BAE SYSTEMS	F3361502D11250016	24,551	(R)
	BAE SYSTEMS	F3361502D11250014	43,172	(R)
	BAE SYSTEMS	HC104705D40000018	3	(R)
	BAE SYSTEMS	GST0406DE0007	93,823	(R)
	BATTELLE	W911NF07D00010686	14,106	(R)
	BEA IDAHO NATIONAL LAB IDAHO FALLS	DEAC0705ID14517	57,154	(R)
	BEA IDAHO NATIONAL LAB IDAHO FALLS	DEAC07OID14517	15,215	(R)
	BEA IDAHO NATIONAL LAB IDAHO FALLS	DEAC07051D14517	26,858	(R)
	BENNETT AEROSPACE CARY NC	N6893609C0107	27,933	(R)
	BENNETT AEROSPACE CARY NC	N0001409M0269	20,872	(R)
	BOEING AEROSPACE COMPANY	FA865008D3857	980	(R)
	BOEING AEROSPACE COMPANY	FA863305D2003	17,171	(R)
	BOEING LONG BEACH CA	FA920005D00790014	493,745	(R)
	BOEING LONG BEACH CA	FA920005D00790020	64,396	(R)
	BOEING LONG BEACH CA	FA920005D00790021	33,184	(R)
	BOEING LONG BEACH CA	FA920005D00790015	322	(R)
	BOEING LONG BEACH CA	FA920005D00790009	9,862	(R)
	BOEING PHANTOM WORKS BERKELEY MO	N6133900D0707	26,388	(R)
	BOEING PHANTOM WORKS BERKELEY MO	FA865006C7605	17	(R)
	BOOZ ALLEN AND HAMILTON INC	FA852305D00030002	156,563	(R)
	BOOZ ALLEN AND HAMILTON INC	FA852306C0049	-984	(R)
	BOOZ ALLEN AND HAMILTON INC	SPO70003D1380	306,847	(R)
	BOOZ ALLEN AND HAMILTON INC	FA875005C0237	111	(R)
	BOSTON COLLEGE CHESTNUT HILL MA	SB134103Z0014	11,315	(R)
	BOSTON ENGINEERING CORP WALTHAM MA	N6833509C0386	24,966	(R)
	CALIFORNIA POLYTECHNIC STATE UNIVERSITY SAN LUIS O	HC104705D40000025	-839	(R)
	CARNEGIE MELLON INSTITUTE PITTSBURGH PA	FA955008C0054	25,631	(R)
	CERADYNE THERMO MATERIALS	W31P4Q09G0001	55,794	(R)
	CERMET INC DORAVILLE GA	"UNKNOWN"	120,903	(R)
	CERMET INC DORAVILLE GA	F3361503D5408	1,307	(R)
	CFD RESEARCH CORP	NNX10CF01P	20,330	(R)
	CFD RESEARCH CORPORATION HUNTSVILLE AL	N6833509C0577	154,742	(R)
	CLARK ATLANTA UNIVERSITY ATLANTA GA	70NANB7H6168	42,548	(R)
	CLARKSON AEROSPACE HOUSTON TX	HC104705D40000019	93,577	(R)
	COMBUSTION SCIENCE AND ENGINEERING LTD	FA865009C2009	42,212	(R)
	CONTINUUM DYNAMICS INC	N6833509C0335	21,827	(R)
	CORCORAN ENGINEERING INC WALTHAM MA	FA94511010D0243	612	(R)
	CORNELL UNIVERSITY	NNX08AR49G	21,947	(R)
	CORNELL UNIVERSITY	UNKNOWN	35,635	(R)
	CRIMINAL INFORMATION SHARING ALLIANCE FOLSOM CA	HC104705D40000028	-125	(R)
	CRIMINAL INFORMATION SHARING ALLIANCE FOLSOM CA	HC104705D40000012	24,673	(R)
	CRIMINAL INFORMATION SHARING ALLIANCE FOLSOM CA	HC104705D40000027	49,400	(R)

Defense, U.S. Department of

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Through:	DNOVUS GA	F3361502D11250018	$ 343	(R)
	DUPONT CENTRAL RESEARCH AND DEVELOPMENT	FA95500810317	48,415	(R)
	DYNAMAC CORPORATION	NAS1002001	506	(R)
	DYNETICS INCORPORATED	"UNKNOWN"	566,398	(R)
	DYNETICS INCORPORATED	F3361502D11250019	61,802	(R)
	DYNETICS INCORPORATED	HHM4029D0015	177,284	(R)
	ELECTRIC FUEL CORPORATION AUBURN AL	W15P7T09CS327	107,370	(R)
	ELORET CORPORATION	NNX10CC51P	15,715	(R)
	EMORY UNIVERSITY ATLANTA GA	CNS0540577	22,965	
	EMORY UNIVERSITY ATLANTA GA	1RO1CA113206501A2	52,242	(R)
	EMORY UNIVERSITY ATLANTA GA	NNX09AF63A	539,684	
	ENERGETICS INC	41829	68,174	(R)
	GEORGIA NANOFAB CARTERSVILLE GA	FA865004D71370001	12,370	(R)
	HARVARD UNIVERSITY BOSTON MA	FA95500910669	55,536	(R)
	HONEYWELL MILITARY AVION	W911W608020011	79,995	(R)
	IMAGING SYSTEMS TECHNOLOGY TOLEDO OH	IIP0956629	39,425	(R)
	IMPACT TECHNOLOGIES LLC ROCHESTER NY	N001408C0194	103,500	(R)
	ITT	N0002409C6316	319,690	(R)
	ITT SYSTEMS AND SCIENCES CORPORATION	F3361502D11250020	9,279	(R)
	JET PROPULSION LAB	NMO710764	4,418	(R)
	JET PROPULSION LAB CALIFORNIA INST. OF TECH	"UNKNOWN"	33,652	(R)
	JOHNS HOPKINS APPLIED PHYSICS LAB LAUREL MD	NNA09DB31A	70,769	(R)
	JOHNSON RES AND DEVELOPMT CO ATLANTA GA	FA955009C0171	35,000	(R)
	KYMA RALEIGH NC	FA865006C5413	9,138	(R)
	L3 CINCINNATI ELECTRONICS	FA854009C0016	15,349	(R)
	L3 COMMUNICATIONS ROCKWALL TEXAS	HC104705D40000029	183,505	(R)
	L3 COMMUNICATIONS ROCKWALL TEXAS	FA865007C6766	112,786	(R)
	L3 COMMUNICATIONS ROCKWALL TEXAS	HC104705D40000035	252,392	(R)
	L3 COMMUNICATIONS ROCKWALL TEXAS	FA852304D00060014	-6,720	(R)
	L3 COMMUNICATIONS TORRANCE CA	FA862007C3043	261,906	(R)
	L3 COMMUNICATIONS TORRANCE CA	HC401705D40000036	-3	(R)
	L3 COMMUNICATIONS TORRANCE CA	HC104705D40000045	9,102	(R)
	LAWRENCE LIVERMORE NAT'L LAB LIVERMORE CA	DEAC5207NA27344	10,985	(R)
	LOCKHEED-MARTIN	FA852307C0020	96,008	(R)
	LOCKHEED-MARTIN	HC104705D40000044	47,013	(R)
	LOCKHEED-MARTIN	HC104705D40000037	149,675	(R)
	LOS ALAMOS NATIONAL LAB LOS ALAMOS NATIONAL S	DEAC5206NA25396	42,012	(R)
	LSU BATON ROUGE LA	HC104705D40000051	108,363	(R)
	MA INST OF TECHNOLOGY CAMBRIDGE MA	FA95500910420	82,756	(R)
	MADISON RESEARCH CORPORATION HUNTSVILLE AL	F3361502D11250022	2,300	(R)
	MADISON RESEARCH CORPORATION HUNTSVILLE AL	HC104705D40000048	64,807	(R)
	MAGNOLIA OPTICAL TECHNOLOGIES INC WOBURN MA	N6833509C0349	24,950	(R)
	MICROPERFUSIONS INC	1R43NS06554301A1	21,088	(R)
	MORGAN RESEARCH CORP HUNTSVILLE AL	W31P4Q05A0030	5,984	(R)
	MUSTANG TECHNOLOGY GROUP LP ALLEN TX	HC104705D40000054	8,616	(R)
	NORTHROP CORPORATION	HC104705D40000063	12,696	(R)
	NORTHROP CORPORATION	HC104705D40000062	549,862	(R)

Defense, U.S. Department of

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Through:	NORTHROP CORPORATION	F0960301D0208	$ -51,763 (R)	
	NORTHROP CORPORATION	FXXXXX08C8569	88,921 (R)	
	NORTHROP CORPORATION	HC104705D40000060	1,725,429 (R)	
	NORTHROP CORPORATION	HC104705D40000061	45 (R)	
	NORTHROP CORPORATION	HC401705D40000064	169,222 (R)	
	NORTHROP CORPORATION	FA852304D00060015	-38,699 (R)	
	NORTHROP CORPORATION	FA865005D5807	79,764 (R)	
	NORTHROP CORPORATION	HC104705D40000059	935,448 (R)	
	NORTHROP CORPORATION	FA852305D00030004	1,203,444 (R)	
	NUMERICA FT. COLLINS CO	FA852308C0001	174,676 (R)	
	NUMERICA FT. COLLINS CO	W911W506D00010040	-51 (R)	
	OAK RIDGE NAT'L LAB MARTIN MARIETTA	DEAC0500OR22725	164,506 (R)	
	OHIO STATE UNIVERSITY COLUMBUS OH	FA95500910602	34,130 (R)	
	PENNSYLVANIA STATE UNIV UNIV PARK PA	FA95500810334	199,300 (R)	
	PHOSPHOR TECH CORPORATION MABLETON GA	N0001409C0473	61,323 (R)	
	POLYMER AGING CONCEPTS INC DAHLONEGA GA	DEFG0207ER84687	54,340 (R)	
	PORTAGE ENV FA890305D8730	F3365701D2000	-4,420 (R)	
	PORTAGE ENVIRONMENTAL INC IDAHO FALLS ID	FA890305D8730	6,440 (R)	
	Q-CHEM INC PITTSBURG PA	R44GM0673352A	33,236 (R)	
	RADIANCE TECHNOLOGIES HUNTSVILLE AL	FA865009C1644	6,265 (R)	
	RADIO-HYDRO-PHYSICS	N6833509C0575	20,874 (R)	
	RAYTHEON	N0001902C3002	133,912 (R)	
	RAYTHEON	HHSF22300710849P	-2,557 (R)	
	RAYTHEON	"UNKNOWN"	5,733 (R)	
	RAYTHEON	HC104705D40000065	1,291,206 (R)	
	RAYTHEON	FA865008D13020002	234,451 (R)	
	RAYTHEON	F4265001C7218	-566 (R)	
	RAYTHEON	FA865008D13020001	10,153 (R)	
	RESEARCH AND ENGINEERING DEVELOPMENT INC	W911W60720003	135,066 (R)	
	RESEARCH AND ENGINEERING DEVELOPMENT INC	N0017805D4527	218,516 (R)	
	RESEARCH AND ENGINEERING DEVELOPMENT INC	FA852304D00060017	1,844 (R)	
	RESEARCH AND ENGINEERING DEVELOPMENT INC	FA872004D00020010	1,602,251 (R)	
	LEXI RK COMPOSITES STILLWATER OK	IIP0912626	19,420 (R)	
	SAIC	FA865008D13020009	912,822 (R)	
	SAIC	FA495305D0176	22,480 (R)	
	SAIC	FA852308M0010	14,132 (R)	
	SAIC	FA852304D00060019	3,596,258 (R)	
	SAIC	FA865000D13020007	19,043 (R)	
	SAIC	FA865008D13020006	110,155 (R)	
	SAIC	FA862008G40410001	642,590 (R)	
	SAIC	HC104705D40000074	-11 (R)	
	SAIC	"UNKNOWN"	40,766 (R)	
	SAIC	FA852305D00030005	1,336,765 (R)	
	SAIC	FA865007C3713	50,118 (R)	
	SAIC	FA852305D00030006	1,599,392 (R)	
	SAIC	HC104705D40000070	13,534,052 (R)	
	SAIC	FA875010C0032	637 (R)	
	SAIC	N0014006C0084	23,575 (R)	

Defense, U.S. Department of

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Through:	SAIC	FA865008D13020003	$ 7,428	(R)
	SAIC	FA865008D13020005	96,064	(R)
	SAIC	FA875008C0018	347,197	(R)
	SAIC	FA852308C0006	2,690,382	(R)
	SAIC	"UNKNOWN"	25,978	(R)
	SAIC	FA865009C7961	80,380	(R)
	SAIC	FA701408C0031	136,700	(R)
	SAIC	FA865008D13020004	18,452	(R)
	SAIC	HC104705D40000078	11,924	(R)
	SAIC	HC104705D40000071	252	(R)
	SAVANNAH RIV NATL LAB	DEAC0908SR22470	18,256	(R)
	SAVANNAH RIVER NATIONAL LAB AIKEN SC	DEAC0908SR22470	67,572	
	SERCO SERVICES	FA875009C80916	35,295	(R)
	SOUTHERN ALLIANCE FOR CLEAN ENERGY ATLANTA GA	DEFG2608NT05555SPJ20	30,603	(R)
	SOUTHWEST RESEARCH INSTITUTE	FO960302D0066DO0293	972	(R)
	SPARTA INC	HC104705D40000096	121,114	(R)
	SPARTA INC	HC104705D40000086	16,064	(R)
	SPECTRA RESEARCH DAYTON OH	HC104705D40000081	33,471	(R)
	SPECTRA RESEARCH DAYTON OH	HC104705D40000091	27,909	(R)
	SRA INTERNATIONAL INC FAIRFAX VA	HC104705D40000085	45,883	(R)
	SRI INTERNATIONAL MENLO PARK CA	"UNKNOWN"	18,337	(R)
	SSAI MELBOURNE FL	HC104705D40000098	27,620	(R)
	SSAI MELBOURNE FL	FA865008D13020010	461,382	(R)
	SSAI MELBOURNE FL	HC104705D40000080	2,175,958	(R)
	SSAI MELBOURNE FL	FA862008G40410002	216,309	(R)
	SSAI MELBOURNE FL	HC104705D40000082	6,537,586	(R)
	SSAI MELBOURNE FL	HC104705D40000087	-2,649	(R)
	SSAI MELBOURNE FL	HC104705D40000094	90,584	(R)
	STAR TECHNOLOGY AND RESEARCH	AF945309C0301	29,893	(R)
	SYRACUSE RESEARCH CORPORATION SYRACUSE NY	FA282308F0060	-366	(R)
	SYRACUSE RESEARCH CORPORATION SYRACUSE NY	FA824008C0118	878	(R)
	TECHNICAL DATA ANALYSIS INC FALL CHURCH VA	N6833509C0184	86,378	(R)
	TELCORDIA TECHNOLOGIES MORRISTOWN NJ	HC104705D40000095	2,606,411	(R)
	TELCORDIA TECHNOLOGIES MORRISTOWN NJ	HC104705D40000097	2,348,235	(R)
	TELCORDIA TECHNOLOGIES MORRISTOWN NJ	HC104705D40000079	5,428	(R)
	TELCORDIA TECHNOLOGIES MORRISTOWN NJ	DAAD1901C0062TO34	479,692	(R)
	TELCORDIA TECHNOLOGIES MORRISTOWN NJ	HQ000604D0006	728	(R)
	TELCORDIA TECHNOLOGIES MORRISTOWN NJ	HC104705D40000075	277,304	(R)
	TELCORDIA TECHNOLOGIES MORRISTOWN NJ	HC104705D40000099	115,597	(R)
	TELEDEVICES LLC LAWRENCEVILLE GA	HC104705D40000090	580,293	(R)
	TRANDES CORPORATION LANHAM MD	FA852308C0009	527,658	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	HC104705D40000105	73,811	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	F0960303D0002	749,705	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	HC104705D40000102	782,573	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	"UNKNOWN"	37,843	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	FA865008D13020011	1,248,361	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	FA865008D1327	210,937	(R)

Defense, U.S. Department of

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Through:	TYBRIN CORPORATION FT. WALTON BEACH FL	HC104705D40000103	$ 454,540	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	FAA800205C7002	12,430	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	N6523607D6875	-1,840	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	HC104705D40000100	109,846	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	FA872004D0003	2,046	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	FA955009C0111	149,952	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	FA822205D0001	-3,836	(R)
	UES INC DAYTON OH	FA865008C6832	75,000	(R)
	UNIV OF ALABAMA-HUNTSVILLE HUNTSVILLE AL	HC104705D40000104	212,897	(R)
	UNIV OF DAYTON RES INST DAYTON OH	FA865009C7922	191,530	(R)
	UNIV OF DAYTON RES INST DAYTON OH	FA862008G40410003	1,512,847	(R)
	UNIV OF FLORIDA	N00140710143	56,878	(R)
	UNIV OF MARYLAND COLLEGE PARK MD	FA865009M1546	15,736	(R)
	UNIV SPACE RESEARCH ASSOC	HHM40204D0007	29,476	(R)
	UNIVERSAL ENERGY SYSTEMS	FA860107P0472	105	(R)
	UNIVERSAL TECHNOLOGY CORP DAYTON OH	HC104705D40000107	121,293	(R)
	UNIVERSAL TECHNOLOGY CORP DAYTON OH	FA865005D1912	6,274	(R)
	UNIVERSITY OF TEXAS SAN ANTONIO TX	FA95500910165	30,000	(R)
	VECTRAXX VA	FA860108F0105	-337	(R)
	WYLE LABORATORIES	FA860104D00056204	51,747	(R)
	WYLE LABORATORIES	HC104705D40000089	165,282	(R)
	WYLE LABORATORIES	FA865008D13020012	162,427	(R)
	WYLE LABORATORIES	ACRPAO12	58,774	(R)
	WYLE LABS	FA860104D00056404	25,000	(R)
	YULISTA MANAGEMENT SERVICES HUNTSVILLE AL	W31P4Q06CR190	189,214	(R)
Program Total			**90,655,943**	
12.800	ARRA-Air Force Defense Research Sciences Program			
Through:	METROLASER	W911NF09C0123	42,545	(R)
	OAK RIDGE NATIONAL LAB	DEAC0500OR22725	37,553	(R)
Program Total			**80,098**	
12.900	Language Grant Program			
Direct			$ 90,511	(R)
Through:	HENRY M. JACKSON FOUNDATION	69339	20,928	(R)
Program Total			**111,439**	
12.901	Mathematical Sciences Grants Program			
Direct			106,916	(R)
Through:	UNIVERSITY OF SOUTH CAROLINA	UNKNOWN	1,120	(R)
Program Total			**108,036**	
12.910	Research and Technology Development			
Direct			2,656,243	(R)

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of				
Through:	INST FOR GENOMIC RSCH-TIGR,THE	68563	$ 277,855	(R)
	UNIVERSITY OF UTAH	20326	21,910	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	NRO00005C0071	-2,952	(R)
	ALLIANT TECHSYSTEMS INC CLEARWATER FL	MDA90403C1711	268,598	(R)
	BAE SYSTEMS	05D60010002	21,843	(R)
	BAE SYSTEMS	2005N157120000	90,434	(R)
	BAE SYSTEMS	05C0023	118,345	(R)
	BAE SYSTEMS	2005H408200000	432,688	(R)
	BOEING PHANTOM WORKS BERKELEY MO	05C60010003	141,315	(R)
	CALIFORNIA INSTITUTE OF TECH PASADENA CA	FA865008C7853	110,639	(R)
	CAS INC	06C3063	150,443	(R)
	CLEMSON UNIVERSITY CLEMSON SC	NNC08CB01C	346,904	(R)
	CORNELL UNIVERSITY	HR001108C0146	-452	(R)
	DYNETICS INCORPORATED	07C0001	4,303,811	(R)
	DYNETICS INCORPORATED	06C8433	11,601	(R)
	DYNETICS INCORPORATED	HHM40209D0015	278,912	(R)
	JT3 LLC	SP070003D1380	16,521	(R)
	L3 COMMUNICATIONS TORRANCE CA	N6878607D71750002	50,026	(R)
	L3 COMMUNICATIONS TORRANCE CA	HQ000607C7643	-221	(R)
	LAVENDER INDUSTRIES INC CHATSWORTH CA	N6878607D7175	-15,888	(R)
	LEAR SIEGLER ANTONIO TX	07C4165	628,228	(R)
	LOCKHEED MARTIN MISSILES AN FIRE CONTROL DALLAS TX	HR001109C0107	60,000	(R)
	OPTEOS INC ANN ARBOR MI	N6878607D71750003	-781,125	(R)
	PORTAGE ENVIRONMENTAL INC IDAHO FALLS ID	08C8510	-1,337	(R)
	PRINCETON UNIVERSITY PLAINSBORO NJ	HR00110910055	27,770	(R)
	RESEARCH AND ENGINEERING DEVELOPMENT INC	N0017805D4527	204,550	(R)
	RESEARCH AND ENGINEERING DEVELOPMENT INC	N6878607D71750006	-12	(R)
	ROCKWELL COLLINS CEDAR RAPIDS IA	N6878607D71750005	488,730	(R)
	SAIC	08C8526	1,115,362	(R)
	SAIC	HHM40204D0007	12,810	(R)
	SAIC	"UNKNOWN"	3,489	(R)
	SAIC	DAABO702DP0001	32,651	(R)
	TRANDES CORPORATION LANHAM MD	F0960301D0214	690,691	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	F0960301D02070154	2,350,314	(R)
	UNIV OF NOTRE DAME SOUTH BEND IN	N6600110C2003	21,602	(R)
Program Total			**14,132,298**	
12.OFA	Other Federal Assistance			
Direct			$ 4,346,535	(R)
Through:	AT&T, CORPORATION	61387	86,277	(R)
	CH2M HILL INC	61495	448	(R)
	EG&G, INC.	UNKNOWN	107,169	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	54,686	
	VAL OPTICS	94-3242717	36,374	(R)
Program Total			**4,631,489**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Defense, U.S. Department of			
12.OFA ARRA-Other Federal Assistance			
Direct		$ 27,966	(R)
Program Total		**27,966**	
AGENCY TOTAL		$ **296,614,083**	
Central Intelligence Agency			
13.OFA Other Federal Assistance			
Direct		$ 28,505	(R)
Program Total		**28,505**	
AGENCY TOTAL		$ **28,505**	
Housing and Urban Development, U.S. Department of			
14.169 Housing Counseling Assistance Program			
Direct		$ 161,658	(R)
Program Total		**161,658**	
14.171 Manufactured Home Construction and Safety Standards			
Direct		294,440	
Program Total		**294,440**	
14.219 Community Development Block Grants. Small Cities Program			
Through: CITY OF WARNER ROBINS	20382	$ 20,000	
Program Total		**20,000**	
14.228 Community Development Block Grants State's program and Non-Entitlement Grants in Hawaii(CDBG-S)			
Direct		71,893,120	
Program Total		**71,893,120**	
14.231 Emergency Shelter Grants Program			
Direct		2,051,787	
Program Total		**2,051,787**	
14.235 Supportive Housing Program			
Direct		637,295	
Program Total		**637,295**	
14.238 Shelter Plus Care			
Direct		7,772,048	
Program Total		**7,772,048**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES	
Housing and Urban Development, U.S. Department of				
14.239 Home Investment Partnerships Program				
Direct		$ 24,151,559		
Program Total		**24,151,559**		(3)
14.241 Housing Opportunities for Persons with AIDS				
Direct		1,658,362		
Program Total		**1,658,362**		
14.251 Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants				
Direct		14,386		
Program Total		**14,386**		
14.253 ARRA-Community Development Block Grant ARRA Entitlement Grants CDBG-R-Recovery Act Funded(CDBG-R)				
Through: ATHENS-CLARKE COUNTY	581911146	$ 13,115		
Program Total		**13,115**		
14.255 ARRA-Community Development Block Grants States program and Non-Entitlement Grants in Hawaii-Recovery Act Funded(CDBG-S)				
Direct		3,875,455		
Program Total		**3,875,455**		
14.257 ARRA-Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)				
Direct		4,498,021		
Program Total		**4,498,021**		
14.258 ARRA-Tax Credit Assistance Program (Recovery Act Funded)				
Direct		19,397,783		
Program Total		**19,397,783**		(3)
14.316 Housing Counseling Training Program				
Direct		1,091,616		
Program Total		**1,091,616**		
14.401 Fair Housing Assistance Program_State and Local				
Direct		409,938		
Program Total		**409,938**		
14.506 General Research and Technology Activity				
Direct		3,262	(R)	
Program Total		**3,262**		
14.520 Historically Black Colleges and Universities Program				
Direct		65,037		
Program Total		**65,037**		

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Housing and Urban Development, U.S. Department of				
14.871	Section 8 Housing Choice Vouchers(HVC)			
Direct			$ 113,301,060	
Program Total			**113,301,060**	
14.OFA	Other Federal Assistance			
Direct			348 (R)	
Program Total			**348**	
AGENCY TOTAL			$ **251,310,290**	
Interior, U.S. Department of				
15.225	Recreation Resource Management			
Direct			$ -7 (R)	
Program Total			**-7**	
15.406	National Park Service Centennial Challenge.			
Direct			248,222 (R)	
Program Total			**248,222**	
15.506	Water Desalination Research and Development Program			
Direct			5,568 (R)	
Program Total			**5,568**	
15.605	Sport Fish Restoration(FWC)			
Direct			6,575,773	
Program Total			**6,575,773**	
15.608	Fish and Wildlife Management Assistance			
Direct			10,409 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	$ 5,000 (R)	
	MISSISSIPPI STATE UNIVERSITY	20262	12,009 (R)	
	NATIONAL AUDUBON SOCIETY	67678	3,016 (R)	
Program Total			**30,434**	
15.611	Wildlife Restoration(FWC)			
Direct			4,039,341	
Through:	AL DEPT OF CONSERVATION & NATU	20468	18,148 (R)	
	TENNESSEE WILDLIFE RESC AGENCY	20480	17,947 (R)	
	VIRGINIA DEPT GAME INLAND FISH	20453	28,941 (R)	
Program Total			**4,104,377**	
15.614	Coastal Wetlands Planning, Protection and Restoration Act			
Direct			1,028,420 (R)	
Program Total			**1,028,420**	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Interior, U.S. Department of				
15.615	Cooperative Endangered Species Conservation Fund			
Direct			$ 2,284,075	(R)
Through:	EUFAULA NATIONAL WILDLIFE REFUGE	4356090059	$ 2,035	(R)
	GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	23,180	(R)
Program Total			**2,309,290**	
15.623	North American Wetlands Conservation Fund			
Direct			1,000,000	
Program Total			**1,000,000**	
15.628	Multistate Conservation Grant Program			
Direct			219,657	(R)
Program Total			**219,657**	
15.629	Great Apes Conservation			
Direct			64,191	(R)
Program Total			**64,191**	
15.630	Coastal Program			
Direct			27,967	(R)
Through:	FISH AND WILDLIFE RESEARCH INSTITUTION	175	-275	(R)
Program Total			**27,692**	
15.632	Conservation Grants Private Stewardship for Imperiled Species			
Direct			35,164	(R)
Program Total			**35,164**	
15.634	State Wildlife Grants			
Direct			1,284,120	
Program Total			**1,284,120**	
15.650	Research Grants - Generic			
Direct			98,843	(R)
Through:	NORTHERN KENTUCKY UNIVERSITY	20477	3,620	(R)
	UNIV OF MICHIGAN	NBCHC080037	26,685	(R)
Program Total			**129,148**	
15.655	Migratory Bird Monitoring, Assessment and Conservation			
Direct			119,421	(R)
Through:	WILDLIFE MANAGEMENT INSTITUTE	67406	31,962	(R)
Program Total			**151,383**	
15.805	Assistance to State Water Resources Research Institutes			
Direct			102,996	(R)
Program Total			**102,996**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Interior, U.S. Department of				
15.807	Earthquake Hazards Reduction Program			
Direct			$ 70,007	(R)
Program Total			**70,007**	
15.808	U.S. Geological Survey_ Research and Data Collection			
Direct			738,114	(R)
Through:	AFS FISHERIES INFO TECH SECTION	521467469	$ 9,450	
	AMERICA VIEW, INCORPORATED	77-0602801	29,591	
Program Total			**777,155**	
15.810	National Cooperative Geologic Mapping Program			
Direct			43,241	
Program Total			**43,241**	
15.812	Cooperative Research Units Program			
Direct			458,376	(R)
Through:	NORTH CAROLINA STATE UNIV	20211	14,809	(R)
Program Total			**473,185**	
15.817	ARRA-National Geospatial Program - Building The National Map			
Direct			497,410	(R)
Program Total			**497,410**	
15.904	Historic Preservation Fund Grants-In-Aid			
Direct			1,133,543	(R)
Program Total			**1,133,543**	
15.916	Outdoor Recreation_Acquisition, Development and Planning			
Direct			1,132,418	
Program Total			**1,132,418**	
15.922	Native American Graves Protection and Repatriation Act			
Direct			19,163	(R)
Program Total			**19,163**	
15.923	National Center for Preservation Technology and Training			
Through:	UNIVERSITY OF VIRGINIA	20275	-1	(R)
Program Total			**-1**	
15.926	American Battlefield Protection			
Direct			27,459	(R)
Program Total			**27,459**	
15.OFA	Other Federal Assistance			
Direct			145,192	(R)

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Interior, U.S. Department of				
Through:	ADENOSINE THERAPEUTICS, LLC	61379	$ 32,104 (R)	
	R4 OKEFENOKEE NATIONAL WILDLIFE	51125	812 (R)	
Program Total			**178,108**	
AGENCY TOTAL			$ **21,668,116**	
Justice, U.S. Department of				
16.001	Law Enforcement Assistance_Narcotics and Dangerous Drugs_Laboratory Analysis			
Direct			$ 80,083	
Program Total			**80,083**	
16.017	Sexual Assault Services Formula Program			
Direct			33,446	
Program Total			**33,446**	
16.321	Antiterrorism Emergency Reserve			
Direct			42	
Program Total			**42**	
16.523	Juvenile Accountability Incentive Block Grants			
Direct			1,333,458	
Program Total			**1,333,458**	
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States			
Direct			2,539,208	
Program Total			**2,539,208**	
16.541	Developing, Testing and Demonstrating Promising New Programs			
Direct			265,212	
Program Total			**265,212**	
16.543	Missing Childrens Assistance			
Direct			559,245	
Program Total			**559,245**	
16.548	Title V_Delinquency Prevention Program			
Direct			78,937	
Program Total			**78,937**	
16.550	State Justice Statistics Program for Statistical Analysis Centers			
Direct			20,346 (R)	
Program Total			**20,346**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Justice, U.S. Department of				
16.554	National Criminal History Improvement Program (NCHIP)			
Direct			$ 242,272	
Program Total			**242,272**	
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants			
Direct			250,676	(R)
Through:	TRANDES CORPORATION LANHAM MD	DJJ08F1752	$ 573,519	(R)
Program Total			**824,195**	
16.575	Crime Victim Assistance			
Direct			9,656,728	
Program Total			**9,656,728**	
16.576	Crime Victim Compensation			
Direct			4,232,965	
Program Total			**4,232,965**	
16.578	Federal Surplus Property Transfer Program			
Direct			66,610	
Program Total			**66,610**	
16.579	Byrne Formula Grant Program			
Direct			271,678	
Program Total			**271,678**	
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program			
Direct			270,772	(R)
Through:	MUSTANG TECHNOLOGY GROUP LP ALLEN TX	2007RGCXK089	-8,279	(R)
	NATIONAL CENTER FOR STATE COURTS WILLIAMSBURG VA	2009DDBXK026	8,229	(R)
	NORTHROP CORPORATION	1007RGCXK023	3,394	(R)
	SAIC	2008DDBXK054	-1,595	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	2008DDBXK372	1,333,160	(R)
	TYBRIN CORPORATION FT. WALTON BEACH FL	2009DDBX0001	427,025	(R)
Program Total			**2,032,706**	
16.585	Drug Court Discretionary Grant Program			
Direct			30,386	
Program Total			**30,386**	
16.588	Violence Against Women Formula Grants			
Direct			3,893,386	
Program Total			**3,893,386**	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Justice, U.S. Department of				
16.593	Residential Substance Abuse Treatment for State Prisoners			
Direct			$ 378,164	
Program Total			**378,164**	
16.595	Community Capacity Development Office			
Through:	CITY OF MARIETTA	033-87-007372	$ 4,374	
Program Total			**4,374**	
16.601	Corrections_Training and Staff Development			
Through:	FEDERAL CORRECTIONAL INSTITUTION	10-0007204	61,677	
Program Total			**61,677**	
16.609	Community Prosecution and Project Safe Neighborhoods			
Direct			393,548	
Program Total			**393,548**	
16.610	Regional Information Sharing Systems			
Through:	ALLIANT TECHSYSTEMS INC CLEARWATER FL	97LBVXK009	140,241 (R)	
Program Total			**140,241**	
16.710	Public Safety Partnership and Community Policing Grants			
Direct			135,473	
Program Total			**135,473**	
16.727	Enforcing Underage Drinking Laws Program			
Direct			332,989	
Program Total			**332,989**	
16.738	EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM			
Direct			6,236,667	
Through:	CITY OF ATLANTA	58-6000511	249,163	
Program Total			**6,485,830**	
16.741	Forensic DNA Backlog Reduction Program			
Direct			1,818,565	
Program Total			**1,818,565**	
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program			
Direct			372,319	
Program Total			**372,319**	
16.744	Anti-Gang Initiative			
Direct			326,656	
Program Total			**326,656**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Justice, U.S. Department of			
16.746 Capital Case Litigation			
Direct		$ 328,969	
Program Total		**328,969**	
16.748 Convicted Offender and/or Arrestee DNA Backlog Reduction Program (In-House Analysis and Data Review)			
Direct		59	
Program Total		**59**	
16.751 Edward Byrne Memorial Competitive Grant Program			
Direct		469,305 (R)	
Program Total		**469,305**	
16.800 ARRA-RECOVERY ACT - Internet Crimes against Children Task Force Program (ICAC)			
Direct		136,545	
Program Total		**136,545**	
16.801 ARRA-RECOVERY ACT - STATE VICTIM ASSISTANCE FORMULA GRANT PROGRAM			
Direct		598,946	
Program Total		**598,946**	
16.802 ARRA-RECOVERY ACT - STATE VICTIM COMPENSATION FORMULA GRANT PROGRAM			
Direct		951,679	
Program Total		**951,679**	
16.803 ARRA-RECOVERY ACT - EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM / GRANTS TO STATES AND TERRITORIES			
Direct		4,918,587	
Program Total		**4,918,587**	
16.808 ARRA-RECOVERY ACT - EDWARD BYRNE MEMORIAL COMPETITIVE GRANT PROGRAM			
Direct		1,210,334	
Program Total		**1,210,334**	
16.OFA Other Financial Assistance			
Direct		4,016,796 (R)	
Program Total		**4,016,796**	
AGENCY TOTAL		$ **49,241,959**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Labor, U.S. Department of				
17.002	Labor Force Statistics			
Direct			$ 1,764,887	
Program Total			**1,764,887**	
17.005	Compensation and Working Conditions			
Direct			58,525	
Program Total			**58,525**	
17.207	Employment Service - Wagner-Peyser Funded Activities(ESC)			
Direct			19,457,419	
Program Total			**19,457,419**	
17.207	ARRA-Employment Service - Wagner-Peyser Funded Activities(ESC)			
Direct			2,624,709	
Program Total			**2,624,709**	
17.225	Unemployment Insurance			
Direct			3,459,644,297	
Program Total			**3,459,644,297**	(1)
17.225	ARRA-Unemployment Insurance			
Direct			639,324,929	
Program Total			**639,324,929**	(1)
17.235	Senior Community Service Employment Program			
Direct			2,441,036	
Program Total			**2,441,036**	
17.235	ARRA-Senior Community Service Employment Program			
Direct			526,674	
Program Total			**526,674**	
17.245	Trade Adjustment Assistance_Workers			
Direct			3,852,074	
Program Total			**3,852,074**	
17.249	Employment Services and Job Training Pilots - Demonstrations and Research			
Through:	UNIVERSITY OF BALTIMORE	UNKNOWN	$ 366	(R)
Program Total			**366**	
17.250	Job Training Partnership Act			
Through:	RIVER VALLEY REGIONAL COMMISSION	58-1937286	-126	
Program Total			**-126**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Labor, U.S. Department of				
17.258	WIA Adult Program(WIA)			
Direct			$ 27,268,694	
Through:	ATLANTA REGIONAL COMMISSION	58-6002324	$ 516,261	
	CITY OF MACON	586000612	117,275	
	EAST CENTRAL GEORGIA WORKFORCE INVESTMENT	58 211 4208	42,808	
	MIDDLE GEORGIA CONSORTIUM	581391833	119,939	
	NORTHEAST GEORGIA REGIONAL DEV CENTER	580902860	71,610	
	RICHMOND/BURKE JOB TRAINING AUTHORITY	58 211 3801	106,354	
	RIVER VALLEY REGIONAL COMMISSION	58-1937286	201,737	
	SOUTH GEORGIA REGIONAL DEVELOPMENT CENTER	580942510	208,796	
	SOUTHERN GEORGIA REGIONAL COMMISSION	ID2	40,257	
Program Total			**28,693,731**	
17.258	ARRA-WIA Adult Program(WIA)			
Direct			12,471,111	
Through:	COOSA VALLEY REGIONAL DEVELOPMENT CENTER	58-6015195	150,067	
	CITY OF MACON	58-6000612	1,471	
	MIDDLE GEORGIA CONSORTIUM, INCORPORATED	35602	48,311	
	MIDDLE GEORGIA CONSORTIUM	58-1391833	15,281	
	NORTHWEST GEORGIA REGIONAL COMMISSION	01-03-45-CA2	419,794	
	RIVER VALLEY REGIONAL COMMISSION	58-1937286	20,767	
	SOUTH GEORGIA REGIONAL WORKFORCE DEVELOPMENT COMMI	580942510	35,451	
	SOUTHERN GEORGIA REGIONAL COMMISSION	270371708	22,444	
	SOUTHERN GEORGIA REGIONAL COMMISSON	27-0371708	42,674	
Program Total			**13,227,371**	
17.259	WIA Youth Activities(WIA)			
Direct			17,698,866	
Through:	JOB TRAINING UNLIMITED	58-2181803	1,093,920	
	NORTHEAST GEORGIA REGIONAL DEV. CENTER	580902860	21,923	
	SOUTHERN GEORGIA REGIONAL COMMISSION	ID2	2,465	
Program Total			**18,817,174**	
17.259	ARRA-WIA Youth Activities(WIA)			
Direct			22,407,547	
Through:	NORTHWEST GEORGIA REGIONAL COMMISSION	01-03-45-CA2	236,147	
	SOUTHWEST GEORGIA WORKFORCE INVESTMENT BOARD	58-6002009	70,277	
Program Total			**22,713,971**	
17.260	WIA Dislocated Workers(WIA)			
Direct			30,798,165	
Through:	COOSA VALLEY REGIONAL DEVELOPMENT CENTER	58-6015195	71,907	
	ITA, CAREER CENTER	1116	50,095	
	NORTHEAST GEORGIA REGIONAL DEV CENTER	580902860	190,978	
	RICHMOND BURKE JOB TRAINING AUTHORITY	58 211 3801	62,462	
	RIVER VALLEY REGIONAL COMMISSION	58-1937286	166,462	
	THE VALLEY PARTNERSHIP	"UNKNOWN"	12,500	(R)
Program Total			**31,352,569**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Labor, U.S. Department of				
17.260	ARRA-WIA Dislocated Workers(WIA)			
Direct			$ 13,178,176	
Through:	ATLANTA REGIONAL COMMISSION	586002324	$ 93,757	
	NORTHWEST GEORGIA REGIONAL COMMISSION	586015195	257,583	
	NORTHWEST GEORGIA REGIONAL COMMISSION	01-03-45-CA2	24,170	
	RIVER VALLEY REGIONAL COMMISSION	58-1937286	21,597	
	SOUTHERN GEORGIA REGIONAL COMMISSION	ID2	64,496	
	SOUTHERN GEORGIA REGIONAL COMMISSION	270371708	70,020	
	SOUTHERN GEORGIA REGIONAL COMMISSION	27-0371708	57,293	
Program Total			**13,767,092**	
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects			
Direct			47,723	
Program Total			**47,723**	
17.266	Work Incentives Grant			
Direct			764,852	
Through:	ATLANTA REGIONAL COMMISSION	586002324	175,550	
	NORTHWEST GEORGIA REGIONAL COMMISSION	01-03-45-CA2	43,636	
Program Total			**984,038**	
17.268	H-1B Job Training Grants			
Direct			258,611	
Program Total			**258,611**	
17.269	Community Based Job Training Grants			
Direct			3,329,279	
Program Total			**3,329,279**	
17.271	Work Opportunity Tax Credit Program			
Direct			-64,973	
Program Total			**-64,973**	
17.273	Temporary Labor Certification for Foreign Workers			
Direct			458,065	
Program Total			**458,065**	
17.275	ARRA-Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors			
Direct			456,998	
Program Total			**456,998**	
17.276	ARRA-Health Coverage Tax Credit - HCTC			
Direct			311,439	
Program Total			**311,439**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Labor, U.S. Department of				
17.502	Occupational Safety and Health_Susan Harwood Training Grants			
Direct			$ 87,551	(R)
Through:	NORTHROP CORPORATION/	SH166200760F13	$ 57,784	(R)
	TELCORDIA TECHNOLOGIES/MORRISTOWN NJ	SH178110860F13	127,494	(R)
	TELE-CONSULTANTS INC/ALPHARETTA GA	SH177960860F13	94,387	(R)
	TELEDEVICES LLC/LAWRENCEVILLE GA	SH178090860F13	65,048	(R)
Program Total			**432,264**	
17.503	Occupational Safety and Health_State Program			
Through:	SSAI/MELBOURNE FL	CS17689CS9	379,182	(R)
Program Total			**379,182**	
17.504	Consultation Agreements			
Direct			1,131,167	(R)
Program Total			**1,131,167**	
17.600	Mine Health and Safety Grants			
Direct			175,889	
Program Total			**175,889**	
17.720	Disability Employment Policy Development			
Direct			10,792	(R)
Program Total			**10,792**	
17.801	Disabled Veterans Outreach Program (DVOP)(ESC)			
Direct			2,488,293	
Program Total			**2,488,293**	
17.804	Local Veterans Employment Representative Program(ESC)			
Direct			3,236,286	
Program Total			**3,236,286**	
17.OFA	Other Federal Assistance			
Direct			211,312	
Program Total			**211,312**	
AGENCY TOTAL			$ **4,272,113,063**	
State, U.S. Department of				
19.009	Academic Exchange Programs - Undergraduate Programs			
Through:	FLORIDA STATE UNIVERSITY	20278	$ 60,194	(R)
Program Total			**60,194**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
State, U.S. Department of				
19.011	Academic Exchange Programs - Special Academic Exchange Programs			
Direct			$ 69,643	(R)
Program Total			**69,643**	
19.300	Program for Study of Eastern Europe and the Independent States of the Former Soviet Union			
Through:	UNIVERSITY OF DELAWARE	UNKNOWN	$ 15,314	(R)
Program Total			**15,314**	
19.400	Academic Exchange Programs - Graduate Students			
Direct			247,408	(R)
Program Total			**247,408**	
19.415	Professional and Cultural Exchange Programs - Citizen Exchanges			
Direct			181,472	(R)
Program Total			**181,472**	
19.519	Overseas Refugee Assistance Programs for Near East and South Asia			
Through:	NATIONAL ACADEMY OF SCIENCES	67988	49,775	(R)
Program Total			**49,775**	
19.OFA	Other Federal Assistance			
Direct			471,940	(R)
Through:	FLORIDA STATE UNIVERSITY	20278	-6,593	(R)
	FORD FOUNDATION	69040	-147	(R)
	SCIENCE APPLICATIONS INTL CORP	61126	160,556	(R)
Program Total			**625,756**	
AGENCY TOTAL			$ **1,249,562**	
Transportation, U.S. Department of				
20.106	Airport Improvement Program			
Direct			$ 24,734,314	
Program Total			**24,734,314**	
20.106	ARRA-Airport Improvement Program			
Direct			9,600,286	
Program Total			**9,600,286**	
20.108	Aviation Research Grants			
Direct			543,919	(R)
Through:	DUKE UNIVERSITY/DURHAM NC	DTFAWA05A0005	$ 45,412	(R)
	DYNETICS INCORPORATED/	HHM40209D0015	11,977	(R)
Program Total			**601,308**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Transportation, U.S. Department of				
20.109	Air Transportation Centers of Excellence			
Direct			$ 2,719,158	(R)
Through:	BAE SYSTEMS	07CNEGIT009	$ 94,657	(R)
	EATON CORPORATION/	07CNEGIT005	174,546	(R)
Program Total			**2,988,361**	
20.200	Highway Research and Development Program			
Direct			734,187	(R)
Program Total			**734,187**	
20.205	Highway Planning and Construction(HPCC)			
Direct			1,121,582,552	(R)
Through:	ATLANTA REGIONAL COMMISSION	58-6002324	21,871	
	SOUTH GEORGIA REGIONAL COMMISSION	27-0371708	6,254	(R)
Program Total			**1,121,610,677**	
20.205	ARRA-Highway Planning and Construction(HPCC)			
Direct			263,886,139	
Program Total			**263,886,139**	
20.218	National Motor Carrier Safety			
Direct			8,117,895	
Program Total			**8,117,895**	
20.219	Recreational Trails Program(HPCC)			
Direct			1,204,322	
Program Total			**1,204,322**	
20.234	Safety Data Improvement Program			
Direct			371	
Program Total			**371**	
20.237	Commercial Vehicle Information Systems and Networks			
Direct			286,777	
Program Total			**286,777**	
20.313	Railroad Research and Development			
Direct			1,325,164	(R)
Program Total			**1,325,164**	
20.500	Federal Transit_Capital Investment Grants(FTC)			
Direct			12,957,346	
Program Total			**12,957,346**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Transportation, U.S. Department of			
20.505 Federal Transit_Metropolitan Planning Grants			
Direct		$ 3,963,886	
Program Total		**3,963,886**	
20.507 Federal Transit_Formula Grants(FTC)			
Direct		13,595,646	
Program Total		**13,595,646**	
20.507 ARRA-Federal Transit_Formula Grants(FTC)			
Direct		1,896,743	
Program Total		**1,896,743**	
20.509 Formula Grants for Other Than Urbanized Areas			
Direct		12,469,839	
Program Total		**12,469,839**	
20.509 ARRA-Formula Grants for Other Than Urbanized Areas			
Direct		284,208	
Program Total		**284,208**	
20.513 Capital Assistance Program for Elderly Persons and Persons with Disabilities(TSP)			
Direct		3,037,689	
Program Total		**3,037,689**	
20.514 Transit Planning and Research			
Direct		53,112	(R)
Program Total		**53,112**	
20.516 Job Access_Reverse Commute(TSP)			
Direct		474,021	
Program Total		**474,021**	
20.521 New Freedom Program(TSP)			
Direct		377,607	
Program Total		**377,607**	
20.600 State and Community Highway Safety(HSC)			
Direct		5,426,082	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	$ 17,506	
Program Total		**5,443,588**	
20.601 Alcohol Impaired Driving Countermeasures Incentive Grants I(HSC)			
Direct		2,892,475	
Program Total		**2,892,475**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Transportation, U.S. Department of				
20.602	Occupant Protection Incentive Grants(HSC)			
Direct			$ 626,098	
Program Total			**626,098**	
20.609	Safety Belt Performance Grants(HSC)			
Direct			7,766,569	
Program Total			**7,766,569**	
20.610	State Traffic Safety Information System Improvement Grants(HSC)			
Direct			534,471	
Program Total			**534,471**	
20.612	Incentive Grant Program to Increase Motorcyclist Safety(HSC)			
Direct			171,666	
Program Total			**171,666**	
20.614	National Highway Transportation Safety Administration (NHTSA) Discretionary Safety Grants			
Direct			83,669	
Program Total			**83,669**	
20.700	Pipeline Safety Program Base Grants			
Direct			791,881	
Program Total			**791,881**	
20.701	University Transportation Centers Program			
Direct			616,553 (R)	
Program Total			**616,553**	
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants			
Direct			548,138	
Program Total			**548,138**	
20.720	State Damage Prevention Program Grants			
Direct			118,204	
Program Total			**118,204**	
20.762	Research Grants			
Direct			189,344 (R)	
Through:	CARNEGIE MELLON INSTITUTE/PITTSBURGH PA	DTFH6108C00026	$ 52,786 (R)	
	COLONIAL PIPELINE COMPANY/ATLANTA GA	LETTERDATED30OCT2009	28,843 (R)	
	SAIC	DTFH6106D00005	4,933 (R)	
Program Total			**275,906**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Transportation, U.S. Department of				
20.OFA	Other Federal Assistance			
Direct			$ 40,767	
Program Total			**40,767**	
AGENCY TOTAL			$ **1,504,109,883**	
Department of the Treasury				
21.008	Low-Income Taxpayer Clinics			
Direct			$ 65,707	
Program Total			**65,707**	
AGENCY TOTAL			$ **65,707**	
Appalachian Regional Commission				
23.001	Appalachian Regional Development (See individual Appalachian Programs)			
Direct			$ 8,750	
Program Total			**8,750**	
23.002	Appalachian Area Development			
Direct			180	
Program Total			**180**	
23.011	Appalachian State Research, Technical Assistance, and Demonstration Projects			
Direct			219,961	1,692,234
Through:	EAST TENNESEE STATE UNIVERSITY	62-6021046	$ 4,004	
	EAST TENNESSEE STATE UNIVERSITY	62-6021046	342,263	
Program Total			**566,228**	**1,692,234** (3)
AGENCY TOTAL			$ **575,158**	$ **1,692,234**
Equal Employment Opportunity Commission				
30.001	Employment Discrimination_Title VII of the Civil Rights Act of 1964			
Direct			$ 53,423	
Program Total			**53,423**	
AGENCY TOTAL			$ **53,423**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
General Services Administration				
39.003	Donation of Federal Surplus Personal Property			
Direct			$ 0	8,415,431
Program Total			**0**	**8,415,431**
39.009	Federal Citizen Information Center			
Direct			431,790 (R)	
Through:	DYNETICS INCORPORATED/	GST0407DE0004	$ -788 (R)	
	INDEPENDENT FEDERAL AGENCIES/NATL COUN ON DISABILI	NCD0904	112,393 (R)	
	RAYTHEON	GST0408DE0004	-60 (R)	
Program Total			**543,335**	
39.012	Public Buildings Service			
Direct			9,568 (R)	
Program Total			**9,568**	
39.OFA	Other Federal Assistance			
Direct			53,012	
Program Total			**53,012**	
AGENCY TOTAL			$ **605,915**	$ **8,415,431**
Library of Congress				
42.008	Semiconductor Chip Protection Service			
Direct			$ 29,209 (R)	
Program Total			**29,209**	
AGENCY TOTAL			$ **29,209**	
National Aeronautics and Space Administration				
43.001	Aerospace Education Services Program			
Direct			$ 745,686 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383 DUNS	$ 25,221 (R)	
	JET PROPULSION LABORATORY	UNKNOWN	68,703 (R)	
	SPACE TELESCOPE SCIENCE INST	68527	84,429 (R)	
	SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	55,015 (R)	
	SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	18,051 (R)	
	STATE UNIVERSITY OF NEW YORK AT STONY	UNKNOWN	26,284 (R)	
	UNIVERSITY OF WISCONSIN	20232	-8,219 (R)	
	NUMERICA/ FT. COLLINS CO	NNM05AA22A	6,723 (R)	
	RAYTHEON	NNL07AA55C	125,196 (R)	
	UNIVERSITY OF TEXAS AT AUSTIN/AUSTIN TX	NNX09AE89G	49,762 (R)	
Program Total			**1,196,851**	

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

National Aeronautics and Space Administration

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
43.002	Technology Transfer			
Direct			$ 11,737,269	(R)
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	$ 26,074	(R)
	ATLANTA RENEWAL COMMUNITY RESPONSIBLE AUTHOR	"UNKNOWN"	41,614	(R)
	BAE SYSTEMS/NASHUA NH	N0017308C4013	85,000	(R)
	BATTELL	W911NF07D00010703	22,526	(R)
	BATTELLE/	W911NF07D00010890	28,089	(R)
	BOOZ ALLEN AND HAMILTON INC	FA865006C3605	-118	(R)
	CENTER FOR ROTORCRAFT INNOVATION (RITA)	W911W60620002	20,197	(R)
	DYNETICS INCORPORATED/	NNX07AB44A	147,617	(R)
	GENERAL DYNAMICS	FA865007D6800	519	
	HIGH PERFORMANCE TECH INC	GS04T09DBC0017	27,108	(R)
	NGIMAT/ATLANTA GA	NNA07BB03C	160,235	(R)
	TYBRIN CORPORATION/FT. WALTON BEACH FL	NNX08CA44P	88,936	(R)
	U.S. SOLAR HOLDINGS/BOISE ID	DEFC3608GO18155	77,706	(R)
	UNIV OF FLORIDA/	FA865108D0108	80,910	(R)
Program Total			**12,543,682**	
43.OFA	Other Federal Assistance			
Direct			1,112,812	(R)
Through:	CALIFORNIA INST OF TECHNOLOGY	68126	55,602	(R)
	COLLEGE OF CHARLESTON	UNKNOWN	15,423	(R)
	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383 DUNS	17,627	
	JET PROPULSION LABORATORY	UNKNOWN	7,015	(R)
	JET PROPULSION LABORATORY	UNKNOWN	6,523	(R)
	JET PROPULSION LABORATORY	UNKNOWN	46,788	(R)
	JET PROPULSION LABORATORY	UNKNOWN	17,909	(R)
	JET PROPULSION LABORATORY	UNKNOWN	20,187	(R)
	OAK RIDGE ASSOCIATED UNIV INC	67874	1,672	(R)
	RUTGERS UNIVERSITY	20214	23,993	(R)
	SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	1,507	(R)
	SPACE TELESCOPE SCIENCE INSTITUTE	UNKNOWN	17,907	(R)
	THE UNIVERSITY OF ALABAMA IN HUNTSVILLE	63-0520830	13,960	(R)
Program Total			**1,358,925**	
AGENCY TOTAL			$ **15,099,458**	

National Foundation on the Arts and the Humanities

45.024	Promotion of the Arts_Grants to Organizations and Individuals			
Direct			$ 49,641	
Through:	ARTS MIDWEST	EGRANT32470	$ 13,895	
	ARTS MIDWEST	411000424	19,287	
Program Total			**82,823**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
National Foundation on the Arts and the Humanities				
45.024	ARRA-Promotion of the Arts_Grants to Organizations and Individuals			
Direct			$ 357,552	(R)
Program Total			**357,552**	
45.025	Promotion of the Arts_Partnership Agreements			
Direct			910,463	
Through:	SOUTHERN ARTS FEDERATION	56-1129587	$ 5,000	
Program Total			**915,463**	
45.025	ARRA-Promotion of the Arts_Partnership Agreements			
Through:	SOUTHERN ARTS FEDERATION	56-1129587	10,000	
Program Total			**10,000**	
45.129	Promotion of the Humanities_Federal/State Partnership			
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	3,245	(R)
	GEORGIA HUMANITIES COUNCIL	51-0180861	1,500	
	GEORIGA HUMANITIES COUNCIL	51-0180861	711	
Program Total			**5,456**	
45.130	Promotion of the Humanities_Challenge Grants			
Direct			65,549	(R)
Program Total			**65,549**	
45.149	Promotion of the Humanities_Division of Preservation and Access			
Direct			135,415	(R)
Program Total			**135,415**	
45.163	Promotion of the Humanities_Professional Development			
Direct			867	(R)
Program Total			**867**	
45.164	Promotion of the Humanities_Public Programs			
Direct			24,530	(R)
Program Total			**24,530**	
45.168	Promotion of the Humanities_We the People			
Direct			4,026	(R)
Program Total			**4,026**	
45.301	Museum for America Grants			
Direct			53,604	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383 DUNS	10,594	
Program Total			**64,198**	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
National Foundation on the Arts and the Humanities				
45.309	Museum Grants for African American History and Culture			
Direct			$ 62,096	
Program Total			**62,096**	
45.310	State Library Program			
Direct			4,977,840	
Program Total			**4,977,840**	
45.312	National Leadership Grants			
Direct			14,136	
Through:	THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES	LG0509003109	$ 103,148 (R)	
Program Total			**117,284**	
45.313	Librarians for the 21st Century			
Direct			1,570	
Program Total			**1,570**	
AGENCY TOTAL			$ **6,824,669**	
National Science Foundation				
47.041	Engineering Grants			
Direct			$ 16,235,285 (R)	
Through:	ARIZONA STATE UNIVERSITY	20272	$ 61,635 (R)	
	NJ INSTITUTE OF TECHNOLOGY	UNKNOWN	23,305 (R)	
	UNIVERSITY OF MICHIGAN	UNKNOWN	27,328 (R)	
	ACADEMY FOR EDUCA DEVELOP INC/WASHINGTON DC	CMMI0800057	93,797 (R)	
	ADAPTIVE TECHNOLOGIES/BLACKSBURG VA	ECCS0824199	111,772 (R)	
	ADVANCED MATERIALS CORPORATION/PITTSBURGH PA	CMMI0800263	82,580 (R)	
	APPLIED RESEARCH ASSOCIATES/PANAMA CITY FL	CMMI0825507	5,460 (R)	
	CERMET INC/DORAVILLE GA	ECCS0841195	23,116 (R)	
	CORNELL UNIVERSITY	ECCS0824017	91,204 (R)	
	CORNELL UNIVERSITY	CBET0846586	66,249 (R)	
	DDL OMNI ENGINEERING LLC/MCLEAN VA	CMMI0848420	188 (R)	
	DUKE UNIVERSITY/DURHAM NC	CMMI0904109	93,342 (R)	
	DUPONT CENTRAL RESEARCH & DEVELOPMENT	EFRI0836017	201,507 (R)	
	EMORY UNIVERSITY/ATLANTA GA	CBET0829908	106,534	
	NGIMAT/ATLANTA GA	IIP0945637	25,000 (R)	
	SYZYGY MEMORY PLASTICS CORP/ATLANTA GA	IIP1003287	3,669 (R)	
	UNIV OF CENTRAL FL/	IIP0433461	33,831 (R)	
	UNIVERSITY OF CALIFORNIA RIVERSIDE/RIVERSIDE CA	903894	14,895 (R)	
	WASHINGTON STATE UNIVERSITY/PULLMAN WA	CMMI0936543	12,580 (R)	
Program Total			**17,313,277**	

National Science Foundation

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
47.049	Mathematical and Physical Sciences			
Direct			$ 14,426,762	(R)
Through:	BRIGHAM YOUNG UNIVERSITY	58-6000063	$ 1,371	(R)
	COLLEGE OF CHARLESTON	20367	1,900	(R)
	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383 DUNS	163,645	(R)
	HOPE COLLEGE	UNKNOWN	37,742	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	74,239	(R)
	UNIVERSITY OF FLORIDA	59-6002052	16,165	(R)
	UNIVERSITY OF WASHINGTON	UNKNOWN	866	(R)
	WAYNE STATE UNIVERSITY	20279	8,568	(R)
	ACCURA ENGINEERING & CONSULTING SERVICES INC	CHE0822697	151,412	(R)
	AEROSPACE TESTING ALLIANCE/ARNOLD AFB TN	DMR0820382	1,419,826	(R)
	AEROSPACE TESTING ALLIANCE/ARNOLD AFB TN	DMR0820382	2,500	
	BAE SYSTEMS	DMS0807406	46,981	(R)
	CORNELL UNIVERSITY	CBET0651182	94,024	(R)
	CORNELL UNIVERSITY	PHY0855892	46,406	(R)
	DUKE UNIVERSITY/DURHAM NC	DMS0855903	19,974	(R)
	EMORY UNIVERSITY/ATLANTA GA	IIP0848524	94,741	(R)
	STATE UNIV OF NY AT STONY BROOK/STONY BROOKNY	DMS0809285	22,248	(R)
	TEXAS ENGINEERING STATION-TAMU	DMR0844082	29,289	(R)
	UNIV OF MICHIGAN/	DMR0454533	16,921	(R)
Program Total			**16,675,580**	
47.049	ARRA-Mathematical and Physical Sciences			
Through:	UNIVERSITY OF ILLINOIS/CHICAGOIL	NSFDMS0914802ARRA	21,090	(R)
Program Total			**21,090**	
47.050	Geosciences			
Direct			6,826,770	(R)
Through:	CLARK UNIVERSITY	20006	45,965	(R)
	MARINE BIOLOGICAL LABORATORY	67228	49,315	(R)
	UNIVERSITY OF LOUISVILLE	UNKNOWN	20,558	(R)
	BAE SYSTEMS	ATM0826909	198,450	(R)
	BATTELLE	ATM0807702	22,814	(R)
	UNIV OF SOUTHERN CALIFORNIA MARINA DEL RAY CA	EAR0529922	19,319	(R)
Program Total			**7,183,191**	
47.070	Computer and Information Science and Engineering			
Direct			16,639,518	(R)
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	19,344	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	26,505	(R)
	UNIVERSITY OF ARIZONA	20266	54,319	(R)
	ACADEMY FOR EDUCA DEVELOP INC WASHINGTON DC	IIS0848389	42,270	(R)
	AERO INSTITUTE PALMDALE CA	CCF0830456	35,737	(R)
	CALIFORNIA INSTITUTE OF TECH PASEDENA CA	CNS0831300	259,906	(R)
	CENTER FOR ROTORCRAFT INNOVATION RITA	IIS0833379	48,942	(R)
	COMMISSION ON PROFESSIONALS IN SCIENCE AND TECH	DRL0903679	33,817	(R)

National Science Foundation

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Through:	COMPOSITE TECHNOLOGY DEVELOPMENT LAFAYETTE CO	CCF0847991	$ 36,537	(R)
	COMPUTING RESEARCH ASSOCIATION WASHINGTON DC	CNS0937060	189,714	(R)
	COMPUTING RESEARCH ASSOCIATION WASHINGTON DC	IIS0829601	135,648	(R)
	EMORY UNIVERSITY ATLANTA GA	IIS0906643	60,517	(R)
	EMORY UNIVERSITY ATLANTA GA	IIS0900362	100	(R)
	JT3 LLC	IIS0715148	39,855	(R)
	UNIV OF KENTUCKY RESEARCH FDN	EPS0814194	6,574	(R)
	UNIV OF NOTRE DAME SOUTH BEND IN	CNS1004014	50,300	(R)
Program Total			**17,679,603**	
47.074	Biological Sciences			
Direct			$ 14,181,763	(R)
Through:	ADA TECHNOLOGIES, INC.	68544	-56	(R)
	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383 DUNS	491,319	(R)
	INDIANA UNIVERSITY	20235	430,268	(R)
	IOWA STATE UNIVERSITY	20291	308,060	(R)
	J. CRAIG VENTER INSTITUTE	154	62,237	(R)
	LOUISIANA STATE UNIVERSITY	20252	4,439	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	7,308	(R)
	MIAMI UNIVERSITY	20449	3,040	(R)
	MICHIGAN STATE UNIVERSITY	20210	19,336	(R)
	MISSISSIPPI STATE UNIVERSITY	20262	30,670	(R)
	PENNSYLVANIA STATE UNIVERSITY	20269	71,286	(R)
	SC SEA GRANT CONSORTIUM	68764	30,175	(R)
	UNIV OF MISSOURI-COLUMBIA	20443	251,120	(R)
	UNIVERSITY OF ARIZONA	20266	20,772	(R)
	UNIVERSITY OF CALIFORNIA	20218	123,822	(R)
	UNIVERSITY OF CONNECTICUT	20219	194,229	(R)
	UNIVERSITY OF MISSOURI	20226	1,021	(R)
	UNIVERSITY OF PUERTO RICO	20414	33,212	(R)
	VIRGINIA COMMONWEALTH UNIV	20368	8,507	(R)
	VIRGINIA POLYTECHNIC INSTITUTE	20233	10,904	(R)
	WASHINGTON UNIVERSITY	20364	26,485	(R)
	CORNELL UNIVERSITY	DBI0820624	80,019	(R)
Program Total			**16,389,936**	
47.075	Social, Behavioral, and Economic Sciences			
Direct			2,102,046	(R)
Through:	ARIZONA STATE UNIVERSITY	20272	57,998	(R)
	COLUMBIA UNIVERSITY	68698	9,691	(R)
	RESEARCH FD OF ST UN OF NY	69125	12,970	(R)
	UNIV NORTH CAROLINA CHAPEL HIL	20228	40,693	(R)
	BALDWIN TECHNOLOGY CO LLC/PORT WASHINGTON NY	SES0832912	128,256	(R)
	BATTELLE	SBE0830207	109,715	(R)
	BP SOLAR/FREDERICK MARYLAND	SBE0829546	45,476	(R)
	CONSORTIUM OF UNIV FOR RES IN EARTHQUAKE ENG/RICH	SBE0830248	32,206	(R)
Program Total			**2,539,051**	

National Science Foundation

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
47.076	Education and Human Resources			
Direct			$ 14,171,494	(R)
Through:	CLARK ATLANTA UNIVERSITY	HRD-0503372	$ 17,845	
	CLARK ATLANTA UNIVERSITY	UNKNOWN	55,639	
	CLARK ATLANTA UNIVERSITY	UNKNOWN	-3,953	
	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383 DUNS	932,551	
	HARRISBURG UNIVERSITY OF SCIENCE AND TECHNOLOGY	"UNKNOWN"	313	
	NATIONAL CENTER FOR SCIENCE AND CIVIC ENGAGEMENT	618431	1,517	
	SAN DIEGO STATE UNIV FOUND	69098	175,995	(R)
	UNIV OF MARYLAND/COLLEGE PARK	20223	40,062	(R)
	UNIVERSITY OF MASS - DARTMOUTH	20396	19,387	(R)
	UTAH STATE UNIVERSITY	20336	35,280	(R)
	BBN SYSTEM AND TECHNOLOGIES ARLINGTON VA	DUE0836908	26,475	(R)
	CLARK ATLANTA UNIVERSITY ATLANTA GA	DMR0934142	25,583	(R)
	DEEP SPRINGS TECHNOLOGY/TOLEDO OH	DUE0833434	27,000	
	DEEP SPRINGS TECHNOLOGY/TOLEDO OH	DUE0833434	44,651	(R)
	MID-CONTINENT RES FOR EDUCATION AND LEARNING/DENVE	DRL0822128	72,176	
	NEW MEXICO HIGHLANDS UNIVERSITY LAS VEGAS NM	DMR0934212	55,675	(R)
Program Total			**15,697,690**	
47.078	Polar Programs			
Direct			692,290	(R)
Through:	ATK MISSION RESEARCH/ALBUQUERQUE NM	ANT0849494	55,526	(R)
Program Total			**747,816**	
47.079	International Science and Engineering (OISE)			
Direct			503,334	(R)
Through:	US CIVILIAN RSCH & DEVL FDN	69303	-196	(R)
Program Total			**503,138**	
47.080	Office of Cyberinfrastructure			
Direct			194,565	(R)
Program Total			**194,565**	
47.081	Office of Experimental Program to Stimulate Competitive Research			
Direct			55,983	(R)
Through:	RAYTHEON	HR001109C0036	161,104	(R)
Program Total			**217,087**	
47.082	ARRA-Trans-NSF Recovery Act Research Support			
Direct			5,300,931	(R)

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
National Science Foundation				
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	$ 367,638	(R)
	UNIVERSITY OF KENTUCKY RESEARCH FOUNDATION	616033693	27,828	(R)
	UNIVERSITY OF VERMONT	20310	1,442	(R)
	BBN SYSTEM AND TECHNOLOGIES ARLINGTON VA	CNS0944089	8,104	(R)
	CORNELL UNIVERSITY/ITHACA NY	ECCS0335765	762,844	(R)
	EMORY UNIVERSITY/ATLANTA GA	DMR0851574	226,358	(R)
	EMORY UNIVERSITY/ATLANTA GA	DMR0851574	17,655	
	EMORY UNIVERSITY/ATLANTA GA	DMS0901355	49,460	(R)
	PONOMA COLLEGE/CLAREMONT CA	SES0925043	19,822	(R)
Program Total			**6,782,082**	
47.OFA	Other Federal Assistance			
Direct			$ 374,537	(R)
Through:	AMERICAN EDUCATIONAL RSCH ASSN	68392	5,925	(R)
	BRIGHAM YOUNG UNIVERSITY	68724	5,933	(R)
	PEANUT FOUNDATION	69142	9,541	(R)
	S C SEA GRANT CONSORTIUM	20328	19,664	(R)
	SC SEA GRANT CONSORTIUM	68764	16,687	(R)
Program Total			**432,287**	
47.OFA	ARRA-Other Federal Assistance			
Direct			67,565	(R)
Program Total			**67,565**	
AGENCY TOTAL			$ **102,443,958**	
Small Business Administration				
59.037	Small Business Development Centers			
Direct			$ 2,773,501	(R)
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	$ 135,956	
Program Total			**2,909,457**	
59.043	Womens Business Ownership Assistance			
Through:	TEX TECH INDUSTRIES/NORTH MONMOUTH ME	SB134109CN0074	22,721	(R)
Program Total			**22,721**	
59.OFA	Other Federal Assistance			
Direct			88,354	(R)
Program Total			**88,354**	
AGENCY TOTAL			$ **3,020,532**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Smithsonian Institution			
60.OFA Smithsonian Institution			
Direct		$ 272,077	(R)
Program Total		**272,077**	
AGENCY TOTAL		$ **272,077**	
Veterans Affairs, U.S. Department			
64.008 Veterans Domiciliary Care			
Direct		$ 1,551	(R)
Program Total		**1,551**	
64.013 Veterans Prosthetic Appliances			
Direct		11,985	(R)
Program Total		**11,985**	
64.015 Veterans State Nursing Home Care			
Direct		15,146,394	
Program Total		**15,146,394**	
64.016 Veterans State Hospital Care			
Direct		19,637	(R)
Program Total		**19,637**	
64.018 Sharing Specialized Medical Resources			
Direct		417,705	(R)
Program Total		**417,705**	
64.027 ARRA-Post 9-11 Veterans Educational Assistance			
Direct		1,156,061	
Program Total		**1,156,061**	
64.028 Post 9-11 Veterans Educational Assistance			
Direct		836,213	
Program Total		**836,213**	
64.101 Burial Expenses Allowance for Veterans			
Direct		96,064	
Program Total		**96,064**	
64.116 Vocational Rehabilitation for Disabled Veterans			
Direct		113,836	
Program Total		**113,836**	
64.120 Post-Vietnam Era Veterans Educational Assistance			
Direct		546,074	
Program Total		**546,074**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Veterans Affairs, U.S. Department			
64.203 State Cemetery Grants			
Direct		$ 2,375,893	
Program Total		**2,375,893**	
64.OFA Other Federal Assistance			
Direct		76,329	(R)
Program Total		**76,329**	
AGENCY TOTAL		$ **20,797,742**	
Environmental Protection Agency			
66.032 State Indoor Radon Grants			
Direct		$ 260,213	
Program Total		**260,213**	
66.034 Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act			
Direct		847,483	(R)
Through: SOUTHEASTERN STATES AIR RESOURCE MANAGERS INC/FO	XA95411009XA96431505	$ 14,743	(R)
Program Total		**862,226**	
66.039 ARRA-National Clean Diesel Funding Assistance Program			
Direct		161,082	(R)
Program Total		**161,082**	
66.040 State Clean Diesel Grant Program			
Direct		17,126	
Program Total		**17,126**	
66.040 ARRA-State Clean Diesel Grant Program			
Direct		51,209	
Program Total		**51,209**	
66.419 Water Pollution Control State and Interstate Program Support			
Direct		193,276	
Program Total		**193,276**	
66.432 State Public Water System Supervision			
Direct		64,792	
Program Total		**64,792**	
66.436 Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act			
Direct		36,553	(R)

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Environmental Protection Agency			
Through: FLA. FISH&WILDLIFE CONSV. COMM	20381	$ 45,287 (R)	
Program Total		**81,840**	
66.439 Targeted Watershed Grants			
Direct		$ 53,890	
Program Total		**53,890**	
66.454 Water Quality Management Planning			
Direct		6,205,700	
Program Total		**6,205,700**	
66.454 ARRA-Water Quality Management Planning			
Direct		66,960	
Program Total		**66,960**	
66.458 Capitalization Grants for Clean Water State Revolving Funds			
Direct		3,523,112	583,654,635
Program Total		**3,523,112**	**583,654,635** (3)
66.458 ARRA-Capitalization Grants for Clean Water State Revolving Funds			
Direct		45,299,918	9,128,880
Program Total		**45,299,918**	**9,128,880** (3)
66.460 Nonpoint Source Implementation Grants			
Direct		172,268	
Program Total		**172,268**	
66.461 Regional Wetland Program Development Grants			
Direct		533,369 (R)	
Program Total		**533,369**	
66.468 Capitalization Grants for Drinking Water State Revolving Funds			
Direct		17,566,730	101,118,871
Program Total		**17,566,730**	**101,118,871** (3)
66.468 ARRA-Capitalization Grants for Drinking Water State Revolving Funds			
Direct		24,990,143	3,366,191
Program Total		**24,990,143**	**3,366,191** (3)
66.471 State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs			
Direct		20,691	
Program Total		**20,691**	
66.472 Beach Monitoring and Notification Program Implementation Grants			
Direct		290,489	
Program Total		**290,489**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Environmental Protection Agency				
66.474	Water Protection Grants to the States			
Direct			$ 55,302	
Program Total			**55,302**	
66.500	Environmental Protection_Consolidated Research			
Through:	CONSORTIUM FOR PLANT BIOTECH R	68714	$ 57,250	(R)
Program Total			**57,250**	
66.509	Science To Achieve Results (STAR) Research Program			
Direct			581,585	(R)
Through:	UNIV OF LOUISIANA AT LAFAYETTE	20463	117,772	(R)
	CLEMSON UNIVERSITY/CLEMSON SC	RD83388601	37,403	(R)
	EATON CORPORATION/	RD83386601	103,198	(R)
	ENVIRONMENTAL PROTECTION AGENCY/EPA/ DC	RD83428101	61,261	(R)
	SAIC	RD83383901	66,939	(R)
Program Total			**968,158**	
66.511	Office of Research and Development Consolidated Research Training Fellowships			
Direct			11,221	(R)
Through:	ARIZONA STATE UNIVERSITY	RD83385601	7,298	(R)
	ENVIRONMENTAL PROTECTION AGENCY/EPA/RES TRIA	EP10D00002	16,393	(R)
Program Total			**34,912**	
66.514	Science To Achieve Results (STAR) Fellowship Program			
Direct			41,217	(R)
Program Total			**41,217**	
66.516	P3 Award: National Student Design Competition for Sustainability			
Direct			6,664	(R)
Program Total			**6,664**	
66.605	Performance Partnership Grants			
Direct			10,465,456	
Program Total			**10,465,456**	
66.608	Environmental Information Exchange Network Grant Program			
Direct			20,000	
Program Total			**20,000**	
66.700	Consolidated Pesticide Enforcement Cooperative Agreements			
Direct			483,230	
Program Total			**483,230**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Environmental Protection Agency			
66.701 Toxic Substances Compliance Monitoring Cooperative Agreements			
Direct		$ 48,086	
Program Total		**48,086**	
66.707 TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals			
Direct		404,810	
Program Total		**404,810**	
66.708 Pollution Prevention Grants Program			
Direct		97,184	
Program Total		**97,184**	
66.709 Multi-Media Capacity Building Grants for States and Tribes			
Direct		10,179	
Program Total		**10,179**	
66.802 Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements			
Direct		207,786	
Program Total		**207,786**	
66.804 Underground Storage Tank Prevention, Detection and Compliance Program			
Direct		882,856	
Program Total		**882,856**	
66.805 Leaking Underground Storage Tank Trust Fund Corrective Action Program			
Direct		1,814,324	
Program Total		**1,814,324**	
66.805 ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action Program			
Direct		1,806,106	
Program Total		**1,806,106**	
66.808 Solid Waste Management Assistance			
Direct		21,306	
Program Total		**21,306**	
66.809 Superfund State and Indian Tribe Core Program Cooperative Agreements			
Direct		527,506	
Program Total		**527,506**	
66.817 State and Tribal Response Program Grants			
Direct		661,756	
Program Total		**661,756**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES		NONMONETARY EXPENDITURES
Environmental Protection Agency					
66.951	Environmental Education Grants				
Through:	COUNTY OF WALTON	40088	$ -169	(R)	
Program Total			**-169**		
66.OFA	Other Federal Assistance				
Direct			$ 210	(R)	
Through:	DOWN TO EARTH ENERGY INC	61619	23,020	(R)	
	NATIONAL CTR FOR HEALTHY HOUSG	68899	-2,608	(R)	
Program Total			**20,622**		
AGENCY TOTAL			$ **119,049,575**		$ **697,268,577**
Nuclear Regulatory Commission					
77.006	U. S. Nuclear Regulatory Commission Nuclear Education Grant Program				
Direct			$ 140,440	(R)	
Program Total			**140,440**		
77.008	U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program				
Direct			209,454	(R)	
Program Total			**209,454**		
AGENCY TOTAL			$ **349,894**		
Energy, U.S. Department of					
81.003	Granting of Patent Licenses				
Direct			$ 1,787,941	(R)	
Program Total			**1,787,941**		
81.003	ARRA-Granting of Patent Licenses				
Direct			648,288	(R)	
Program Total			**648,288**		
81.036	Inventions and Innovations				
Direct			405,020	(R)	
Through:	UT-BATTELLE LLC	67929	$ 18,236	(R)	
	BOSTON MEDICAL CENTER	DEAC0576RL01830	252,830	(R)	
Program Total			**676,086**		
81.041	State Energy Program				
Direct			1,183,597	(R)	
Through:	DREXEL UNIVERSITY/PITTSBURG PA	N0001406D045	289,075	(R)	
Program Total			**1,472,672**		

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Energy, U.S. Department of				
81.041	ARRA-State Energy Program			
Direct			$ 1,936,960	
Program Total			**1,936,960**	
81.042	Weatherization Assistance for Low-Income Persons			
Direct			2,877,226	
Program Total			**2,877,226**	
81.042	ARRA-Weatherization Assistance for Low-Income Persons			
Direct			28,402,802	
Program Total			**28,402,802**	
81.049	Office of Science Financial Assistance Program			
Direct			15,928,392	(R)
Through:	ARGONNE NATIONAL LABORATORY	68067	$ 150,048	(R)
	BATTELLE MEMORIAL INSTITUTE, PACIFIC NORTHWEST LAB	31-4379427	15,806	
	DUKE UNIVERSITY	67922	103,683	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	225,870	(R)
	SAVANNAH RIVER NUCLEAR SOLUTION	235,236	189,317	(R)
	SYNERGY PARAMETRICS LLC	61500	-23,689	(R)
	UNIVERSITY OF CALIFORNIA	20218	62,501	(R)
	UNIVERSITY OF WASHINGTON	20292	227,847	(R)
	AGILTRON INC / WOBURN MA	DEFG3608GO18075	443,904	(R)
	ARIZONA STATE UNIVERSITY/TEMPE AZ	DEFG0208ER15964	174,332	(R)
	CC TECHNOLOGIES	DTPH5608T000013	15,945	(R)
	CHILDREN'S HEALTHCARE OF ATLANTA/ ATLANTA GA	DEAP3608GO28343	338	(R)
	CORNELL UNIVERSITY	DEFC0908SR22631	361,035	(R)
	DOW CHEMICAL COMPANY/	DEFG0203ER15459	1,400	(R)
	EG&G/LAS VEGAS NV	FA9200080C0179	23,721	(R)
	IDAHO NATIONAL LAB/BEA/IDAHO FALLS	DEAC0705ID14517	4,665	(R)
	KENT STATE UNIVERSITY/KENT OHIO	DESC0001412	74,898	(R)
	LSU/BATON ROUGE LA	DESC0001058	51,524	(R)
	OAK RIDGE NATL LAB/UT BATTELLE LLC	DEAC0500OR22725	34,262	(R)
	PROJECT PERFORMANCE CORP	DEDT00000516	1,200	(R)
	PROJECT PERFORMANCE CORP	DEDT0000016	52,442	(R)
	SOUTHWEST RESEARCH INSTITUTE	DEFE0001057	903	(R)
	SSAI/MELBOURNE FL	DEFG5208NA28783	202,901	(R)
	SSAI/MELBOURNE FL	DEFG5208NA28776	269,257	(R)
	UNIV OF SOUTH CAROLINA/COLUMBIA SC	DESC0001061	231,264	(R)
Program Total			**18,823,766**	
81.049	ARRA-Office of Science Financial Assistance Program			

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Energy, U.S. Department of				
Through:	FERMILAB/BATAVIA IL	DEAC0207CH11359	$ 14,986	(R)
	OAK RIDGE NATL LAB/UT BATTELLE LLC	DEAC0500OR22725	4,003	(R)
	UNIVERSITY OF ARIZONA	DESC0001084	926,356	(R)
Program Total			**945,345**	
81.057	University Coal Research			
Direct			$ 185,854	(R)
Program Total			**185,854**	
81.064	Office of Scientific and Technical Information			
Through:	UT-BATTELLE LLC	67929	12,632	(R)
Program Total			**12,632**	
81.065	Nuclear Waste Disposal Siting			
Direct			38,167	(R)
Program Total			**38,167**	
81.079	Regional Biomass Energy Programs			
Direct			232,194	(R)
Through:	SOUTH DAKOTA STATE UNIVERSITY	20387	58,384	(R)
Program Total			**290,578**	
81.086	Conservation Research and Development			
Direct			382,812	(R)
Through:	EMORY UNIVERSITY/ATLANTA GA	DEFC3606GO16081	44,928	
Program Total			**427,740**	
81.087	Renewable Energy Research and Development			
Direct			608,758	(R)
Through:	CONSORTIUM FOR PLANT BIOTECH R	68714	253,234	(R)
	RUTGERS UNIVERSITY	20214	11,374	(R)
	UNIVERSITY OF ARKANSAS	20217	95,726	(R)
	UNIVERSITY OF ARKANSAS	20217	181,435	(R)
	AGILTRON INC/WOBURN MA	DEFC2608NT01580	489,450	(R)
	BAE SYSTEMS	DEAM2604NT4181762001	10,273	(R)
	BALLARD POWER SYSTEMS/LOWELLMA	DEEE0000466	21,968	(R)
	CHENEGA FEDERAL SYSTEMS LLC/LORTONVA	DEFG3608GO18174	204,229	(R)
	THE CONSORTIUM FOR PLANT BIOTE	DEFG3602GO12026008	32,109	(R)
Program Total			**1,908,556**	
81.087	ARRA-Renewable Energy Research and Development			
Through:	COLORADO STATE UNIVERSITY	DEEE0002627	65,936	(R)
Program Total			**65,936**	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Energy, U.S. Department of				
81.089	Fossil Energy Research and Development			
Direct			$ 322,932	(R)
Through:	UNIVERSITY OF MISSISSIPPI	20273	$ 66,170	(R)
	APPLIED RESEARCH ASSOCIATES/PANAMA CITY FL	DENT0006557	327,158	(R)
	CFD RESEARCH CORPORATION/HUNTSVILLE AL	DENT0005287	585,809	(R)
	PENNSYLVANIA STATE UNIV/UNIV PARK PA	DENT0005054	42,737	(R)
Program Total			**1,344,806**	
81.104	Office of Environmental Waste Processing			
Direct			151,770	
Program Total			**151,770**	
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions			
Through:	SOUTHERN STATES ENERGY BOARD	58-0864888	256,926	
Program Total			**256,926**	
81.113	Defense Nuclear Nonproliferation Research			
Direct			537,265	(R)
Through:	CORNELL UNIVERSITY	DEAC5207NA27344	22,701	(R)
	DDL OMNI ENGINEERING LLC/MCLEAN VA	DEAC04AL85000	67,647	(R)
	E O LAWRENCE BERKELEY LAB/UNIVERSITY OF CALIFORNIA	DEAC04AL8500	1,997	(R)
Program Total			**629,610**	
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance			
Direct			153,002	(R)
Program Total			**153,002**	
81.117	ARRA-Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance			
Direct			32,011	(R)
Program Total			**32,011**	
81.119	State Energy Program Special Projects			
Direct			74,346	
Program Total			**74,346**	
81.121	Nuclear Energy Research, Development and Demonstration			
Direct			1,239,504	(R)
Through:	EG & G TECHNICAL SERVICES/CRANE IN	DEAC0705ID14517	34,415	(R)
Program Total			**1,273,919**	
81.122	ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis			
Direct			567,241	(R)
Program Total			**567,241**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Energy, U.S. Department of				
81.126	Federal Loan Guarantees for Innovative Energy Technologies			
Through:	SAVANNAH RIVER NUCLEAR SOLUTNS	61579	$ 99,152	(R)
Program Total			**99,152**	
81.126	ARRA-Federal Loan Guarantees for Innovative Energy Technologies			
Through:	SAVANNAH RIVER NUCLEAR SOLUTNS	61579	59,494	(R)
Program Total			**59,494**	
81.127	ARRA-Energy Efficient Appliance Rebate Program - EEARP			
Direct			$ 5,558,591	
Program Total			**5,558,591**	
81.128	ARRA-Energy Efficiency and Conservation Block Grant Program - EECBG			
Direct			263,092	
Program Total			**263,092**	
81.133	ARRA-Geologic Sequestration Training and Research Grant Program			
Direct			78,634	(R)
Program Total			**78,634**	
81.135	ARRA-Advanced Research and Projects Agency-Energy Financial Assistance Program			
Through:	PAX STREAMLINE INC/NOVATO CA	DE00000022	87,170	(R)
Program Total			**87,170**	
81.OFA	Other Federal Assistance			
Direct			1,498,206	(R)
Through:	GE GLOBAL RESEARCH	61394	45,713	(R)
	LAWRENCE BERKELEY NATL LAB	20475	6,605	(R)
	MARINE BIOLOGICAL LABORATORY	67228	44,220	(R)
	SAVANNAH RIVER NUCLEAR SOLUTNS	61579	166,986	(R)
	UT-BATTELLE LLC	67929	3,961,242	(R)
Program Total			**5,722,972**	
81.OFA	ARRA-Other Federal Assistance			
Through:	COUNTY OF ATHENS-CLARKE	40001	11,618	(R)
	GE GLOBAL RESEARCH	61394	7,182	(R)
Program Total			**18,800**	
AGENCY TOTAL			$ **76,872,085**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of				
84.002	Adult Education - Basic Grants to States			
Direct			$ 17,457,657	
Program Total			**17,457,657**	
84.007	Federal Supplemental Educational Opportunity Grants(SFA)			
Direct			10,004,188	
Program Total			**10,004,188**	
84.010	Title I Grants to Local Educational Agencies(TITLE1A)			
Direct			496,628,078	
Through:	PROJECT GRAD USA	76-0666426	$ 33,822	
Program Total			**496,661,900**	
84.011	Migrant Education_State Grant Program			
Direct			8,085,363	
Through:	SOUTHERN PINE MIGRANT EDUCATIONAL AGENCY	58-1171281	39,448	
Program Total			**8,124,811**	
84.013	Title I Program for Neglected and Delinquent Children			
Direct			1,234,709	
Program Total			**1,234,709**	
84.016	Undergraduate International Studies and Foreign Language Programs			
Direct			94,769	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	92,264	
Program Total			**187,033**	
84.017	International Research and Studies			
Direct			339,921	(R)
Program Total			**339,921**	
84.021	Overseas Programs - Group Projects Abroad			
Direct			143,401	(R)
Program Total			**143,401**	
84.022	Overseas Programs - Doctoral Dissertation Research Abroad			
Direct			7,657	(R)
Program Total			**7,657**	
84.027	Special Education_Grants to States(SEC-IDEA)			
Direct			318,403,193	
Program Total			**318,403,193**	
84.031	Higher Education_Institutional Aid			
Direct			12,656,271	
Program Total			**12,656,271**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
84.032 Federal Family Education Loans(SFA)			
Direct		$ 53,837,842	1,553,329,223
Program Total		**53,837,842**	**1,553,329,223** (3)
84.033 Federal Work-Study Program(SFA)			
Direct		12,572,908	
Program Total		**12,572,908**	
84.038 Federal Perkins Loan Program_Federal Capital Contributions(SFA)			
Direct		149,058	38,851,593
Program Total		**149,058**	**38,851,593** (3)
84.042 TRIO_Student Support Services(TRIO)			
Direct		2,318,635 (R)	
Program Total		**2,318,635**	
84.044 TRIO_Talent Search(TRIO)			
Direct		1,437,578 (R)	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	$ 421,450	
Program Total		**1,859,028**	
84.047 TRIO_Upward Bound(TRIO)			
Direct		5,321,500 (R)	
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	370,004	
Program Total		**5,691,504**	
84.048 Career and Technical Education-Basic Grants to States			
Direct		43,765,378	
Through: GA VOCATIONAL STAFF DEVELOPMENT CONSORTIUM	CTAE6073	37,597	
Program Total		**43,802,975**	
84.063 Federal Pell Grant Program(SFA)			
Direct		665,058,053	
Program Total		**665,058,053**	
84.066 TRIO_Educational Opportunity Centers(TRIO)			
Direct		492,613	
Program Total		**492,613**	
84.069 Leveraging Educational Assistance Partnership			
Direct		681,416	
Program Total		**681,416**	
84.116 Fund for the Improvement of Postsecondary Education			
Direct		985,253 (R)	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of				
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	$ 44,996	
	MICHIGAN STATE UNIVERSITY	20210	3,405	(R)
	UNIVERSITY OF FLORIDA	20220	6,420	(R)
	UTAH STATE UNIVERSITY	20336	12,906	(R)
Program Total			**1,052,980**	
84.120	Minority Science and Engineering Improvement			
Direct			$ 163,474	(R)
Program Total			**163,474**	
84.126	Rehabilitation Services_Vocational Rehabilitation Grants to States(VRC)			
Direct			74,660,510	
Program Total			**74,660,510**	
84.128	Rehabilitation Services_Service Projects			
Direct			26,368	
Program Total			**26,368**	
84.129	Rehabilitation Long-Term Training			
Direct			120,386	
Through:	UNIVERSITY OF NORTH TEXAS	UNKNOWN	156	
Program Total			**120,542**	
84.133	National Institute on Disability and Rehabilitation Research			
Direct			2,321,568	(R)
Through:	EMORY UNIVERSITY/ATLANTA GA	H133E080003	1,075,686	
	EMORY UNIVERSITY/ATLANTA GA	H133E030035	80,087	
Program Total			**3,477,341**	
84.141	Migrant Education_High School Equivalency Program			
Direct			487,976	
Program Total			**487,976**	
84.144	Migrant Education_Coordination Program			
Direct			23,819	
Program Total			**23,819**	
84.149	Migrant Education_College Assistance Migrant Program			
Direct			376,890	
Program Total			**376,890**	
84.153	Business and International Education Projects			
Direct			49,614	(R)
Program Total			**49,614**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
84.169 Independent Living_State Grants(ILSG)			
Direct		$ 558,028	
Program Total		**558,028**	
84.173 Special Education_Preschool Grants(SEC-IDEA)			
Direct		9,681,307	
Program Total		**9,681,307**	
84.177 Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind(ILS)			
Direct		773,193	
Program Total		**773,193**	
84.181 Special Education-Grants for Infants and Families(EIS-IDEA)			
Direct		15,975,947	
Program Total		**15,975,947**	
84.184 Safe and Drug-Free Schools and Communities_National Programs			
Through: GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	$ 73,710	
Program Total		**73,710**	
84.185 Byrd Honors Scholarships			
Direct		1,347,000	
Program Total		**1,347,000**	
84.186 Safe and Drug-Free Schools and Communities_State Grants			
Direct		8,239,451	
Program Total		**8,239,451**	
84.187 Supported Employment Services for Individuals with Significant Disabilities			
Direct		790,000	
Program Total		**790,000**	
84.196 Education for Homeless Children and Youth(EHCY)			
Direct		2,497,095	
Program Total		**2,497,095**	
84.200 Graduate Assistance in Areas of National Need			
Direct		158,532	(R)
Through: EMORY UNIVERSITY ATLANTA GA	P200A060118	240,032	
Program Total		**398,564**	
84.213 Even Start_State Educational Agencies			
Direct		2,558,837	
Program Total		**2,558,837**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of				
84.215	Fund for the Improvement of Education			
Direct			$ 376,761	
Through:	NATIONAL COUNCIL ON ECONOMIC EDUCATION	IS-05-1006	$ 33,263 (R)	
Program Total			**410,024**	
84.217	TRIO_McNair Post-Baccalaureate Achievement(TRIO)			
Direct			211,281	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	188,814	
Program Total			**400,095**	
84.220	Centers for International Business Education			
Direct			385,877 (R)	
Program Total			**385,877**	
84.224	Assistive Technology			
Direct			527,525	
Through:	EMORY UNIVERSITY/ATLANTA GA	H224B050002	129,742	
Program Total			**657,267**	
84.226	Income Contingent Loan Program			
Direct			0	44,095
Program Total			**0**	**44,095** (3)
84.235	Rehabilitation Services Demonstration and Training Programs			
Direct			415,872	
Through:	AMERICAN ACADEMY OF ORTHOTISTS AND	UNKNOWN	19,647 (R)	
Program Total			**435,519**	
84.257	National Institute for Literacy			
Direct			17,219	
Program Total			**17,219**	
84.264	Rehabilitation Training_Continuing Education			
Direct			28,845 (R)	
Program Total			**28,845**	
84.265	Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training			
Direct			159,868	
Program Total			**159,868**	
84.268	Federal Direct Student Loans(SFA)			
Direct			757,351,635	
Program Total			**757,351,635**	(3)

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of				
84.282	Charter Schools			
Direct			$ 3,664,087	
Program Total			**3,664,087**	
84.287	Twenty-First Century Community Learning Centers			
Direct			30,160,058	
Program Total			**30,160,058**	
84.298	State Grants for Innovative Programs			
Direct			75,932	
Program Total			**75,932**	
84.304	Civic Education - Cooperative Education Exchange Program			
Through:	CENTER FOR CIVIC EDUCATION	68759	$ 88	(R)
Program Total			**88**	
84.305	Education Research, Development and Dissemination			
Direct			158,902	(R)
Through:	RUTGERS UNIVERSITY/PISCATAWAY NJ	R305A0901210	156,242	(R)
Program Total			**315,144**	
84.318	Education Technology State Grants(ETSG)			
Direct			13,008,604	
Program Total			**13,008,604**	
84.323	Special Education - State Personnel Development			
Direct			1,239,373	
Program Total			**1,239,373**	
84.324	Research in Special Education			
Direct			3,586,772	(R)
Through:	UNIVERSITY OF MINNESOTA	20225	93,592	(R)
Program Total			**3,680,364**	
84.325	Special Education_Personnel Preparation to Improve Services and Results for Children with Disabilities			
Direct			1,324,614	(R)
Program Total			**1,324,614**	
84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities			
Direct			304,379	
Program Total			**304,379**	
84.327	Special Education_Technology and Media Services for Individuals with Disabilities			
Direct			1,648	(R)

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of				
Through:	CAST, INC.	222746879	$ -7,302	
	UNIVERSITY OF OREGON	20441	7,172	(R)
Program Total			**1,518**	
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals			
Direct			$ 886,044	
Program Total			**886,044**	
84.332	Comprehensive School Reform Demonstration			
Through:	FLORIDA STATE UNIVERSITY	20278	66,876	(R)
Program Total			**66,876**	
84.333	Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities			
Through:	ASCEND INTEL LLC/ARLINGTON VA	P333A080022	282,270	(R)
Program Total			**282,270**	
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs			
Direct			777,313	
Program Total			**777,313**	
84.335	Child Care Access Means Parents in School			
Direct			167,210	
Program Total			**167,210**	
84.336	Teacher Quality Partnership Grants(TQPG)			
Direct			1,248,776	(R)
Program Total			**1,248,776**	
84.350	Transition to Teaching			
Direct			1,939,188	(R)
Through:	DEKALB COUNTY SCHOOL SYSTEM	40254	73,011	(R)
Program Total			**2,012,199**	
84.351	Arts in Education			
Direct			308,266	
Through:	ALLIANCE THEATRE	UNKNOWN	6,890	(R)
	ALLIANCE THEATRE	UNKNOWN	103,949	(R)
Program Total			**419,105**	
84.357	Reading First State Grants			
Direct			15,135,633	
Program Total			**15,135,633**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of				
84.358	Rural Education			
Direct			$ 7,035,686	
Program Total			**7,035,686**	
84.359	Early Reading First			
Through:	UNITED WAY OF METRO ATLANTA	UNKNOWN	$ 36,903 (R)	
Program Total			**36,903**	
84.363	School Leadership			
Direct			16,910	
Program Total			**16,910**	
84.365	English Language Acquisition Grants			
Direct			16,424,869	
Program Total			**16,424,869**	
84.366	Mathematics and Science Partnerships			
Direct			5,078,308 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383 DUNS	69,547	
Program Total			**5,147,855**	
84.367	Improving Teacher Quality State Grants			
Direct			79,277,493 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383 DUNS	265,723	
	MERCER UNIVERSITY/MACON GA	RH2162694691108	9,694	
Program Total			**79,552,910**	
84.369	Grants for State Assessments and Related Activities			
Direct			11,606,741	
Program Total			**11,606,741**	
84.372	Statewide Data Systems(SWDS)			
Direct			888,543	
Program Total			**888,543**	
84.373	Special Education_Technical Assistance On State Data Collection			
Direct			58,142	
Through:	VANDERBILT UNIVERSITY	UNKNOWN	26,755 (R)	
Program Total			**84,897**	
84.375	Academic Competitiveness Grants(SFA)			
Direct			10,084,546	
Program Total			**10,084,546**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of			
84.376 National Science and Mathematics Access to Retain Talent(SFA)			
Direct		$ 7,639,702	
Program Total		**7,639,702**	
84.377 School Improvement Grants(SIG)			
Direct		4,838,519	
Program Total		**4,838,519**	
84.378 College Access Challenge Grant Program			
Direct		2,623,208	
Program Total		**2,623,208**	
84.379 Teacher Education Assistance for College and Higher Education Grants(SFA)			
Direct		2,246,021	
Program Total		**2,246,021**	
84.382 Strengthening Minority-Serving Institutions			
Direct		809,301	
Program Total		**809,301**	
84.386 ARRA-Education Technology State Grants, Recovery Act(ETSG)			
Direct		133,787	
Program Total		**133,787**	
84.387 ARRA-Education for Homeless Children and Youth, Recovery Act(EHCY)			
Direct		1,873,212	
Program Total		**1,873,212**	
84.388 ARRA-School Improvement Grants, Recovery Act(SIG)			
Direct		54,189	
Program Total		**54,189**	
84.389 ARRA-Title I Grants to Local Educational Agencies, Recovery Act(TITLE1A)			
Direct		349,807,184	
Program Total		**349,807,184**	
84.390 ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act(VRC)			
Direct		173,333	
Program Total		**173,333**	
84.391 ARRA-Special Education Grants to States, Recovery Act(SEC-IDEA)			
Direct		313,852,067	
Program Total		**313,852,067**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education, U.S. Department of				
84.392	ARRA-Special Education - Preschool Grants, Recovery Act(SEC-IDEA)			
Direct			$ 10,449,347	
Program Total			**10,449,347**	
84.393	ARRA-Special Education - Grants for Infants and Families, Recover Act(EIS-IDEA)			
Direct			759,265	
Program Total			**759,265**	
84.394	ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act(SFS)			
Direct			1,084,558,684	
Program Total			**1,084,558,684**	
84.397	ARRA-State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act(SFS)			
Direct			140,260,406	
Program Total			**140,260,406**	
84.398	ARRA-Independent Living State Grants, Recovery Act(ILSG)			
Direct			94,274	
Program Total			**94,274**	
84.399	ARRA-Independent Living Services for Older Individuals Who are Blind, Recovery Act(ILS)			
Direct			37,145	
Program Total			**37,145**	
84.902	National Assessment of Educational Progress			
Direct			195,112	
Program Total			**195,112**	
84.928	National Writing Project			
Direct			72,917 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	$ 30,816	
	NATIONAL WRITING PROJECT	68636	76,993 (R)	
	UNIVERSITY OF CA	"UNKNOWN"	43,320	
	UNIVERSITY OF CALIFORNIA	07-GA07NATIONAL WRIT	47,021	
	UNIVERSITY OF CALIFORNIA	94-3130846	41,508	
Program Total			**312,575**	
84.OFA	Other Federal Assistance			
Through:	TALBOT COUNTY SCHOOL DISTRICT	40263	9,302 (R)	
	UNIVERSITY OF TENNESSEE	62-6001636	69,611	
Program Total			**78,913**	
AGENCY TOTAL			**$ 4,661,309,459**	**$ 1,592,224,911**

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
National Archives & Records Administration			
89.003 National Historical Publications and Records Grants			
Direct		$ 8,157	
Program Total		**8,157**	
89.OFA Other Federal Assistance			
Direct		63,479	
Program Total		**63,479**	
AGENCY TOTAL		$ **71,636**	
Delta Regional Authority			
90.401 Help America Vote Act Requirements Payments			
Direct		$ 270,848	
Program Total		**270,848**	
AGENCY TOTAL		$ **270,848**	
United States Institute of Peace			
91.001 Annual Grant Competition			
Direct		$ 678 (R)	
Program Total		**678**	
AGENCY TOTAL		$ **678**	
Health and Human Services, U.S. Department of			
93.006 State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program			
Direct		$ 196,021	
Program Total		**196,021**	
93.010 Community-Based Abstinence Education (CBAE)			
Through: FRIENDS OF COBB COMMISSION ON YOUTH	58-2119585	$ 73,607 (R)	
Program Total		**73,607**	
93.041 Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation			
Direct		132,922	
Program Total		**132,922**	
93.042 Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals			
Direct		390,362	
Program Total		**390,362**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.043	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services			
Direct			$ 446,883	
Through:	CSRA REG DEV COMMISSION/AREA AGENCY ON AGIN	CONTRACT #10-08-1131	$ 10,139	
Program Total			**457,022**	
93.044	Special Programs for the Aging-Title III Part B-Grants for Supportive Services and Senior Centers(AC)			
Direct			8,777,093	
Through:	SOUTHEASET GA REGIONAL DEVELOPMENT CENTER	AAA-2004-11	22,875	
Program Total			**8,799,968**	
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services(AC)			
Direct			15,014,702	
Program Total			**15,014,702**	
93.048	Special Programs for the Aging_Title IV_and Title II_Discretionary Projects			
Direct			458,462	
Program Total			**458,462**	
93.051	Alzheimers Disease Demonstration Grants to States			
Direct			684,106	
Program Total			**684,106**	
93.052	National Family Caregiver Support			
Direct			3,443,486	
Program Total			**3,443,486**	
93.053	Nutrition Services Incentive Program(AC)			
Direct			1,822,331	
Program Total			**1,822,331**	
93.061	Innovations in Applied Public Health Research			
Direct			801,048 (R)	
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	18,306 (R)	
	UNIVERSITY OF PITTSBURGH	67387	2,357 (R)	
Program Total			**821,711**	
93.063	Centers for Genomics and Public Health			
Direct			10,586 (R)	
Program Total			**10,586**	
93.069	Public Heatlh Emergency Preparedness			
Direct			29,342,445 (R)	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
Through:	CALIFORNIA INSTITUTE OF TECH/PASEDENA CA	2002008M28123	$ 10,696	(R)
	CENTER FOR ROTORCRAFT INNOVATION (RITA)	200000000000	218,085	(R)
Program Total			**29,571,226**	
93.070	Environmental Public Health and Emergency Response			
Direct			$ 414,106	(R)
Program Total			**414,106**	
93.071	Medicare Enrollment Assistance Program			
Direct			190,490	
Program Total			**190,490**	
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants			
Direct			129,764	
Through:	MULTNOMAH COUNTY OREGON	20451	10,978	(R)
Program Total			**140,742**	
93.087	Enhance The Safety Of Children Affected By Parental Methamphetamine Or Other Substance Abuse			
Direct			452,723	
Program Total			**452,723**	
93.089	Emergency System for Advance Registration of Health Professional Volunteers			
Direct			6,916	
Program Total			**6,916**	
93.103	Food and Drug Administration_Research			
Direct			434,638	(R)
Through:	CHILDREN'S HOSPITAL BOSTON/BOSTON MA	1P50FD00379201	39,599	(R)
Program Total			**474,237**	
93.107	Model State-Supported Area Health Education Centers			
Direct			343,285	
Program Total			**343,285**	
93.110	Maternal and Child Health Federal Consolidated Programs			
Direct			156,276	(R)
Through:	HEMOPHILIA OF GEORGIA	H30 MC00011	9,798	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	258,083	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	46,917	
Program Total			**471,074**	
93.113	Biological Response to Environmental Health Hazards			
Direct			36,491	(R)

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	$ 14,327	(R)
	BATTELLE	R03ES016434	17,892	(R)
	DARTMOUTH COLLEGE/HANOVER NH	5PO1ES01673102	64,248	(R)
Program Total			**132,958**	
93.114	Applied Toxicological Research and Testing			
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	283,172	(R)
Program Total			**283,172**	
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs			
Direct			$ 2,792,608	
Program Total			**2,792,608**	
93.121	Oral Diseases and Disorders Research			
Direct			152,969	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	783,102	(R)
Program Total			**936,071**	
93.124	Nurse Anesthetist Traineeships			
Direct			21,596	
Program Total			**21,596**	
93.127	Emergency Medical Services for Children			
Direct			72,821	
Program Total			**72,821**	
93.130	Primary Care Services Resource Coordination and Development			
Direct			220,072	
Through:	NE GA REGIONAL DEVL CENTER	11064	-69	(R)
Program Total			**220,003**	
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention			
Direct			1,362	
Program Total			**1,362**	
93.136	Injury Prevention and Control Research and State and Community Based Programs			
Direct			1,874,242	(R)
Through:	KENT STATE UNIVERSITY	UNKNOWN	63,123	(R)
	UNIVERSITY OF CALIFORNIA, SAN DIEGO	UNKNOWN	34,038	(R)
Program Total			**1,971,403**	
93.143	NIEHS Superfund Hazardous Substances_Basic Research and Education			
Direct			30,995	(R)
Program Total			**30,995**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.150	Projects for Assistance in Transition from Homelessness (PATH)			
Direct			$ 1,775,608	
Program Total			**1,775,608**	
93.161	Health Program for Toxic Substances and Disease Registry			
Direct			48,658	
Through:	CENTER FOR ROTORCRAFT INNOVATION (RITA)	1U01TS00008301	$ 621,434	(R)
Program Total			**670,092**	
93.172	Human Genome Research			
Direct			131,477	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	11,540	(R)
Program Total			**143,017**	
93.173	Research Related to Deafness and Communication Disorders			
Direct			138,740	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	232,910	(R)
	UNIV OF CALIFORNIA/SANTA BARBA	29248	120,975	(R)
Program Total			**492,625**	
93.178	Nursing Workforce Diversity			
Direct			878,997	
Through:	GSU RESEARCH SERVICES FOUNDATION, INC.	63828383	224,690	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	213,975	
Program Total			**1,317,662**	
93.184	Disabilities Prevention			
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	11,700	
Program Total			**11,700**	
93.185	Immunization Research, Demonstration, Public Information and Education_Training and Clinical Skills Improvement Projects			
Through:	UNIVERSITY OF CALGARY	70051	65,130	(R)
Program Total			**65,130**	
93.191	Allied Health Special Projects			
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	79,638	
Program Total			**79,638**	
93.197	Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children			
Direct			351,033	
Program Total			**351,033**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.206	Human Health Studies_Applied Research and Development			
Direct			$ 135,402	(R)
Program Total			**135,402**	
93.213	Research and Training in Complementary and Alternative Medicine			
Direct			112,067	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	$ 98,391	(R)
	TEXAS TECH UNIVERSITY	20244	60,132	(R)
	LSU BATON ROUGE LA	2R01NS054281	19,526	(R)
Program Total			**290,116**	
93.217	Family Planning_Services			
Direct			8,398,438	
Program Total			**8,398,438**	
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)			
Direct			2,163,044	
Program Total			**2,163,044**	
93.225	National Research Service Awards_Health Services Research Training			
Direct			362,015	(R)
Program Total			**362,015**	
93.226	Research on Healthcare Costs, Quality and Outcomes			
Direct			1,317,796	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	5,876	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	2,198	
Program Total			**1,325,870**	
93.231	Epidemiology Cooperative Agreements			
Through:	UNIVERSITY OF MINNESOTA	20225	779,476	(R)
Program Total			**779,476**	
93.235	Abstinence Education Program			
Direct			246,860	
Program Total			**246,860**	
93.236	Grants for Dental Public Health Residency Training			
Direct			243,305	
Program Total			**243,305**	
93.239	Policy Research and Evaluation Grants			

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
Through:	BOWLING GREEN STATE UNIVERSITY	20472	$ 20,290	(R)
	UNIVERSITY OF KENTUCKY	UNKNOWN	11,071	(R)
	UNIVERSITY OF KENTUCKY	61-6033693	620	(R)
Program Total			**31,981**	
93.240	State Capacity Building			
Direct			$ 142,993	
Program Total			**142,993**	
93.241	State Rural Hospital Flexibility Program			
Direct			511,050	
Program Total			**511,050**	
93.242	Mental Health Research Grants			
Direct			1,874,569	(R)
Through:	EMORY UNIVERSITY	UNKNOWN	14,058	(R)
	EMORY UNIVERSITY	UNKNOWN	22,786	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	1,671,633	(R)
	UNIVERSITY OF IOWA	20251	93,714	(R)
	EMORY UNIVERSITY	5R01MH07371904	6,696	(R)
	EMORY UNIVERSITY/ATLANTA GA	5P50MH07708304	13,716	(R)
	EMORY UNIVERSITY/ATLANTA GA	5K23MH07786903	7,019	(R)
	EMORY UNIVERSITY/ATLANTA GA	5R01MH07371904	7,020	
	EMORY UNIVERSITY/ATLANTA GA	5R01MH08000702	15,229	(R)
Program Total			**3,726,440**	
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance			
Direct			5,708,495	(R)
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	19,459	
	MCFARLAND AND ASSOCIATES	280-08-05005	86,394	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	12,567	
	MOREHOUSE SCHOOL OF MEDICINE	58-0566205	8,300	
	MOREHOUSE SCHOOL OF MEDICINE	58-1438873	8,219	(R)
	YALE UNIVERSITY	SU79T102025302	31,583	(R)
Program Total			**5,875,017**	
93.251	Universal Newborn Hearing Screening			
Direct			126,864	
Program Total			**126,864**	
93.262	Occupational Safety and Health Program			
Direct			588,383	(R)

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
Through:	UNIVERSITY OF WASHINGTON	20292	$ 26,859 (R)	
Program Total			**615,242**	
93.264	Nurse Faculty Loan Program (NFLP)			
Direct			$ 0	17,247
Program Total			**0**	**17,247** (3)
93.268	Immunization Grants(IMC)			
Direct			6,693,055	107,109,186
Program Total			**6,693,055**	**107,109,186** (4)
93.269	Complex Humanitarian Emergency and War-Related Injury Public Health Activities			
Through:	SAIC	1U38EH00036301	4,682 (R)	
Program Total			**4,682**	
93.272	Alcohol National Research Service Awards for Research Training			
Direct			49,881 (R)	
Through:	IOWA STATE UNIVERSITY	20291	69,733 (R)	
Program Total			**119,614**	
93.273	Alcohol Research Programs			
Direct			1,469,944 (R)	
Program Total			**1,469,944**	
93.276	Drug-Free Communities Support Program Grants			
Direct			77,554	
Program Total			**77,554**	
93.279	Drug Abuse and Addiction Research Programs			
Direct			4,920,682 (R)	
Through:	DARTMOUTH COLLEGE	68755	203,675 (R)	
	EMORY UNIVERSITY	UNKNOWN	-995 (R)	
	EMORY UNIVERSITY	67128	13,115 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	129,594 (R)	
	UNIV OF CALIFORNIA/IRVINE	20422	16,543 (R)	
	UNIVERSITY OF KENTUCKY	20222	247,257 (R)	
Program Total			**5,529,871**	
93.282	Mental Health National Research Service Awards for Research Training			
Direct			55,200 (R)	
Program Total			**55,200**	
93.283	Centers for Disease Control and Prevention_Investigations and Technical Assistance			
Direct			14,355,164 (R)	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	$ 25,873 (R)	
	HEMOPHILIA OF GEORGIA	U 01 DD000201	11,050	
	SE CENTER EMERGING BIO THREATS	68670	72,110 (R)	
	ASSN OF PUBLIC HEALTH LABS	U60CD303019	70,721 (R)	
Program Total			**14,534,918**	
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health			
Direct			$ 4,255,916 (R)	
Through:	UNIVERSITY OF OREGON	UNKNOWN	77,848 (R)	
	NEURAL SIGNALS INC/ATLANTA GA	1R43NS0646420	-278 (R)	
Program Total			**4,333,486**	
93.301	Small Rural Hospital Improvement Grant Program			
Direct			671,981	
Program Total			**671,981**	
93.307	Minority Health and Health Disparities Research			
Direct			1,362,690 (R)	
Program Total			**1,362,690**	
93.310	Trans-NIH Research Support			
Direct			452,781 (R)	
Program Total			**452,781**	
93.333	Clinical Research			
Direct			256,056 (R)	
Program Total			**256,056**	
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students(SFA)			
Direct			0	116,123
Program Total			**0**	**116,123** (3)
93.358	Advanced Education Nursing Traineeships			
Direct			353,273 (R)	
Through:	GSU RESEARCH SERVICES FOUNDATION, INC.	63828383	29,265	
Program Total			**382,538**	
93.359	Nurse Education, Practice and Retention Grants			
Direct			947,023	
Through:	GRADY HEALTH SYSTEMS	UNKNOWN	104 (R)	
Program Total			**947,127**	
93.361	Nursing Research			
Direct			93,898 (R)	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
Through:	INDIANA UNIVERSITY	20235	$ 1,441 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	194,991 (R)	
Program Total			**290,330**	
93.364	Nursing Student Loans(SFA)			
Direct			$ 0	1,434,920
Program Total			**0**	**1,434,920** (3)
93.389	National Center for Research Resources			
Direct			4,351,768 (R)	
Through:	EMORY UNIVERSITY	67128	38,459 (R)	
	LOUISIANA STATE UNIVERSITY	20252	137,155 (R)	
	BRIGHAM AND WOMEN'S HOSPITAL	5UL1RR02500803	242,795 (R)	
	CORNELL UNIVERSITY	2R01RR02011505	83,490 (R)	
	CREARE INC/HANOVER NH	P41RR01321811	98,961 (R)	
Program Total			**4,952,628**	
93.390	Academic Research Enhancement Award			
Direct			69,089 (R)	
Program Total			**69,089**	
93.393	Cancer Cause and Prevention Research			
Direct			5,619 (R)	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	20,075 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	972,760 (R)	
Program Total			**998,454**	
93.394	Cancer Detection and Diagnosis Research			
Direct			681,650 (R)	
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	567,854 (R)	
Program Total			**1,249,504**	
93.395	Cancer Treatment Research			
Direct			616,706 (R)	
Through:	EMORY UNIVERSITY	UNKNOWN	117,682 (R)	
	EMORY UNIVERSITY	UNKNOWN	35,322 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	1,227,157 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	77,501	
Program Total			**2,074,368**	
93.396	Cancer Biology Research			
Direct			733,565 (R)	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	$ 3,235,855 (R)	
Program Total			**3,969,420**	
93.397	Cancer Centers Support Grants			
Through:	EMORY UNIVERSITY	67128	45,039 (R)	
	EMORY UNIVERSITY/ATLANTA GA	5P50CA12861303	48,223 (R)	
Program Total			**93,262**	
93.398	Cancer Research Manpower			
Direct			$ 116,484 (R)	
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	55,235 (R)	
Program Total			**171,719**	
93.399	Cancer Control			
Direct			1,224,662 (R)	
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	688,032 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	-115	
Program Total			**1,912,579**	
93.402	ARRA-State Loan Repayment Program			
Direct			75,000	
Program Total			**75,000**	(3)
93.407	ARRA-Scholarships for Disadvantaged Students			
Direct			64,852	
Program Total			**64,852**	
93.556	Promoting Safe and Stable Families			
Direct			13,793,775	
Through:	RICHMOND COUNTY DEPT OF FAMILY & CHILDREN SERVICE	"UNKNOWN"	29,757	
Program Total			**13,823,532**	
93.558	Temporary Assistance for Needy Families(TANF)			
Direct			339,951,837	
Through:	CLARKE COUNTY SCHOOL DISTRICT	40092	32,478 (R)	
Program Total			**339,984,315**	
93.560	Family Support Payments to States_Assistance Payments			
Direct			-120,003	
Program Total			**-120,003**	
93.563	Child Support Enforcement			
Direct			71,570,538	
Program Total			**71,570,538**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.563 ARRA-Child Support Enforcement			
Direct		$ 16,565,764	
Program Total		**16,565,764**	
93.564 Child Support Enforcement Research			
Direct		184,523	
Program Total		**184,523**	
93.566 Refugee and Entrant Assistance_State Administered Programs			
Direct		8,232,928	
Program Total		**8,232,928**	
93.568 Low-Income Home Energy Assistance			
Direct		97,594,347	
Program Total		**97,594,347**	
93.569 Community Services Block Grant(CSBG)			
Direct		18,756,815	
Program Total		**18,756,815**	
93.575 Child Care and Development Block Grant(CCDF)			
Direct		71,208,035	
Program Total		**71,208,035**	
93.576 Refugee and Entrant Assistance_Discretionary Grants			
Direct		764,752	
Program Total		**764,752**	
93.583 Refugee and Entrant Assistance_Wilson/Fish Program			
Through: UNIVERSITY OF VIRGINIA	20275	$ 108,354	(R)
Program Total		**108,354**	
93.584 Refugee and Entrant Assistance_Targeted Assistance Grants			
Direct		1,046,596	
Program Total		**1,046,596**	
93.585 Empowerment Zones Program			
Direct		16,107,190	
Program Total		**16,107,190**	
93.586 State Court Improvement Program			
Direct		1,538,204	
Program Total		**1,538,204**	
93.590 COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS			
Direct		1,324,976	
Program Total		**1,324,976**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.592	Family Violence Prevention and Services/Grants for Battered Womens Shelters_Discretionary Grants			
Through:	MATHEMATICA POLICY RESEARCH, INC.	UNKNOWN	$ 791,872	(R)
Program Total			**791,872**	
93.595	Welfare Reform Research, Evaluations and National Studies			
Direct			$ 319,774	(R)
Program Total			**319,774**	
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund(CCDF)			
Direct			74,805,931	
Program Total			**74,805,931**	
93.597	Grants to States for Access and Visitation Programs			
Direct			250,575	
Program Total			**250,575**	
93.599	Chafee Education and Training Vouchers Program (ETV)			
Direct			1,111,548	
Program Total			**1,111,548**	
93.600	Head Start(HS)			
Direct			3,206,623	(R)
Program Total			**3,206,623**	
93.603	Adoption Incentive Payments			
Direct			150,578	
Program Total			**150,578**	
93.617	Voting Access for Individuals with Disabilities_Grants to States			
Direct			146,380	
Program Total			**146,380**	
93.630	Developmental Disabilities Basic Support and Advocacy Grants			
Direct			2,021,346	
Program Total			**2,021,346**	
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service			
Direct			1,068,062	(R)
Through:	NATIONAL CENTER FOR LEARNING AND	UNKNOWN	57,538	
Program Total			**1,125,600**	
93.643	Childrens Justice Grants to States			
Direct			331,863	
Program Total			**331,863**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.645	Child Welfare Services_State Grants			
Direct			$ 9,777,051	
Program Total			**9,777,051**	
93.648	Child Welfare Research Training or Demonstration			
Through:	UNIVERSITY OF MISSOURI	20226	$ 9,382 (R)	
Program Total			**9,382**	
93.658	Foster Care_Title IV-E			
Direct			76,688,242	
Program Total			**76,688,242**	
93.658	ARRA-Foster Care_Title IV-E			
Direct			3,390,703	
Program Total			**3,390,703**	
93.659	Adoption Assistance			
Direct			39,232,073	
Program Total			**39,232,073**	
93.659	ARRA-Adoption Assistance			
Direct			3,145,943	
Program Total			**3,145,943**	
93.667	Social Services Block Grant			
Direct			53,121,322	
Program Total			**53,121,322**	
93.669	Child Abuse and Neglect State Grants			
Direct			893,734	
Program Total			**893,734**	
93.671	Family Violence Prevention and Services/Grants for Battered Womens Shelters_Grants to States and Indian Tribes			
Direct			2,401,819	
Program Total			**2,401,819**	
93.674	Chafee Foster Care Independence Program			
Direct			2,558,257	
Program Total			**2,558,257**	
93.701	ARRA-TRANS-NIH RECOVERY ACT RESEARCH SUPPORT			
Direct			12,722,671 (R)	
Through:	AUBURN UNIVERSITY	UNKNOWN	24,593 (R)	
	BURNHAM INST FOR MEDICAL RESCH	67069	30,351 (R)	
	COLUMBIA UNIVERSITY	UNKNOWN	11,806 (R)	
	DONALD DANFORTH PLANT SCI CTR	68932	55,591 (R)	
	EMORY UNIVERSITY	67128	144,689 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	504,990	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	4,777,384 (R)	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
Through:	OHIO STATE UNIVERSITY	1R21HL089036-01A2	$ 31,735 (R)	
	UNIVERSITY OF WYOMING	20365	41,053 (R)	
	WAKE FOREST UNIVERSITY	68059	20,256 (R)	
	EMORY UNIVERSITY/ATLANTA GA	1RC2CA14826501	9,666 (R)	
	EMORY UNIVERSITY/ATLANTA GA	1RC2HG00554201	51,889 (R)	
	EMORY UNIVERSITY/ATLANTA GA	1RC1DK08693901	162,013 (R)	
	EMORY UNIVERSITY/ATLANTA GA	3U54CA1193380551	18,703 (R)	
	NEW YORK UNIVERSITY/NEW YORK NY	1R01EB00806901A2	29,679 (R)	
	UNIV OF WASHINGTON/SEATTLE WA	1RC1CA14482501	61,485 (R)	
Program Total			**18,698,554**	
93.703	ARRA-Health Center Integrated Services Development Initiative			
Direct			$ 378,750	
Program Total			**378,750**	
93.705	ARRA-Aging Home Delivered Nutrition Services for States(AC)			
Direct			800,333	
Program Total			**800,333**	
93.707	ARRA-Aging Congregate Nutrition Services for States(AC)			
Direct			1,625,676	
Program Total			**1,625,676**	
93.708	ARRA-HEAD START(HS)			
Direct			71,527	
Program Total			**71,527**	
93.709	ARRA-EARLY HEAD START ý(HS)			
Through:	ENRICHMENT SERVICES PROGRAM INC DEPT OF EARLY CHIL	04GA346201	21,062	
Program Total			**21,062**	
93.710	ARRA-COMMUNITY SERVICES BLOCK GRANT(CSBG)			
Direct			17,261,031	
Program Total			**17,261,031**	
93.711	ARRA-STRENGTHENING COMMUNITIES FUND			
Through:	ACTION INC	68048	16,242 (R)	
Program Total			**16,242**	
93.712	ARRA-IMMUNIZATION(IMC)			
Direct			197,959	2,733,806
Program Total			**197,959**	**2,733,806** (4)
93.713	ARRA-CHILD CARE AND DEVELOPMENT BLOCK GRANT(CCDF)			
Direct			50,045,120	
Program Total			**50,045,120**	

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

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of			
93.714 ARRA-EMERGENCY CONTINGENCY FUND FOR TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) STATE PROGRAMS(TANF)			
Direct		$ 13,333,836	
Program Total		**13,333,836**	
93.717 ARRA-PREVENTING HEALTHCARE-ASSOCIATED INFECTIONS			
Direct		51,756	
Program Total		**51,756**	
93.719 ARRA-State Grants to Promote Health Information Technology			
Direct		86,091	
Program Total		**86,091**	
93.720 ARRA-Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative			
Direct		357,356	
Program Total		**357,356**	
93.723 ARRA-Prevention and Wellness-State, Territories and Pacific Islands			
Direct		475	
Program Total		**475**	
93.725 ARRA-Communities Putting Prevention to Work: Chronic Disease Self-Management Program			
Direct		2,283	
Program Total		**2,283**	
93.767 Children's Health Insurance Program			
Direct		228,395,941	
Program Total		**228,395,941**	
93.773 Medicare_Hospital Insurance			
Direct		4,191,693	
Program Total		**4,191,693**	
93.775 State Medicaid Fraud Control Units(MC)			
Direct		2,921,133	
Program Total		**2,921,133**	
93.777 State Survey and Certification of Health Care Providers and Suppliers(MC)			
Direct		2,042,396	
Program Total		**2,042,396**	
93.778 Medical Assistance Program(MC)			
Direct		5,352,016,632	
Program Total		**5,352,016,632**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.778	ARRA-Medical Assistance Program(MC)			
Direct			$ 727,038,669	
Program Total			**727,038,669**	
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations			
Direct			7,936,397	
Program Total			**7,936,397**	
93.781	Seed Grants to States for Qualified High-Risk Pools			
Direct			98,651 (R)	
Program Total			**98,651**	
93.789	Alternatives to Psychiatric Residential Treatment Facilities for Children			
Direct			2,158,188	
Program Total			**2,158,188**	
93.790	Alternate Non-Emergency Service Providers or Networks			
Direct			1,716,713	
Program Total			**1,716,713**	
93.793	Medicaid Transformation Grants			
Direct			122,571	
Program Total			**122,571**	
93.822	Health Careers Opportunity Program			
Direct			170,591	
Program Total			**170,591**	
93.837	Cardiovascular Diseases Research			
Direct			2,683,438 (R)	
Through:	EMORY UNIVERSITY	67128	$ 215,965 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	50	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	9,896,695 (R)	
	MEDICAL COLLEGE OF WISCONSIN	68974	44,234 (R)	
	UNIV OF TEXAS SOUTHWESTERN MEDICAL CENTER	5 R01 HL087768-03	8,930 (R)	
	UNIVERSITY OF SOUTH CAROLINA	20243	65,217 (R)	
	WRIGHT STATE UNIVERSITY	20440	104,438 (R)	
	BELLWETHER INSTRUMENTS/COLUMBIA SC	2R01HL06090308	58,557 (R)	
	DUPONT CENTRAL RESEARCH AND DEVELOPMENT	2U54GM06933806	529,862 (R)	
	EMORY UNIVERSITY	1P01HL09507001A1	8,631 (R)	
	EMORY UNIVERSITY/ATLANTA GA	3395000	30,200 (R)	
	EMORY UNIVERSITY/ATLANTA GA	2RO1HL070531	63,446 (R)	
	OREGON HEALTH & SCIENCE UNIVERSITY/PORTLAND OR	R01GL095474	220,054 (R)	
Program Total			**13,929,717**	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.838	Lung Diseases Research			
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	$ 2,190,436	(R)
	CALIFORNIA INSTITUTE OF TECH/PASEDENA CA	1R01HL09063001	361,084	(R)
Program Total			**2,551,520**	
93.839	Blood Diseases and Resources Research			
Direct			$ 1,143,681	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	640,391	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	3,858	
Program Total			**1,787,930**	
93.846	Arthritis, Musculoskeletal and Skin Diseases Research			
Direct			743,741	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	450,383	(R)
	UNIVERSITY OF MARYLAND	UNKNOWN	1	(R)
Program Total			**1,194,125**	
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research			
Direct			2,025,119	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	7,500,075	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	135,366	
	UNIVERSITY OF CINCINNATI	UNKNOWN	19,004	(R)
	EMORY UNIVERSITY/ATLANTA GA	2R56DK05648107A1	50,605	(R)
Program Total			**9,730,169**	
93.848	Digestive Diseases and Nutrition Research			
Direct			583,957	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	52,163	(R)
	UNIVERSITY OF TOLEDO	20321	8,868	(R)
Program Total			**644,988**	
93.849	Kidney Diseases, Urology and Hematology Research			
Direct			51,022	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	392,430	(R)
	UNIVERSITY OF UTAH	20326	25,000	(R)
Program Total			**468,452**	
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders			
Direct			1,232,509	(R)
Through:	EMORY UNIVERSITY	58-0566256	9,170	(R)
	EMORY UNIVERSITY	UNKNOWN	97,913	
	EMORY UNIVERSITY	UNKNOWN	26,470	(R)
	EMORY UNIVERSITY	67128	9,385	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	3,624,194	(R)
	UNIV OF TEXAS HLTH SCI CTR/HTN	20383	8,368	(R)
	UNIVERSITY OF SOUTH CAROLINA	20243	9,420	(R)
	ATOFINA CHEMICALS INC/KINF OF PRUSSIA PA	1R03NS06115301A2	36,569	(R)

Health and Human Services, U.S. Department of

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Through:	CASE WESTERN RESERVE UNIVERSITY/CLEVELAND OH	R01NS063971	$ 43,355	(R)
	CENTER FOR ROTORCRAFT INNOVATION (RITA)	1R21MS05480902	60,182	(R)
	DUKE UNIVERSITY/DURHAM NC	2R01NS04264506A2	71,615	(R)
	EMORY UNIVERSITY	5R01NS05491103	37,227	(R)
	NEURAL SIGNALS INC/ATLANTA GA	1R43NS0646420	6,441	(R)
	WRIGHT STATE UNIVERSITY	1R01NS04932401A2	11,628	(R)
Program Total			**5,284,446**	
93.855	Allergy, Immunology and Transplantation Research			
Direct			$ 9,520,180	(R)
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	77,043	(R)
	INSECTIGEN, INC.	61380	40,415	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	1,361,780	(R)
	PENNSYLVANIA STATE UNIVERSITY	20269	381,158	(R)
	SOUTHEAST CENTER FOR EXCELLANCE	UNKNOWN	90,415	(R)
	SOUTHEAST CENTER FOR EXCELLENCE	UNKNOWN	122,784	(R)
	UNIVERSITY OF ARIZONA	20266	89,775	(R)
	UNIVERSITY OF FLORIDA	20220	11,792	(R)
	UNIVERSITY OF MINNESOTA	20225	38,119	(R)
	UNIVERSITY OF SOUTH FLORIDA	20294	114,317	(R)
	UNIVERSITY OF WISCONSIN	20232	11,487	(R)
	DUKE UNIVERSITY/DURHAM NC	1R56AI07737301	67,125	(R)
	EMORY UNIVERSITY/ATLANTA GA	2U19AI05726606	93,351	(R)
Program Total			**12,019,741**	
93.856	Microbiology and Infectious Diseases Research			
Direct			507,699	(R)
Through:	BRANDEIS UNIVERSITY	67628	172,684	(R)
	EMORY UNIVERSITY	67128	1,333,213	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	-86,889	(R)
	RADIATION EFFECTS RESEARCH FND	79025	82,273	(R)
	UNIVERSITY OF MEMPHIS, THE	20420	45,921	(R)
	UNIVERSITY OF NOTTINGHAM	UNKNOWN	-7,439	(R)
	UNIVERSITY OF PENNSYLVANIA	20240	-1,624	(R)
Program Total			**2,045,838**	
93.859	Biomedical Research and Research Training			
Direct			11,077,348	(R)
Through:	ADA TECHNOLOGIES, INC.	68544	206	(R)
	AMERICAN SOCIETY FOR CELL BIOLOGY	39-6054285	3,657	
	ECHELON BIOSCIENCES, INC.	UNKNOWN	130,812	(R)
	ECHELON BIOSCIENCES, INC.	UNKNOWN	26,251	(R)
	GLYCOSENSORS & DIAGNOSTICS LLC	61616	58,316	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	706,049	(R)
	RENSSELAER POLYTECHNIC INSTITU	68780	91,959	(R)
	RUTGERS UNIVERSITY	20214	273,415	(R)
	SCRIPPS	61170	99,777	(R)
	UNIV OF OKL HEALTH SCIENCE CTR	20299	70,786	(R)

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
Through:	UNIVERSITY OF ILLINOIS	20221	$ 202,622	(R)
	UNIVERSITY OF PENNSYLVANIA	20240	765	(R)
	UNIVERSITY OF WASHINGTON	20292	30,796	(R)
	CALIFORNIA INSTITUTE OF TECH/PASEDENA CA	1R01GM08619501	658,499	(R)
	UNIVERSITY OF KANSAS/LAWRENCE KS	1R01GM08422201A1	131,842	(R)
Program Total			**13,563,100**	
93.865	Child Health and Human Development Extramural Research			
Direct			$ 2,633,345	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	1,141,601	(R)
	UNIV OF CALIFORNIA/IRVINE	20422	18,050	(R)
	UNIVERSITY OF CALIFORNIA, IRVINE	UNKNOWN	6,118	(R)
	UNIVERSITY OF CONNECTICUT	UNKNOWN	156,542	(R)
	UNIVERSITY OF TEXAS /AUSTIN	20231	134,692	(R)
Program Total			**4,090,348**	
93.866	Aging Research			
Direct			2,698,712	(R)
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	915,534	(R)
	UNIVERSITY OF MINNESOTA	UNKNOWN	11,791	(R)
	WAKE FOREST UNIVERSITY	68059	48,809	(R)
	CENTER FOR ROTORCRAFT INNOVATION (RITA)	5P01AG1721110	44,883	(R)
	UNIVERSITY OF MIAMI MEDICAL SCHOOL	2P01AG01721111	257,142	(R)
Program Total			**3,976,871**	
93.867	Vision Research			
Direct			3,190,344	(R)
Through:	BETH ISRAEL DECONESS MEDICAL CENTER	UNKNOWN	82,068	(R)
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	2,653,795	(R)
	UNIVERSITY OF CALIFORNIA/BERKLEY CA	1R01EY01996501	57,881	(R)
Program Total			**5,984,088**	
93.879	Medical Library Assistance			
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	2,899	(R)
Program Total			**2,899**	
93.884	Grants for Training in Primary Care Medicine and Dentistry			
Direct			326,679	
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	666,786	
Program Total			**993,465**	
93.887	Health Care and Other Facilities			
Direct			139,124	(R)
Program Total			**139,124**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.888	Specially Selected Health Projects			
Direct			$ 20,289	(R)
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC.	063828383 DUNS	$ 44,392	
Program Total			**64,681**	
93.889	National Bioterrorism Hospital Preparedness Program			
Direct			15,012,777	
Through:	GEORGIA HOSPITAL ASSOCIATION	68682	38,469	(R)
Program Total			**15,051,246**	
93.912	Rural Health Care Services Outreach and Rural Health Network Development Program			
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	91,448	
Program Total			**91,448**	
93.913	Grants to States for Operation of Offices of Rural Health			
Direct			197,090	
Program Total			**197,090**	
93.914	HIV Emergency Relief Project Grants			
Through:	FULTON COUNTY BOARD OF COMMISSIONERS	586001729	22,158	(R)
Program Total			**22,158**	
93.917	HIV Care Formula Grants			
Direct			52,505,909	
Through:	RICHMOND COUNTY HEALTH DEPARTMENT	RYAN WHITE PROGRAM	508,768	
Program Total			**53,014,677**	
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease			
Direct			987,477	
Program Total			**987,477**	
93.924	Ryan White HIV/AIDS Dental Reimbursements\Community Based Dental Partnership			
Direct			211,149	
Program Total			**211,149**	
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds(SFA)			
Direct			146,724	
Program Total			**146,724**	
93.926	Healthy Start Initiative			
Direct			956,159	
Program Total			**956,159**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.928	Special Projects of National Significance			
Direct			$ 299,446	
Program Total			**299,446**	
93.932	Native Hawaiian Health Systems			
Through:	EMORY UNIVERSITY	UNKNOWN	$ 7,347	(R)
	EMORY UNIVERSITY	UNKNOWN	-603	(R)
Program Total			**6,744**	
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems			
Direct			240,872	
Program Total			**240,872**	
93.940	HIV Prevention Activities_Health Department Based			
Direct			10,355,004	
Program Total			**10,355,004**	
93.941	HIV Demonstration, Research, Public and Professional Education Projects			
Direct			73,413	
Through:	UNIVERSITY OF CALIFORNIA, SAN FRANCISCO	UNKNOWN	46,526	(R)
Program Total			**119,939**	
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance			
Direct			1,001,210	
Program Total			**1,001,210**	
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs			
Direct			186,346	
Program Total			**186,346**	
93.958	Block Grants for Community Mental Health Services			
Direct			14,333,992	
Program Total			**14,333,992**	
93.959	Block Grants for Prevention and Treatment of Substance Abuse			
Direct			55,408,954	
Through:	COUNCIL ON ALCOHOL AND DRUGS, INC.	58-1088401	46,198	
	GSU RESEARCH AND SERVICE FOUNDATION, INC.	63828383	34,220	(R)
Program Total			**55,489,372**	
93.969	Geriatric Education Centers			
Direct			542	(R)
Program Total			**542**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
93.977	Preventive Health Services_Sexually Transmitted Diseases Control Grants			
Direct			$ 4,671,855	
Program Total			**4,671,855**	
93.978	Preventive Health Services_Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants			
Direct			5,028 (R)	
Program Total			**5,028**	
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems			
Direct			3,755	
Program Total			**3,755**	
93.989	International Research and Research Training			
Direct			1,806,263 (R)	
Through:	CASE WESTERN RESERVE UNIV	68434	$ 34,679 (R)	
	EMORY UNIVERSITY	67128	30,890 (R)	
	VANDERBILT UNIVERSITY	67395	33,635 (R)	
Program Total			**1,905,467**	
93.991	Preventive Health and Health Services Block Grant			
Direct			3,507,604	
Program Total			**3,507,604**	
93.994	Maternal and Child Health Services Block Grant to the States			
Direct			14,370,088	
Program Total			**14,370,088**	
93.995	Adolescent Family Life_Demonstration Projects			
Through:	AUGUSTA COMMUNITY PARTNERSHIP	58-1651611	1,515	
	COMMUNITIES IN SCHOOLS OF GA	68988	185,888 (R)	
Program Total			**187,403**	
93.996	Bioterrorism Training and Curriculum Development Program			
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	-48,344	
Program Total			**-48,344**	
93.OFA	Other Federal Assistance			
Direct			1,912,536 (R)	
Through:	COLUMBIA UNIVERSITY	UNKNOWN	13,679 (R)	
	EMORY UNIVERSITY	UNKNOWN	-1,555 (R)	
	INDIANA UNIVERSITY	20235	9,487 (R)	
	LOUISIANA STATE UNIVERSITY	20252	4,063 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	81 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	781 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	27,032 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	4,861	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	-2,083	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Health and Human Services, U.S. Department of				
Through:	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	$ 649 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	71,162 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	439,586 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	59,754	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	732 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	3,552	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	25,785	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	3,881 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	52,242	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	17,358 (R)	
	MEDICAL COLLEGE OF GEORGIA RESEARCH INSTITUTE	96-666-8691	-10,464 (R)	
	NATIONAL LATINO ALLIANCE FOR THE	UNKNOWN	2 (R)	
	NATIONAL LATINO ALLIANCE FOR THE	UNKNOWN	4,002 (R)	
	RICHMOND COUNTY HEALTH DEPARTMENT	"UNKNOWN"	19,035	
	SE CENTER EMERGING BIO THREATS	68670	8,471 (R)	
	SCIMETRIKA, LLC	UNKNOWN	109,420	
	SCIENCE APPLICATIONS INTL CORP	61126	405,643 (R)	
	SCRIPPS	61170	26,505 (R)	
	UNIVERSITY OF MISSOURI	20226	12,301 (R)	
	UNIVERSITY OF PENNSYLVANIA	20240	705,097 (R)	
	VANDERBILT UNIVERSITY	UNKNOWN	-44 (R)	
Program Total			**3,923,551**	
AGENCY TOTAL			**$ 7,779,165,006**	**$ 111,411,282**
Corporation for National and Community Service				
94.003	State Commissions			
Direct			$ 282,633	
Program Total			**282,633**	
94.004	Learn and Serve America_School and Community Based Programs			
Direct			-28,004	
Program Total			**-28,004**	
94.005	Learn and Serve America_Higher Education			
Through:	MOREHOUSE SCHOOL OF MEDICINE	UNKNOWN	$ 4,622 (R)	
	MOREHOUSE SCHOOL OF MEDICINE	58-1438873	6,542	
Program Total			**11,164**	
94.006	AmeriCorps			
Direct			2,773,995	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Corporation for National and Community Service				
Through:	JUMPSTART NATIONAL	UNKNOWN	$ 33,052	
	JUMPSTART FOR YOUNG CHILDREN/ATLANTA GA	CFDA94006JSSITE55	46,062	
Program Total			**2,853,109**	
94.006	ARRA-AmeriCorps			
Direct			$ 1,138,559	
Program Total			**1,138,559**	
94.007	Program Development and Innovation Grants			
Direct			15,466	
Through:	NORTH CAROLINA CAMPUS COMPACT-NATIONAL AND COMMUNI	36628 NTNLCOMMUNITYS	2,482	
Program Total			**17,948**	
94.009	Training and Technical Assistance			
Direct			65,698	
Program Total			**65,698**	
94.013	Volunteers in Service to America			
Direct			33,714	
Program Total			**33,714**	
94.016	Senior Companion Program(FGCC)			
Direct			10,914	
Through:	GSU RESEARCH AND SERVICE FOUNDATION, INC	63828383	169,000	
Program Total			**179,914**	
AGENCY TOTAL			$ **4,554,735**	
Social Security Administration				
96.001	Social Security_Disability Insurance(DI/SSI)			
Direct			$ 67,255,402	
Program Total			**67,255,402**	
96.007	Social Security_Research and Demonstration			
Through:	UNIVERSITY OF MICHIGAN	UNKNOWN	$ 202	(R)
Program Total			**202**	
96.008	Social Security_Benefits Planning, Assistance, and Outreach Program			
Direct			286,321	
Program Total			**286,321**	
AGENCY TOTAL			$ **67,541,925**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Homeland Security, U.S. Department of				
97.001	Pilot Demonstration or Earmarked Projects			
Direct			$ 11,737	(R)
Through:	DARTMOUTH COLLEGE/HANOVER NH	2006CS001000001	$ 86,100	(R)
Program Total			**97,837**	
97.002	Research Projects			
Through:	EMORY UNIVERSITY/ATLANTA GA	HSHHQDC09C00011	68,336	(R)
	TELCORDIA TECHNOLOGIES/MORRISTOWN NJ	HSHQDC08F00206	321,814	(R)
Program Total			**390,150**	
97.008	Urban Areas Security Initiative(HLS)			
Direct			10,819,490	
Program Total			**10,819,490**	
97.012	Boating Safety Financial Assistance			
Direct			2,089,422	
Program Total			**2,089,422**	
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)			
Direct			100,066	
Program Total			**100,066**	
97.029	Flood Mitigation Assistance			
Direct			2,708,363	
Program Total			**2,708,363**	
97.036	Public Assistance Grants			
Direct			38,075,004	
Program Total			**38,075,004**	
97.039	Hazard Mitigation Grant			
Direct			2,524,214	
Program Total			**2,524,214**	
97.041	National Dam Safety Program			
Direct			71,893	
Program Total			**71,893**	
97.042	Emergency Management Performance Grants			
Direct			6,648,121	
Program Total			**6,648,121**	
97.043	State Fire Training Systems Grants			
Direct			34,581	
Program Total			**34,581**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Homeland Security, U.S. Department of				
97.045	Cooperating Technical Partners			
Direct			$ 6,359,726	
Program Total			**6,359,726**	
97.046	Fire Management Assistance Grant			
Direct			390,687	
Program Total			**390,687**	
97.047	Pre-Disaster Mitigation			
Direct			5,071,228	
Program Total			**5,071,228**	
97.048	Federal Assistance to Individuals and Households_Housing			
Direct			6,232	
Program Total			**6,232**	
97.053	Citizen Corps(HLS)			
Direct			400,438	
Program Total			**400,438**	
97.055	Interoperable Communications Equipment			
Direct			13,110,637	
Program Total			**13,110,637**	
97.056	Port Security Grant Program			
Direct			983,331 (R)	
Program Total			**983,331**	
97.061	Centers for Homeland Security			
Direct			39,849 (R)	
Through:	UNIVERSITY OF MARYLAND	UNKNOWN	$ 8,404 (R)	
	UNIVERSITY OF MARYLAND	UNKNOWN	9,851 (R)	
	UNIVERSITY OF NORTH CAROLINA MEDICAL	UNKNOWN	68,261 (R)	
	PURDUE UNIVERSITY/WEST LAFAYETTE IN	2009ST061CI0001	115,325 (R)	
Program Total			**241,690**	
97.062	Scholars and Fellows			
Direct			67,679	
Program Total			**67,679**	
97.070	Map Modernization Management Support			
Direct			182,874	
Program Total			**182,874**	

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

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Homeland Security, U.S. Department of				
97.071	Metropolitan Medical Response System(HLS)			
Direct			$ 477,505	
Program Total			**477,505**	
97.073	State Homeland Security Program (SHSP)(HLS)			
Direct			14,106,789	
Program Total			**14,106,789**	
97.074	Law Enforcement Terrorism Prevention Program (LETPP)(HLS)			
Direct			5,942,996	(R)
Program Total			**5,942,996**	
97.075	Rail and Transit Security Grant Program			
Direct			138,126	
Program Total			**138,126**	
97.077	Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection			
Direct			924	
Through:	TRANDES CORPORATION/LANHAM MD	2008DN077ARI01502	$ 498,891	(R)
Program Total			**499,815**	
97.078	Buffer Zone Protection Plan (BZPP)			
Direct			726,902	
Program Total			**726,902**	
97.082	Earthquake Consortium			
Direct			4,696	
Program Total			**4,696**	
97.089	Real ID Program			
Direct			803,354	
Program Total			**803,354**	
97.091	Homeland Security Biowatch Program			
Direct			394,603	
Program Total			**394,603**	
97.092	Repetitive Flood Claims			
Direct			46,076	
Program Total			**46,076**	
97.104	Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program			
Direct			42,943	(R)
Program Total			**42,943**	

		PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Homeland Security, U.S. Department of				
97.108	Homeland Security, Research, Testing, Evaluation and Demonstration of Technologies			
Direct			$ 10,975	(R)
Through:	NORTHROP CORPORATION/	GS10F0187T	$ -429	(R)
Program Total			**10,546**	
97.115	ARRA-Assistance to Firefighters Grant (ARRA)			
Direct			15,767	
Program Total			**15,767**	
97.116	ARRA-Port Security Grant Program (ARRA)			
Direct			21,888	
Program Total			**21,888**	
97.OFA	Other Financial Assistance			
Direct			1,922	
Program Total			**1,922**	
AGENCY TOTAL			$ **113,607,591**	
International Development, U.S. Agency for				
98.001	USAID Foreign Assistance for Programs Overseas			
Direct			$ 277,245	(R)
Through:	AUBURN UNIVERSITY	20288	$ 25,582	(R)
	HIGHER EDUCATION FOR DEVELOPMENT	UNKNOWN	122,589	
	UNIVERSITY OF WISCONSIN - MADISON	UNKNOWN	53,111	(R)
	VIRGINIA POLYTECHNIC INSTITUTE	20233	5,620	(R)
	VIRGINIA POLYTECHNIC INSTITUTE AND STATE UNIVERSIT	546001805	6,034	(R)
Program Total			**490,181**	
98.012	USAID Development Partnerships for University Cooperation and Development			
Direct			2,309,953	(R)
Through:	HIGHER EDUCATION FOR DEVELOPMENT	UNKNOWN	261,137	
	HIGHER EDUCATION FOR DEVELOPMENT	UNKNOWN	85,733	
	HIGHER EDUCATION FOR DEVELOPMENT	UNKNOWN	44,939	
	HIGHER EDUCATION FOR DEVELOPMT	68864	160,829	(R)
Program Total			**2,862,591**	
98.OFA	Other Federal Assistance			
Through:	HIGHER EDUCATION FOR DEVELOPMT	68864	30,727	(R)
	HIGHER EDUCATION FOR DEVELOPMENT	UNKNOWN	61,851	(R)
	WASHINGTON STATE UNIVERSITY	20236	6,902	(R)
Program Total			**99,480**	
AGENCY TOTAL			$ **3,452,252**	

	PASS-THROUGH ENTITY IDENTIFYING NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Miscellaneous			
99.OFA Other Federal Assistance			
Direct		$ 1,707,391	
Program Total		**1,707,391**	
AGENCY TOTAL		$ **1,707,391**	
GRAND TOTAL EXPENDITURES of FEDERAL AWARDS		$ **20,451,339,621**	$ **4,868,285,218**

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

Notes to the Schedule of Expenditures of Federal Awards

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

PURPOSE OF THE SCHEDULE

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, requires a Schedule of Expenditures of Federal Awards reflecting total expenditures for each Federal financial assistance program as identified in the Catalog of Federal Domestic Assistance (CFDA).

SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity - The accompanying schedule includes all Federal financial assistance programs administered by the State of Georgia for the fiscal year ended June 30, 2010. Refer to Appendix "A" for a comprehensive listing of organizational units comprising the financial reporting entity.

Basis of Presentation - The accompanying *Schedule of Expenditures of Federal Awards* is presented in accordance with OMB Circular A-133.

A. Federal Financial Assistance - Pursuant to the Single Audit Act Amendments of 1996 and OMB Circular A-133, Federal financial assistance is defined as assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursements for services rendered to individuals for Medicare and Medicaid.

B. Major Programs - The Single Audit Act Amendments of 1996 and OMB Circular A-133 established a risk-based approach for defining Major Federal financial assistance programs. This approach resulted in 39 of 41 Type A programs and 8 Type B programs being selected as major programs for the State of Georgia. For the fiscal year ended June 30, 2010, a Type A program is defined as any Federal program which exceeded $35,286,600 in expenditures/disbursements/issuances.

Basis of Accounting - *The Schedule of Expenditures of Federal Awards* is prepared using the basis of accounting as described in Note 1 of the CAFR.

Expenditures and Expenses - When a state organization receives Federal monies and redistributes such monies to another state organization, (i.e. pass-through funds from the primary recipient to a subrecipient), the Federal assistance is reported in both the primary recipient's and the subrecipient's accounts. This method of reporting expenditures/expenses results in an overstatement of the aggregate level of Federal expenditures/expenses. Therefore, net Federal expenditures/expenses are reported in the schedule.

OTHER

The following Notes provide additional pertinent information regarding Federal financial assistance.

(1) Expenditures for these programs include Federal, State and/or other funds. In addition, the Unemployment Insurance program (CFDA NO. 17.225) includes Federal expenditures of $2,648,145,964 and State expenditures of $1,450,823,261 Total = $4,098,969,225.

(2) During the fiscal year ended June 30, 2010, the Georgia Department of Human Services (DHS) and Georgia Department of Community Health (DCH) received $53,369,112 in cash rebates from infant formula manufacturers on sales of formula to participants in the Special Supplemental Food Program for Women, Infants, and Children (WIC) (CFDA NO. 10.557). Rebate contracts with infant formula manufacturers are authorized by 7 CFR_246 & PL (Public Law) 108-265 as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC benefit costs. The rebate contract allowed the two departments to serve approximately 71,116 additional persons per month during fiscal year 2010.

(3) Federally funded loan programs incurred the following current fiscal year monetary and nonmonetary expenditures:

State of Georgia

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

	MONETARY								*NONMONETARY*		
CFDA NUMBER	GRANT PROGRAM		NEW FEDERAL CAPITAL		FEDERAL REIMBURSEMENT		ADMINISTRATIVE COSTS		LOANS OUTSTANDING AT 06/30/10		LOANS MADE DURING THE YEAR
14.239	Home Investment Partnerships Program	$	0	$	24,151,559	$	2,990,686	$	0	$	0
14.258	Tax Credit Assistance Program (Recovery Act Funded)	$	0	$	19,397,783	$	0	$	0	$	0
23.011	Appalachian State Research, Technical Assistance, and Demonstration Projects (*)	$	0	$	0	$	0	$	1,692,234	$	259,500
66.458	Capitalization Grants for Clean Water State Revolving Funds (*)	$	95,842,134	$	48,823,030	$	1,122,127	$	592,783,516	$	103,686,310
66.468	Capitalization Grants for Drinking Water State Revolving Funds (*)	$	59,581,250	$	42,556,874	$	850,661	$	104,485,062	$	33,650,000
84.032	Federal Family Education Loans (*)	$	0	$	0	$	0	$	1,057,509,305	$	495,819,919
84.038	Federal Perkins Loan Program (*)	$	0	$	0	$	149,012	$	38,851,591	$	7,576,361
84.226	Income Contingent Loan Program	$	0	$	0	$	0	$	44,095	$	248,396
84.268	Federal Direct Student Loans	$	172,452,177	$	0	$	0	$	0	$	10,613,357
93.264	Nurse Faculty Loan Program (NFLP)	$	0	$	0	$	0	$	17,247	$	0

93.342	Health Professions Student Loans, including Primary Care Loans/Loans for Disadvantaged Students	$	0	$	0	$	0	$	116,123	$	0
93.364	Nursing Student Loans (*)	$	0	$	0	$	0	$	1,434,920	$	887,375
93.402	ARRA - State Loan Repayment Program	$	0	$	75,000	$	0	$	0	$	0

(*) The monetary amount for this program does not equal the monetary amount shown in the schedule. Numerous grants and contracts have been combined for reporting purposes.

(4) Certain programs administered by the Federal government provide goods and services to organizational units of the State in lieu of monetary assistance. An analysis, for major programs, of nonmonetary assistance and the values assigned by the Federal government during the year under review is reflected below:

CFDA NO.	
10.551	The Federal government provides food stamps to low-income households. The amount of food stamp benefits a household receives depends on the household's size and financial circumstances. The Georgia Department of Human Services (DHS) is responsible for determining eligibility for participation in the Food Stamp Program. For the year under review, the total value of food stamp benefits distributed as approved by the Department was $2,457,272,783.
93.268	The amount reported represents the U. S. Department of Health and Human Services assigned value of immunizations for vaccine-preventable diseases to eligible individuals.
93.712	The amount reported represents the U. S. Department of Health and Human Services assigned value of ARRA immunizations for vaccine-preventable diseases to eligible individuals.

(5) Cluster programs are detailed on the *Schedule of Cluster Programs* and identified as follows on the *Schedule of Expenditures of Federal Awards*:

(AC)	Aging Cluster (AC)
(CCDF)	CCDF Cluster (CCDF)
(CSBG - R)	CDBG - Entitlement Grants Cluster (CDBG-R)
(CDBG-S)	CDBG - State-Administered Small Cities Program Cluster (CDBG-S)
(CNC)	Child Nutrition Cluster (CNC)
(CSBG)	CSBG Cluster (CSBG)
(DI/SSI)	Disability Insurance/SSI Cluster (DI/SSI)
(EIS-IDEA)	Early Intervention Services Cluster (EIS-IDEA)
(EHCY)	Education of Homeless Children and Youth Cluster (EHCY)
(ETSG)	Educational Technology State Grants Cluster (ETSG)
(EFA)	Emergency Food Assistance Cluster (EFA)

(ESC)	Employment Service Cluster (ESC)
(FTC)	Federal Transit Cluster (FTC)
(FWC)	Fish and Wildlife Cluster (FWC)
(FGCC)	Foster Grandparent / Senior Companion Cluster (FGCC)
(HS)	Head Start Cluster (HS)
(HPCC)	Highway Planning and Construction Cluster (HPCC)
(HSC)	Highway Safety Cluster (HSC)
(HLS)	Homeland Security Cluster (HLS)
(HVC)	Housing Voucher Cluster (HVC)
(IMC)	Immunization Cluster (IMC)
(ILS)	Independent Living Services for Older Individuals Who Are Blind Cluster (ILS)
(ILSG)	Independent Living State Grants Cluster (ILSG)
(MC)	Medicaid Cluster (MC)
(PWEDC)	Public Works and Economic Development Cluster (PWEDC)
(R)	Research and Development Cluster (R)
(SIG)	School Improvement Grants Cluster (SIG)
(SRC)	Schools and Roads Cluster (SRC)
(SC)	SNAP Cluster (SC)
(SEC-IDEA)	Special Education Cluster (SEC-IDEA)
(SFS)	State Fiscal Stabilization Fund Cluster (SFS)
(SWDS)	Statewide Data Systems Cluster (SWDS)
(SFA)	Student Financial Aid Cluster (SFA)
(TANF)	TANF Cluster (TANF)
(TITLE1A)	Title I, Part A Cluster (TITLE1A)
(TSP)	Transit Services Programs Cluster (TSP)
(TQPG)	Teacher Quality Partnership Grants Cluster (TQPG)
(TRIO)	TRIO Cluster (TRIO)
(VRC)	Vocational Rehabilitation Cluster (VRC)
(WIA)	WIA Cluster (WIA)

(6) Circular A-133 requires the Schedule of Expenditures of Federal Awards to include, to the extent practical, an identification of the total amount provided to sub-recipients from each Federal program. Major programs expenditures presented in the schedule account for approximately 97% of total Federal expenditures for the State of Georgia. Provided below is the amount of major programs awards provided to sub-recipients:

CFDA NUMBER	GRANT PROGRAM		AMOUNT PASSED TO SUBRECIPIENTS
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	$	56,963,806
10.579	ARRA-Child Nutrition Discretionary Grants Limited Availability		824
14.239	Home Investment Partnerships Program		4,913,521
20.509	Formula Grants for Other Than Urbanized Areas		12,288,387
66.458	ARRA-Capitalization Grants for Clean Water State Revolving Funds		44,785,833
66.458	Capitalization Grants for Clean Water State Revolving Funds		2,915,070

66.468	ARRA-Capitalization Grants for Drinking Water State Revolving Funds	$	24,549,863
66.468	Capitalization Grants for Drinking Water State Revolving Funds		17,156,350
81.042	ARRA-Weatherization Assistance for Low-Income Persons		26,766,649
81.042	Weatherization Assistance for Low-Income Persons		1,855,865
81.127	ARRA-Energy Efficient Appliance Rebate Program - EEARP		5,556,480
84.048	Career and Technical Education-Basic Grants to States		37,385,736
84.357	Reading First State Grants		12,581,715
84.367	Improving Teacher Quality State Grants		76,170,272
93.069	Public Health Emergency Preparedness		18,518,416
93.563	Child Support Enforcement		6,667,754
93.568	Low-Income Home Energy Assistance		90,762,742
93.917	HIV Care Formula Grants		7,140,644
97.036	Public Assistance Grants		37,647,583
10.553	School Breakfast Program (CNC)		138,408,809
10.555	National School Lunch Program (CNC)		513,025,735
10.556	Special Milk Program for Children (CNC)		17,576
17.258	ARRA-WIA Adult Program (WIA)		7,529,604
17.258	WIA Adult Program (WIA)		14,876,908
17.259	ARRA-WIA Youth Activities (WIA)		20,522,720
17.259	WIA Youth Activities (WIA)		15,886,419
17.260	ARRA-WIA Dislocated Workers (WIA)		10,481,425
17.260	WIA Dislocated Workers (WIA)		17,817,094
20.219	Recreational Trails Program (HPCC)		816,255
84.027	Special Education Grants to States (SEC-IDEA)		312,774,758
84.173	Special Education Preschool Grants (SEC-IDEA)		9,681,307
84.391	ARRA-Special Education Grants to States, Recovery Act (SEC-IDEA)		313,758,336
84.392	ARRA-Special Education - Preschool Grants, Recovery Act (SEC-IDEA)		10,449,347
84.394	ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (SFS)		755,772,119
84.010	Title I Grants to Local Educational Agencies (TITLE1A)		491,621,986
84.389	ARRA-Title I Grants to Local Educational Agencies, Recovery Act (TITLE1A)		349,545,384
93.569	Community Services Block Grant (CSBG)		18,006,542
93.710	ARRA Community Services Block Grant (CSBG)		17,088,420
93.268	Immunization Grants (IMC)		1,283,101
93.778	Medical Assistance Program (MC)		4,983,134
84.181	Special Education-Grants for Infants and Families (EIS-IDEA)		11,811,874
84.393	ARRA-Special Education - Grants for Infants and Families, Recover Act (EIS-IDEA)		658,513
97.008	Urban Areas Security Initiative (HLS)		10,217,064
97.053	Citizen Corps (HLS)		301,048
97.071	Metropolitan Medical Response System (HLS)		477,505
97.073	State Homeland Security Program (SHSP) (HLS)		10,398,874
97.074	Law Enforcement Terrorism Prevention Program(LETPP) (HLS)		5,634,461
	Research and Development Cluster (R)		21,981,590
	TOTAL	$	3,570,455,418

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

Schedule of Cluster Programs

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

State of Georgia

Schedule of Cluster Programs
For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Aging Cluster (AC)			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	$ 8,799,968	
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	15,014,702	
Nutrition Services Incentive Program	93.053	1,822,331	
ARRA – Aging Home-Delivered Nutrition Services for States	93.705	800,333	
ARRA – Aging Congregate Nutrition Services for States	93.707	1,625,676	
Total Aging Cluster (AC)		$ **28,063,010**	
CCDF Cluster (CCDF)			
Child Care and Development Block Grant	93.575	$ 71,208,035	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	74,805,931	
ARRA – Child Care and Development Block Grant	93.713	50,045,120	
Total CCDF Cluster (CCDF)		$ **196,059,086**	
CDBG - Entitlement Grants Cluster (CSBG-R)			
Community Development Block Grant ARRA Entitlement Grants (CDBG-R) - (Recovery Act Funded)	14.253	$ 13,115	
Total CDBG - Entitlement Grants Cluster (CSBG-R)		$ **13,115**	
CDBG - State-Administered Small Cities Program Cluster (CDBG-S)			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii – (Recovery Act Funded) (State-Administered Small Cities Program)	14.255	$ 3,875,455	
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	71,893,120	
Total CDBG - State-Administered Small Cities Program Cluster (CDBG-S)		$ **75,768,575**	
CSBG Cluster (CSBG)			
Community Services Block Grant	93.569	$ 18,756,815	
ARRA – Community Services Block Grants	93.710	17,261,031	
Total CSBG Cluster (CSBG)		$ **36,017,846**	
Child Nutrition Cluster (CNC)			
School Breakfast Program	10.553	$ 138,408,809	
National School Lunch Program	10.555	515,142,643	
Special Milk Program for Children	10.556	17,576	
Summer Food Service Program for Children	10.559	15,656	
Total Child Nutrition Cluster (CNC)		$ **653,584,684**	
Disability Insurance/SSI Cluster (DI/SSI)			
Social Security - Disability Insurance	96.001	$ 67,255,402	
Total Disability Insurance/SSI Cluster (DI/SSI)		$ **67,255,402**	
Early Intervention Services Cluster (EIS-IDEA)			
Special Education-Grants for Infants and Families	84.181	$ 15,975,947	
Special Education—Grants for Infants and Families, Recovery Act	84.393	759,265	
Total Early Intervention Services Cluster (EIS-IDEA)		$ **16,735,212**	

State of Georgia

Schedule of Cluster Programs
For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Education of Homeless Children and Youth Cluster (EHCY)			
Education of Homeless Children and Youth	84.196	$ 2,497,095	
Education of Homeless Children and Youth, Recovery Act	84.387	1,873,212	
Total Education of Homeless Children and Youth Cluster (EHCY)		$ **4,370,307**	
Educational Technology State Grants Cluster (ETSG)			
Education Technology State Grants (Enhancing Education through Technology Program)	84.318	$ 13,008,604	
Education Technology State Grants, Recovery Act (Enhancing Education through Technology Program)	84.386	133,787	
Total Educational Technology State Grants Cluster (ETSG)		$ **13,142,391**	
Emergency Food Assistance Cluster (EFA)			
ARRA-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.568	$ 1,206,577	
Emergency Food Assistance Program (Administrative Costs)	10.568	1,963,596	
Total Emergency Food Assistance Cluster (EFA)		$ **3,170,173**	
Employment Service Cluster (ESC)			
ARRA - Employment Service / Wagner - Peyser Funded Activities	17.207	$ 2,624,709	
Employment Service / Wagner - Peyser Funded Activities	17.207	19,457,419	
Disabled Veterans' Outreach Program (DVOP)	17.801	2,488,293	
Local Veterans' Employment Representative Program	17.804	3,236,286	
Total Employment Service Cluster (ESC)		$ **27,806,707**	
Federal Transit Cluster (FTC)			
Federal Transit - Capital Investment Grants	20.500	$ 12,957,346	
ARRA Federal Transit - Formula Grants	20.507	1,896,743	
Federal Transit - Formula Grants	20.507	13,595,646	
Total Federal Transit Cluster (FTC)		$ **28,449,735**	
Fish and Wildlife Cluster (FWC)			
Sport Fish Restoration	15.605	$ 6,575,773	
Wildlife Restoration	15.611	4,039,341	
Total Fish and Wildlife Cluster (FWC)		$ **10,615,114**	
Foster Grandparent / Senior Companion Cluster (FGCC)			
Senior Companion Program	94.016	$ 179,914	
Total Foster Grandparent / Senior Companion Cluster (FGCC)		$ **179,914**	
Head Start Cluster (HS)			
Head Start	93.600	$ 3,053,763	
ARRA - Head Start	93.708	71,527	
ARRA - Early Head Start	93.709	21,062	
Total Head Start Cluster (HS)		$ **3,146,352**	

State of Georgia

Schedule of Cluster Programs

For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Highway Planning and Construction Cluster (HPCC)			
ARRA - Highway Planning and Construction	20.205	$ 263,886,139	
Highway Planning and Construction	20.205	1,121,510,248	
Recreational Trails Program	20.219	1,204,322	
Total Highway Planning and Construction Cluster (HPCC)		$ **1,386,600,709**	
Highway Safety Cluster (HSC)			
State and Community Highway Safety	20.600	$ 5,443,588	
Alcohol Traffic Safety and Drunk Driving Prevention Incentive	20.601	2,892,475	
Occupant Protection	20.602	626,098	
Safety Belt Performance Grants	20.609	7,766,569	
State Traffic Safety Information System Improvements Grants	20.610	534,471	
Incentive Grant Program to Increase Motorcyclist Safety	20.612	171,666	
Total Highway Safety Cluster (HSC)		$ **17,434,867**	
Homeland Security Cluster (HLS)			
Urban Area Security Initiative	97.008	$ 10,819,490	
Citizens Corps	97.053	400,438	
Metropolitan Medical Response	97.071	477,505	
State Homeland Security Program	97.073	14,106,789	
Law Enforcement Terrorism Prevention Program	97.074	5,924,030	
Total Homeland Security Cluster (HLS)		$ **31,728,252**	
Housing Voucher Cluster (HVC)			
Section 8 Housing Choice Vouchers	14.871	$ 113,301,060	
Total Housing Voucher Cluster (HVC)		$ **113,301,060**	
Immunization Cluster (IMC)			
Immunization	93.268	$ 6,693,055	$ 107,109,186
ARRA – Immunization	93.712	197,959	2,733,806
Total Immunization Cluster (IMC)		$ **6,891,014**	$ **109,842,992**
Independent Living Services for Older Individuals Who Are Blind Cluster (ILS)			
Independent Living Services for Older Individuals Who Are Blind	84.177	$ 773,193	
Independent Living Services for Older Individuals Who Are Blind, Recovery Act	84.399	37,145	
Total Independent Living Services for Older Individuals Who Are Blind Cluster (ILS)		$ **810,338**	
Independent Living State Grants Cluster (ILSG)			
Independent Living State Grants	84.169	$ 558,028	
Independent Living State Grants, Recovery Act	84.398	94,274	
Total Independent Living State Grants Cluster (ILSG)		$ **652,302**	

State of Georgia

Schedule of Cluster Programs

For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Medicaid Cluster (MC)			
State Medicaid Fraud Control Units	93.775	$ 2,921,133	
State Survey and Certification of Health Care Providers and Suppliers	93.777	2,042,396	
ARRA - Medical Assistance Program	93.778	727,038,669	
Medical Assistance Program	93.778	5,352,016,632	
Total Medicaid Cluster (MC)		$ **6,084,018,830**	
Public Works and Economic Development Cluster (PWEDC)			
Economic Adjustment Assistance	11.307	$ 356,395	
Total Public Works and Economic Development Cluster (PWEDC)		$ **356,395**	
Research and Development Cluster (R)			
Other Federal Assistance	01.OFA	$ 40,020	
Other Federal Assistance	08.OFA	11,075	
Agricultural Research_Basic and Applied Research	10.001	1,474,780	
Plant and Animal Disease, Pest Control, and Animal Care	10.025	361,285	
Wildlife Services	10.028	785,768	
Grants for Agricultural Research, Special Research Grants	10.200	2,762,616	
Cooperative Forestry Research	10.202	844,912	
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	4,795,620	
Grants for Agricultural Research_Competitive Research Grants	10.206	4,612,983	
Animal Health and Disease Research	10.207	79,438	
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	25,340	
Small Business Innovation Research	10.212	1,251	
Sustainable Agriculture Research and Education	10.215	2,313,519	
1890 Institution Capacity Building Grants	10.216	3,633,360	
Higher Education Challenge Grants	10.217	390,328	
Biotechnology Risk Assessment Research	10.219	134,874	
Higher Education Multicultural Scholars Program	10.220	63,528	
Agricultural and Rural Economic Research	10.250	55,263	
Food Assistance and Nutrition Research Programs (FANRP)	10.253	6,977	
Program of Research on the Economic of Invasive Species Management (PREISM)	10.254	56,958	
Agricultural Market and Economic Research	10.290	16,552	
Integrated Programs	10.303	2,197,811	
Homeland Security_Agricultural	10.304	381,325	
International Science and Education Grants	10.305	17,849	
Specialty Crop Research Initiative	10.309	400,020	
Agriculture and Food Research Initiative (AFRI)	10.310	213,796	
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443	22,007	
Rural Community Development Initiative	10.446	25,238	
Crop Insurance	10.450	109,108	
Community Outreach and Assistance Partnership Program	10.455	3,150	
Food Safety Cooperative Agreements	10.479	391,114	
Cooperative Extension Service	10.500	11,104,347	
Team Nutrition Grants	10.574	40,681	
Emerging Markets Program	10.603	325	
Food for Progress	10.606	2,519	
Forestry Research	10.652	564,638	
Cooperative Forestry Assistance	10.664	359,641	
Rural Development, Forestry, and Communities	10.672	5,773	
Forest Products Lab: Technology Marketing Unit (TMU)	10.674	30,564	
Forest Legacy Program	10.676	48,037	
Forest Stewardship Program	10.678	29,702	
Forest Health Protection	10.680	148,782	
ARRA-Recovery Act of 2009: Capital Improvement and Maintenance	10.687	103,868	
Community Forest and Open Space Conservation Program (CFP)	10.689	3,355	

State of Georgia

Schedule of Cluster Programs

For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Research and Development Cluster (R) (Continued)			
Rural Energy for America Program	10.868	$ 27,885	
Soil and Water Conservation	10.902	25,473	
Soil Survey	10.903	7,795	
Environmental Quality Incentives Program	10.912	211,528	
Technical Agricultural Assistance	10.960	65,897	
Scientific Cooperation and Research	10.961	23,422	
International Training_Foreign Participant	10.962	51,251	
Other Federal Assistance	10.OFA	455,944	
ITA Special Projects	11.113	32,349	
Economic Development_Technical Assistance	11.303	142,880	
Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	11.400	37,007	
Sea Grant Support	11.417	1,555,691	
Coastal Zone Management Estuarine Research Reserves	11.420	49,843	
Marine Sanctuary Program	11.429	879,956	
Undersea Research	11.430	268,734	
Climate and Atmospheric Research	11.431	3,825,791	
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	96,260	
Marine Fisheries Initiative	11.433	1,612	
Special Oceanic and Atmospheric Projects	11.460	128,961	
Habitat Conservation	11.463	2,442	
Meteorologic and Hydrologic Modernization Development	11.467	26,635	
Coastal Services Center	11.473	141,049	
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	11.478	62,473	
National Standard Reference Data System	11.603	-382	
Measurement and Engineering Research and Standards	11.609	214,654	
National Center for Standards and Certification Information	11.610	30,455	
Manufacturing Extension Partnership	11.611	257,646	
Technology Innovation Program (TIP)	11.616	8,738	
National Institute of Standards and Technology Construction Grant Program	11.618	528,560	
Other Federal Assistance	11.OFA	14,000	
Aquatic Plant Control	12.100	6,214,581	
Collaborative Research and Development	12.114	120,524	
ARRA-Basic and Applied Scientific Research	12.300	39,222	
Basic and Applied Scientific Research	12.300	31,041,551	
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351	356,403	
Military Construction, National Guard	12.400	60,455	
Military Medical Research and Development	12.420	2,059,888	
ARRA-Basic Scientific Research	12.431	129,277	
Basic Scientific Research	12.431	60,885,309	
Basic, Applied, and Advanced Research in Science and Engineering	12.630	34,300,826	
Air Force Defense Research Sciences Program	12.800	89,812,028	
ARRA-Air Force Defense Research Sciences Program	12.800	80,098	
Language Grant Program	12.900	111,439	
Mathematical Sciences Grants Program	12.901	108,036	
Research and Technology Development	12.910	13,955,885	
ARRA-Other Federal Assistance	12.OFA	27,966	
Other Federal Assistance	12.OFA	1,766,089	
Other Federal Assistance	13.OFA	28,505	
Housing Counseling Assistance Program	14.169	31,238	
General Research and Technology Activity	14.506	3,262	
Other Federal Assistance	14.OFA	348	
Recreation Resource Management	15.225	-7	
National Park Service Centennial Challenge.	15.406	248,222	
Water Desalination Research and Development Program	15.506	5,568	
Fish and Wildlife Management Assistance	15.608	30,434	
Wildlife Restoration	15.611	65,036	
Coastal Wetlands Planning, Protection and Restoration Act	15.614	28,420	
Cooperative Endangered Species Conservation Fund	15.615	46,125	

State of Georgia

Schedule of Cluster Programs

For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Research and Development Cluster (R) (Continued)			
Multistate Conservation Grant Program	15.628	$ 219,657	
Great Apes Conservation	15.629	64,191	
Coastal Program	15.630	27,692	
Conservation Grants Private Stewardship for Imperiled Species	15.632	35,164	
Research Grants - Generic	15.650	129,148	
Migratory Bird Monitoring, Assessment and Conservation	15.655	151,383	
Assistance to State Water Resources Research Institutes	15.805	102,996	
Earthquake Hazards Reduction Program	15.807	70,007	
U.S. Geological Survey_ Research and Data Collection	15.808	657,320	
Cooperative Research Units Program	15.812	473,185	
ARRA-National Geospatial Program - Building The National Map	15.817	497,410	
Historic Preservation Fund Grants-In-Aid	15.904	-1,884	
Native American Graves Protection and Repatriation Act	15.922	19,163	
National Center for Preservation Technology and Training	15.923	-1	
American Battlefield Protection	15.926	27,459	
Other Federal Assistance	15.OFA	178,108	
State Justice Statistics Program for Statistical Analysis Centers	16.550	20,346	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	591,337	
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	1,803,924	
Regional Information Sharing Systems	16.610	140,241	
Edward Byrne Memorial Competitive Grant Program	16.751	469,305	
Other Financial Assistance	16.OFA	3,184	
Employment Services and Job Training Pilots - Demonstrations and Research	17.249	366	
WIA Dislocated Workers	17.260	12,500	
Occupational Safety and Health_Susan Harwood Training Grants	17.502	432,264	
Occupational Safety and Health_State Program	17.503	379,182	
Consultation Agreements	17.504	1,002,281	
Disability Employment Policy Development	17.720	10,792	
Academic Exchange Programs - Undergraduate Programs	19.009	60,194	
Academic Exchange Programs - Special Academic Exchange Programs	19.011	69,643	
Program for Study of Eastern Europe and the Independent States of the Former Soviet Union	19.300	15,314	
Academic Exchange Programs - Graduate Students	19.400	247,408	
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415	181,472	
Overseas Refugee Assistance Programs for Near East and South Asia	19.519	49,775	
Other Federal Assistance	19.OFA	223,186	
Aviation Research Grants	20.108	601,308	
Air Transportation Centers of Excellence	20.109	2,988,361	
Highway Research and Development Program	20.200	734,187	
Highway Planning and Construction	20.205	100,429	
Railroad Research and Development	20.313	1,325,164	
Transit Planning and Research	20.514	53,112	
University Transportation Centers Program	20.701	616,553	
Research Grants	20.762	275,906	
Federal Citizen Information Center	39.009	529,938	
Public Buildings Service	39.012	9,568	
Semiconductor Chip Protection Service	42.008	24,209	
Aerospace Education Services Program	43.001	1,191,859	
Technology Transfer	43.002	12,074,370	
Other Federal Assistance	43.OFA	1,095,712	
ARRA-Promotion of the Arts_Grants to Organizations and Individuals	45.024	15,552	
Promotion of the Humanities_Federal/State Partnership	45.129	3,245	
Promotion of the Humanities_Challenge Grants	45.130	65,549	
Promotion of the Humanities_Division of Preservation and Access	45.149	135,415	
Promotion of the Humanities_Professional Development	45.163	-4,505	
Promotion of the Humanities_Public Programs	45.164	21,454	
Promotion of the Humanities_We the People	45.168	4,026	
National Leadership Grants	45.312	103,148	

State of Georgia

Schedule of Cluster Programs

For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Research and Development Cluster (R) (Continued)			
Engineering Grants	47.041	$ 17,027,241	
ARRA-Mathematical and Physical Sciences	47.049	21,090	
Mathematical and Physical Sciences	47.049	16,447,283	
Geosciences	47.050	7,167,521	
Computer and Information Science and Engineering	47.070	17,573,142	
Biological Sciences	47.074	16,278,312	
Social, Behavioral, and Economic Sciences	47.075	2,539,051	
Education and Human Resources	47.076	7,327,596	
Polar Programs	47.078	747,816	
International Science and Engineering (OISE)	47.079	502,138	
Office of Cyberinfrastructure	47.080	194,565	
Office of Experimental Program to Stimulate Competitive Research	47.081	217,087	
ARRA-Trans-NSF Recovery Act Research Support	47.082	6,419,094	
ARRA-Other Federal Assistance	47.OFA	67,565	
Other Federal Assistance	47.OFA	395,053	
Small Business Development Centers	59.037	2,741,835	
Womens Business Ownership Assistance	59.043	22,721	
Other Federal Assistance	59.OFA	88,354	
Smithsonian Institution	60.OFA	272,077	
Veterans Domiciliary Care	64.008	1,551	
Veterans Prosthetic Appliances	64.013	11,985	
Veterans State Hospital Care	64.016	19,637	
Sharing Specialized Medical Resources	64.018	408,270	
Other Federal Assistance	64.OFA	76,329	
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	29,521	
ARRA-National Clean Diesel Funding Assistance Program	66.039	161,082	
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436	81,840	
Regional Wetland Program Development Grants	66.461	21,609	
Environmental Protection_Consolidated Research	66.500	57,250	
Science To Achieve Results (STAR) Research Program	66.509	968,158	
Office of Research and Development Consolidated Research Training Fellowships	66.511	34,912	
Science To Achieve Results (STAR) Fellowship Program	66.514	41,217	
P3 Award: National Student Design Competition for Sustainability	66.516	6,664	
Environmental Education Grants	66.951	-169	
Other Federal Assistance	66.OFA	20,622	
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	140,440	
U.S. Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	48,197	
ARRA-Granting of Patent Licenses	81.003	648,288	
Granting of Patent Licenses	81.003	1,787,941	
Inventions and Innovations	81.036	676,086	
State Energy Program	81.041	494,231	
ARRA-Office of Science Financial Assistance Program	81.049	945,345	
Office of Science Financial Assistance Program	81.049	18,690,782	
University Coal Research	81.057	185,854	
Office of Scientific and Technical Information	81.064	12,632	
Nuclear Waste Disposal Siting	81.065	38,167	
Regional Biomass Energy Programs	81.079	290,578	
Conservation Research and Development	81.086	382,812	
ARRA-Renewable Energy Research and Development	81.087	65,936	
Renewable Energy Research and Development	81.087	1,908,556	
Fossil Energy Research and Development	81.089	1,306,761	
Defense Nuclear Nonproliferation Research	81.113	629,610	
ARRA-Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	32,011	

State of Georgia

Schedule of Cluster Programs

For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Research and Development Cluster (R) (Continued)			
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	$ 153,002	
Nuclear Energy Research, Development and Demonstration	81.121	1,240,634	
ARRA-Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	334,221	
ARRA-Federal Loan Guarantees for Innovative Energy Technologies	81.126	59,494	
Federal Loan Guarantees for Innovative Energy Technologies	81.126	99,152	
ARRA-Geologic Sequestration Training and Research Grant Program	81.133	78,634	
ARRA-Advanced Research and Projects Agency-Energy Financial Assistance Program	81.135	87,170	
ARRA-Other Federal Assistance	81.OFA	18,800	
Other Federal Assistance	81.OFA	5,722,972	
International Research and Studies	84.017	339,921	
Overseas Programs - Group Projects Abroad	84.021	140,851	
Overseas Programs - Doctoral Dissertation Research Abroad	84.022	7,657	
TRIO_Student Support Services	84.042	304,337	
TRIO_Talent Search	84.044	316,717	
TRIO_Upward Bound	84.047	615,232	
Fund for the Improvement of Postsecondary Education	84.116	95,310	
Minority Science and Engineering Improvement	84.120	163,474	
National Institute on Disability and Rehabilitation Research	84.133	2,321,568	
Business and International Education Projects	84.153	50,024	
Graduate Assistance in Areas of National Need	84.200	14,862	
Fund for the Improvement of Education	84.215	33,263	
Centers for International Business Education	84.220	385,877	
Rehabilitation Services Demonstration and Training Programs	84.235	19,647	
Rehabilitation Training_Continuing Education	84.264	28,692	
Civic Education - Cooperative Education Exchange Program	84.304	88	
Education Research, Development and Dissemination	84.305	315,144	
Research in Special Education	84.324	3,680,364	
Special Education_Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	1,208,083	
Special Education_Technology and Media Services for Individuals with Disabilities	84.327	8,820	
Comprehensive School Reform Demonstration	84.332	66,876	
Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	84.333	282,270	
Teacher Quality Partnership Grants	84.336	208,639	
Transition to Teaching	84.350	756,213	
Arts in Education	84.351	110,839	
Early Reading First	84.359	36,903	
Mathematics and Science Partnerships	84.366	2,662	
Improving Teacher Quality State Grants	84.367	1,526,255	
Special Education_Technical Assistance On State Data Collection	84.373	26,755	
National Writing Project	84.928	113,090	
Other Federal Assistance	84.OFA	9,302	
Annual Grant Competition	91.001	678	
Community-Based Abstinence Education (CBAE)	93.010	73,607	
Innovations in Applied Public Health Research	93.061	821,711	
Centers for Genomics and Public Health	93.063	10,586	
Public Heatlh Emergency Preparedness	93.069	501,362	
Environmental Public Health and Emergency Response	93.070	174,142	
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	10,978	
Food and Drug Administration_Research	93.103	237,207	
Maternal and Child Health Federal Consolidated Programs	93.110	274,655	
Biological Response to Environmental Health Hazards	93.113	132,958	
Applied Toxicological Research and Testing	93.114	283,172	
Oral Diseases and Disorders Research	93.121	936,071	

State of Georgia

Schedule of Cluster Programs

For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Research and Development Cluster (R) (Continued)			
Primary Care Services Resource Coordination and Development	93.130	$ -69	
Injury Prevention and Control Research and State and Community Based Programs	93.136	477,318	
NIEHS Superfund Hazardous Substances_Basic Research and Education	93.143	30,995	
Health Program for Toxic Substances and Disease Registry	93.161	621,434	
Human Genome Research	93.172	143,017	
Research Related to Deafness and Communication Disorders	93.173	492,625	
Immunization Research, Demonstration, Public Information and Education_Training and Clinical Skills Improvement Projects	93.185	65,130	
Human Health Studies_Applied Research and Development	93.206	135,402	
Research and Training in Complementary and Alternative Medicine	93.213	241,414	
National Research Service Awards_Health Services Research Training	93.225	362,015	
Research on Healthcare Costs, Quality and Outcomes	93.226	647,174	
Epidemiology Cooperative Agreements	93.231	779,476	
Policy Research and Evaluation Grants	93.239	31,981	
Mental Health Research Grants	93.242	3,719,420	
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	60,210	
Occupational Safety and Health Program	93.262	615,242	
Complex Humanitarian Emergency and War-Related Injury Public Health Activities	93.269	4,682	
Alcohol National Research Service Awards for Research Training	93.272	119,614	
Alcohol Research Programs	93.273	1,469,944	
Drug Abuse and Addiction Research Programs	93.279	5,529,871	
Mental Health National Research Service Awards for Research Training	93.282	55,200	
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	600,705	
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	4,054,218	
Minority Health and Health Disparities Research	93.307	1,362,690	
Trans-NIH Research Support	93.310	452,781	
Clinical Research	93.333	256,056	
Advanced Education Nursing Traineeships	93.358	25,656	
Nurse Education, Practice and Retention Grants	93.359	104	
Nursing Research	93.361	290,330	
National Center for Research Resources	93.389	4,781,052	
Academic Research Enhancement Award	93.390	69,089	
Cancer Cause and Prevention Research	93.393	998,454	
Cancer Detection and Diagnosis Research	93.394	1,249,504	
Cancer Treatment Research	93.395	1,935,640	
Cancer Biology Research	93.396	3,969,420	
Cancer Centers Support Grants	93.397	93,262	
Cancer Research Manpower	93.398	171,719	
Cancer Control	93.399	1,912,694	
Temporary Assistance for Needy Families	93.558	32,478	
Refugee and Entrant Assistance_Wilson/Fish Program	93.583	108,354	
Family Violence Prevention and Services/Grants for Battered Womens Shelters_Discretionary Grants	93.592	791,872	
Welfare Reform Research, Evaluations and National Studies	93.595	319,774	
Head Start	93.600	152,860	
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632	553,324	
Child Welfare Research Training or Demonstration	93.648	9,382	
ARRA-TRANS-NIH RECOVERY ACT RESEARCH SUPPORT	93.701	18,193,564	
ARRA-ARRA - STRENGTHENING COMMUNITIES FUND	93.711	16,242	
Seed Grants to States for Qualified High-Risk Pools	93.781	98,651	
Cardiovascular Diseases Research	93.837	13,929,667	
Lung Diseases Research	93.838	2,551,520	

State of Georgia

Schedule of Cluster Programs

For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Research and Development Cluster (R) (Continued)			
Blood Diseases and Resources Research	93.839	$ 1,784,072	
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	1,194,125	
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	9,594,803	
Digestive Diseases and Nutrition Research	93.848	644,988	
Kidney Diseases, Urology and Hematology Research	93.849	468,452	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	5,184,802	
Allergy, Immunology and Transplantation Research	93.855	12,019,741	
Microbiology and Infectious Diseases Research	93.856	2,045,838	
Biomedical Research and Research Training	93.859	13,260,186	
Child Health and Human Development Extramural Research	93.865	4,069,036	
Aging Research	93.866	3,825,041	
Vision Research	93.867	5,984,088	
Medical Library Assistance	93.879	2,899	
Health Care and Other Facilities	93.887	139,124	
Specially Selected Health Projects	93.888	20,289	
National Bioterrorism Hospital Preparedness Program	93.889	38,469	
HIV Emergency Relief Project Grants	93.914	22,158	
Native Hawaiian Health Systems	93.932	6,744	
HIV Demonstration, Research, Public and Professional Education Projects	93.941	46,526	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	34,220	
Geriatric Education Centers	93.969	542	
Preventive Health Services_Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	93.978	5,028	
International Research and Research Training	93.989	1,905,467	
Adolescent Family Life_Demonstration Projects	93.995	185,888	
Other Federal Assistance	93.OFA	3,276,179	
Learn and Serve America_Higher Education	94.005	4,622	
Social Security_Research and Demonstration	96.007	202	
Pilot Demonstration or Earmarked Projects	97.001	97,837	
Research Projects	97.002	390,150	
Port Security Grant Program	97.056	336,030	
Centers for Homeland Security	97.061	241,690	
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	18,966	
Homeland Security Research Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Detection	97.077	498,891	
Homeland Security-related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104	42,943	
Homeland Security, Research, Testing, Evaluation and Demonstration of Technologies	97.108	10,546	
USAID Foreign Assistance for Programs Overseas	98.001	367,592	
USAID Development Partnerships for University Cooperation and Development	98.012	2,202,747	
Other Federal Assistance	98.OFA	99,480	
Total Research and Development Cluster (R)		$ **615,098,391**	
School Improvement Grants Cluster (SIG)			
School Improvement Grants	84.377	$ 4,838,519	
School Improvement Grants, Recovery Act	84.388	54,189	
Total School Improvement Grants Cluster (SIG)		$ **4,892,708**	
Schools and Roads Cluster (SRC)			
Secure Payments for States and Counties Containing Federal Lands	10.665	$ 1,864,095	
Total Schools and Roads Cluster (SRC)		$ **1,864,095**	

State of Georgia

Schedule of Cluster Programs

For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
SNAP Cluster (SC)			
Supplemental Nutrition Assistance Program (SNAP)	10.551	$	$ 2,457,272,783
ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	5,040,378	
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	71,413,484	
Total SNAP Cluster (SC)		$ **76,453,862**	$ **2,457,272,783**
Special Education Cluster (SEC-IDEA)			
Special Education - Grants to States	84.027	$ 318,403,193	
Special Education - Preschool Grants	84.173	9,681,307	
Special Education—Grants to States (Idea, Part B), Recovery Act	84.391	313,852,067	
Special Education—Preschool Grants (Idea Preschool), Recovery Act	84.392	10,449,347	
Total Special Education Cluster (SEC-IDEA)		$ **652,385,914**	
Statewide Data Systems Cluster (SWDS)			
Statewide Data Systems	84.372	$ 888,543	
Total Statewide Data Systems Cluster (SWDS)		$ **888,543**	
State Fiscal Stabilization Fund Cluster (SFS)			
State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (Education Stabilization Fund)	84.394	$ 1,084,558,684	
State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act	84.397	140,260,406	
Total State Fiscal Stabilization Fund Cluster (SFS)		$ **1,224,819,090**	
Student Financial Aid Cluster (SFA)			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	$ 10,004,188	$
Federal Family Education Loans (FFEL)	84.032	53,837,842	1,553,329,223
Federal Work-Study Program (FWS)	84.033	12,572,908	
Federal Perkins Loans (FPL)—Federal Capital Contributions	84.038	149,058	38,851,593
Federal Pell Grant Program (Pell)	84.063	665,058,053	
Federal Direct Student Loans (Direct Loan)	84.268	757,351,635	
Academic Competitiveness Grants (ACG)	84.375	10,084,546	
National Science And Mathematics Access To Retain Talent Grants (National Smart Grants)	84.376	7,639,702	
Teacher Education Assistance For College And Higher Education Grants (Teach Grants)	84.379	2,246,021	
Health Professions Student Loans, Including Primary Care Loans And Loans For Disadvantaged Students (HPSL/PCL/LDS)	93.342		116,123
Nursing Student Loans (NSL)	93.364		1,434,920
Scholarships For Health Professions Students From Disadvantaged Background--Scholarships For Disadvantaged Students (SDS)	93.925	146,724	
Total Student Financial Aid Cluster (SFA)		$ **1,519,090,677**	$ **1,593,731,859**
TANF Cluster (TANF)			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	$ 339,951,837	
ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	93.714	13,333,836	
Total TANF Cluster (TANF)		$ **353,285,673**	

State of Georgia

Schedule of Cluster Programs
For the Fiscal Year Ended June 30, 2010

	CFDA NUMBER	MONETARY EXPENDITURES	NONMONETARY EXPENDITURES
Teacher Quality Partnership Grants Cluster (TQPG)			
Teacher Quality Partnership Grants	84.336	$ 1,040,137	
Total Teacher Quality Partnership Grants Cluster (TQPG)		$ **1,040,137**	
Title I, Part A Cluster (TITLE1A)			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	$ 496,661,900	
Title I Grants to Local Educational Agencies, Recovery Act	84.389	349,807,184	
Total Title I, Part A Cluster (TITLE1A)		$ **846,469,084**	
Transit Services Programs Cluster (TSP)			
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	$ 3,037,689	
Job Access - Reverse Commute Program	20.516	474,021	
New Freedom Program	20.521	377,607	
Total Transit Services Programs Cluster (TSP)		$ **3,889,317**	
TRIO Cluster (TRIO)			
TRIO - Student Support Services	84.042	$ 2,014,298	
TRIO - Talent Search	84.044	1,542,311	
TRIO - Upward Bound	84.047	5,076,272	
TRIO - Educational Opportunity Centers	84.066	492,613	
TRIO - McNair Post-Baccalaureate Achievement	84.217	400,095	
Total TRIO Cluster (TRIO)		$ **9,525,589**	
Vocational Rehabilitation Cluster (VRC)			
Rehabilitation Services--Vocational Rehabilitation Grants to States	84.126	$ 74,660,510	
Rehabilitation Services--Vocational Rehabilitation Grants to States, Recovery Act	84.390	173,333	
Total Vocational Rehabilitation Cluster (VRC)		$ **74,833,843**	
WIA Cluster (WIA)			
ARRA - WIA Adult Program	17.258	$ 13,227,371	
WIA Adult Program	17.258	28,693,731	
ARRA - WIA Youth Activities	17.259	22,713,971	
WIA Youth Activities	17.259	18,817,174	
ARRA - WIA Dislocated Workers	17.260	13,767,092	
WIA Dislocated Workers	17.260	31,340,069	
Total WIA Cluster (WIA)		$ **128,559,408**	

Auditee's Responses

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

Summary Schedule of Prior Year Findings and Questioned Costs

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

FINDING CONTROL NUMBER	AUDITEE RESPONSE / STATUS	COMMENTS
PRIOR YEAR FINANCIAL STATEMENT / FEDERAL AWARD FINDINGS AND QUESTIONED COSTS		
Agriculture, Department of		
FS-402-09-01	Significantly Differing Corrective Action Implemented (Finding Closed)	
FS-402-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
Accounting Office, State		
FA-407-09-01	Partially Resolved (On Track)	See Comments Page 337
Education, Department of		
FA-414-07-01	Partially Resolved (On Track)	See Comments Page 337
FA-414-07-02	Partially Resolved (On Track)	See Comments Page 337
FA-414-07-04	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-414-08-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-414-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-414-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-414-09-03	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-414-09-04	Partially Resolved (On Track)	See Comments Page 337
FA-414-09-05	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-414-09-06	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-414-08-01	Partially Resolved (On Track)	See Comments Page 337
FS-414-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-414-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-414-09-03	Further Action Not Warranted (Finding Closed)	
FS-414-09-04	Partially Resolved (On Track)	See Comments Page 338
FS-414-09-05	Previously Reported Corrective Action Implemented (Finding Closed)	
Prosecuting Attorneys' Council		
FS-418-09-01	Unresolved (Not On Track)	See Comments Page 338
FS-418-09-02	Unresolved (On Track)	See Comments Page 339
FS-418-09-03	Unresolved (On Track)	See Comments Page 339
Community Health, Department of		
FA-419-08-01	Significantly Differing Corrective Action Implemented (Finding Closed)	
FA-419-08-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-419-09-01	Unresolved (On Track)	See Comments Page 339
FA-419-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-419-09-03	Unresolved (On Track)	See Comments Page 339
FA-419-09-04	Unresolved (On Track)	See Comments Page 340
FS-419-08-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-419-08-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-419-09-01	Unresolved (On Track)	See Comments Page 340
FS-419-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-419-09-03	Previously Reported Corrective Action Implemented (Finding Closed)	
Governor, Office of the		
FA-422-09-01	Partially Resolved (On Track)	See Comments Page 340

State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

FINDING CONTROL NUMBER	AUDITEE RESPONSE / STATUS	COMMENTS

PRIOR YEAR FINANCIAL STATEMENT / FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Human Services, Department of

FA-427-08-03	Further Action Not Warranted (Finding Closed)	
FA-427-08-04	Further Action Not Warranted (Finding Closed)	
FA-427-08-06	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-427-08-07	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-427-08-08	Further Action Not Warranted (Finding Closed)	
FA-427-08-10	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-427-08-12	Further Action Not Warranted (Finding Closed)	
FA-427-08-13	Further Action Not Warranted (Finding Closed)	
FA-427-08-16	Further Action Not Warranted (Finding Closed)	
FA-427-09-01	Unresolved (On Track)	See Comments Page 340
FA-427-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-427-09-03	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-427-09-04	Further Action Not Warranted (Finding Closed)	
FA-427-09-05	Further Action Not Warranted (Finding Closed)	
FA-427-09-06	Further Action Not Warranted (Finding Closed)	
FA-427-09-07	Further Action Not Warranted (Finding Closed)	
FA-427-09-08	Unresolved (On Track)	See Comments Page 340
FA-427-09-09	Further Action Not Warranted (Finding Closed)	
FA-427-09-10	Further Action Not Warranted (Finding Closed)	
FA-427-09-11	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-427-09-12	Further Action Not Warranted (Finding Closed)	
FA-427-09-13	Unresolved (On Track)	See Comments Page 341
FA-427-09-14	Further Action Not Warranted (Finding Closed)	
FA-427-09-15	Unresolved (On Track)	See Comments Page 341
FA-427-09-16	Unresolved (On Track)	See Comments Page 341
FA-427-09-17	Partially Resolved (On Track)	See Comments Page 341
FS-427-08-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-08-02	Further Action Not Warranted (Finding Closed)	
FS-427-08-03	Further Action Not Warranted (Finding Closed)	
FS-427-08-04	Further Action Not Warranted (Finding Closed)	
FS-427-08-05	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-08-06	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-08-08	Further Action Not Warranted (Finding Closed)	
FS-427-08-09	Further Action Not Warranted (Finding Closed)	
FS-427-09-01	Unresolved (On Track)	See Comments Page 341
FS-427-09-02	Unresolved (On Track)	See Comments Page 342
FS-427-09-03	Unresolved (Not On Track)	See Comments Page 342
FS-427-09-04	Unresolved (Not On Track)	See Comments Page 342
FS-427-09-05	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-09-06	Unresolved (On Track)	See Comments Page 342

Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

FINDING CONTROL NUMBER	AUDITEE RESPONSE / STATUS	COMMENTS
PRIOR YEAR FINANCIAL STATEMENT / FEDERAL AWARD FINDINGS AND QUESTIONED COSTS		
FS-427-09-07	Unresolved (On Track)	See Comments Page 342
FS-427-09-08	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-427-09-09	Unresolved (On Track)	See Comments Page 342
Economic Development, Department of		
FS-429-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
Judicial Council		
FS-434-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
Superior Courts		
FS-436-08-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-436-09-01	Further Action Not Warranted (Finding Closed)	
Supreme Court		
FS-438-09-01	Further Action Not Warranted (Finding Closed)	
Labor, Department of		
FA-440-08-01	Further Action Not Warranted (Finding Closed)	
FA-440-08-02	Further Action Not Warranted (Finding Closed)	
FA-440-09-01	Unresolved (On Track)	See Comments Page 343
FA-440-09-02	Partially Resolved (On Track)	See Comments Page 343
FA-440-09-03	Unresolved (On Track)	See Comments Page 343
FS-440-08-01	Further Action Not Warranted (Finding Closed)	
FS-440-08-02	Further Action Not Warranted (Finding Closed)	
FS-440-08-05	Further Action Not Warranted (Finding Closed)	
FS-440-08-11	Further Action Not Warranted (Finding Closed)	
FS-440-09-01	Unresolved (On Track)	See Comments Page 343
FS-440-09-02	Unresolved (On Track)	See Comments Page 344
FS-440-09-03	Partially Resolved (On Track)	See Comments Page 344
FS-440-09-04	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-440-09-05	Significantly Differing Corrective Action Implemented (Finding Closed)	
Juvenile Justice, Department of		
FS-461-09-01	Partially Resolved (On Track)	See Comments Page 344
Natural Resources, Department of		
FS-462-07-04	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-462-08-04	Unresolved (On Track)	See Comments Page 344
FS-462-08-05	Partially Resolved (On Track)	See Comments Page 344
FS-462-08-06	Unresolved (On Track)	See Comments Page 345
FS-462-08-07	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-462-09-01	Unresolved (On Track)	See Comments Page 345
FS-462-09-02	Unresolved (On Track)	See Comments Page 345
FS-462-09-03	Partially Resolved (On Track)	See Comments Page 345
FS-462-09-04	Partially Resolved (On Track)	See Comments Page 345
FS-462-09-05	Unresolved (On Track)	See Comments Page 345
FS-462-09-06	Unresolved (On Track)	See Comments Page 345

State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

FINDING CONTROL NUMBER	AUDITEE RESPONSE / STATUS	COMMENTS
PRIOR YEAR FINANCIAL STATEMENT / FEDERAL AWARD FINDINGS AND QUESTIONED COSTS		
FS-462-09-07	Partially Resolved (On Track)	See Comments Page 346
Corrections, Department of		
FS-467-05-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-467-05-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-467-08-01	Further Action Not Warranted (Finding Closed)	
FS-467-09-02	Partially Resolved (On Track)	See Comments Page 346
Revenue, Department of		
FS-474-06-01	Partially Resolved (On Track)	See Comments Page 346
FS-474-08-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-474-08-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-474-08-03	Further Action Not Warranted (Finding Closed)	
FS-474-08-04	Further Action Not Warranted (Finding Closed)	
FS-474-08-05	Unresolved (On Track)	See Comments Page 346
FS-474-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-474-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-474-09-03	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-474-09-04	Partially Resolved (On Track)	See Comments Page 346
FS-474-09-05	Partially Resolved (On Track)	See Comments Page 346
FS-474-09-06	Unresolved (On Track)	See Comments Page 347
Secretary of State		
FS-478-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
Aviation Hall of Fame, Georgia		
FS-483-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-483-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
Transportation, Department of		
FA-484-09-01	Unresolved (On Track)	See Comments Page 347
FA-484-09-02	Further Action Not Warranted (Finding Closed)	
FA-484-09-03	Partially Resolved (On Track)	See Comments Page 347
FA-484-09-04	Partially Resolved (On Track)	See Comments Page 348
FA-484-09-05	Partially Resolved (On Track)	See Comments Page 349
FA-484-09-06	Unresolved (On Track)	See Comments Page 349
FA-484-09-07	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-484-09-08	Further Action Not Warranted (Finding Closed)	
FA-484-09-09	Partially Resolved (On Track)	See Comments Page 349
FS-484-07-02	Further Action Not Warranted (Finding Closed)	
FS-484-08-03	Further Action Not Warranted (Finding Closed)	
FS-484-08-04	Further Action Not Warranted (Finding Closed)	
FS-484-08-06	Further Action Not Warranted (Finding Closed)	
FS-484-08-09	Further Action Not Warranted (Finding Closed)	
FS-484-08-10	Further Action Not Warranted (Finding Closed)	
FS-484-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	

State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

FINDING CONTROL NUMBER	AUDITEE RESPONSE / STATUS	COMMENTS
PRIOR YEAR FINANCIAL STATEMENT / FEDERAL AWARD FINDINGS AND QUESTIONED COSTS		
FS-484-09-02	Unresolved (Not On Track)	See Comments Page 349
FS-484-09-03	Unresolved (On Track)	See Comments Page 350
FS-484-09-04	Partially Resolved (On Track)	See Comments Page 351
FS-484-09-05	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-484-09-06	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-484-09-07	Partially Resolved (On Track)	See Comments Page 351
FS-484-09-08	Unresolved (On Track)	See Comments Page 351
Veterans Service, State Department of		
FS-488-08-01	Further Action Not Warranted (Finding Closed)	
FS-488-08-02	Further Action Not Warranted (Finding Closed)	
FS-488-09-01	Further Action Not Warranted (Finding Closed)	
FS-488-09-02	Further Action Not Warranted (Finding Closed)	
Public Defenders Standards Council, Georgia		
FS-492-08-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-492-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-492-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-492-09-04	Unresolved (On Track)	See Comments Page 352
Armstrong Atlantic State University		
FS-524-09-01	Partially Resolved (On Track)	See Comments Page 352
FS-524-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-524-09-03	Partially Resolved (On Track)	See Comments Page 352
Augusta State University		
FS-527-07-02	Previously Reported Corrective Action Implemented (Finding Closed)	
Fort Valley State University		
FA-533-08-01	Further Action Not Warranted (Finding Closed)	
FA-533-08-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-533-08-03	Further Action Not Warranted (Finding Closed)	
FA-533-08-04	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-533-08-06	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-533-09-01	Unresolved (On Track)	See Comments Page 352
FA-533-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-533-09-03	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-533-09-04	Unresolved (On Track)	See Comments Page 353
FA-533-09-05	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-533-09-06	Unresolved (On Track)	See Comments Page 353
FA-533-09-07	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-533-08-02	Further Action Not Warranted (Finding Closed)	
FS-533-08-04	Further Action Not Warranted (Finding Closed)	
FS-533-09-01	Further Action Not Warranted (Finding Closed)	
FS-533-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-533-09-03	Partially Resolved (On Track)	See Comments Page 353

State of Georgia

Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

FINDING CONTROL NUMBER	AUDITEE RESPONSE / STATUS	COMMENTS
PRIOR YEAR FINANCIAL STATEMENT / FEDERAL AWARD FINDINGS AND QUESTIONED COSTS		
FS-533-09-04	Further Action Not Warranted (Finding Closed)	
FS-533-09-05	Unresolved (On Track)	See Comments Page 353
Georgia Southern University		
FS-539-09-01	Further Action Not Warranted (Finding Closed)	
Savannah State University		
FA-548-08-01	Further Action Not Warranted (Finding Closed)	
FA-548-09-01	Partially Resolved (On Track)	See Comments Page 353
FS-548-08-02	Further Action Not Warranted (Finding Closed)	
FS-548-08-03	Partially Resolved (On Track)	See Comments Page 353
FS-548-09-01	Unresolved (On Track)	See Comments Page 354
Abraham Baldwin Agricultural College		
FS-557-09-01	Partially Resolved (On Track)	See Comments Page 354
FS-557-09-02	Unresolved (On Track)	See Comments Page 354
Bainbridge College		
FS-562-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
Savannah Technical College		
FS-841-06-01	Previously Reported Corrective Action Implemented (Finding Closed)	
North Georgia Mountains Authority		
FS-912-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-912-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
Higher Education Assistance Corporation, Georgia		
FA-918-08-02	Further Action Not Warranted (Finding Closed)	
FA-918-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
Seed Development Commission, Georgia		
FS-919-09-01	Unresolved (On Track)	See Comments Page 355
Road and Tollway Authority, State		
FS-927-08-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-927-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
Environmental Finance Authority, Georgia		
FA-928-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FA-928-09-02	Previously Reported Corrective Action Implemented (Finding Closed)	
Sapelo Island Heritage Authority		
FS-942-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
Medical Center Authority, Georgia		
FS-982-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
Statewide		
FS-SW-09-01	Previously Reported Corrective Action Implemented (Finding Closed)	
FS-SW-09-02	Further Action Not Warranted (Finding Closed)	

Auditee's Response
Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

AUDITEE'S COMMENTS

ACCOUNTING OFFICE, STATE

Finding Control Number: FA-407-09-01

ALLOWABLE COSTS/COST PRINCIPLES

Failure to submit Statewide Cost Allocation Plan (SWCAP)

The HHS/DCA SWCAP approval of the FY 2006 SWCAP (based on FY 2004 actual costs) is conditional pending their review of additional information requested for Section II billed costs. We believe they will continue to leave the approvals of the Section II billed services conditional until such time that they have fully performed their review of this documentation.

The SWCAPs for FY 2007 (based on FY 2005 actual costs) and FY 2008 (based on FY 2006 actual costs) have been submitted to HHS/DCA.

The SWCAPs for FY 2009 (based on FY 2007 actual costs), FY 2010 (based on FY 2008 actual costs), and FY 2011 (based on FY 2009 actual costs) are currently being prepared concurrently and should be submitted to HHD/DCA in October.

HHS/DCA has indicated that they would not review subsequently submitted plans until such time that the previous plans are approved. However, HHS/DCA does review plans in the order that they are submitted and will not review a plan until the previously submitted plan has been reviewed/negotiated.

EDUCATION, DEPARTMENT OF

Finding Control Number: FA-414-07-01

ACTIVITIES ALLOWED OR UNALLOWED - ELIGIBILITY - SUBRECEPIENT MONITORING

Collusion and Management Override of Controls

While verbal indication has been made by visiting the USED monitoring team that no reimbursement of expenditures will be requested, the GaDOE is currently waiting on an official USED document in regards to the questioned costs.

Finding Control Number: FA-414-07-02

ACTIVITIES ALLOWED OR UNALLOWED - ELIGIBILITY - SUBRECEPIENT MONITORING

At least two GDOE former employees appear to have used their position for personal gain through contractual arrangements with sub-grantees.

The two employees in question were terminated by GaDOE. This occurrence is currently being reviewed by the Federal Attorney General's Office.

Finding Control Number: FA-414-09-04

EQUIPMENT AND REAL PROPERTY MANAGEMENT

Inadequate Equipment and Real Property Management

The GaDOE completed its physical inventory and corrected all of the asset management records for items that needed to be added and removed. In some periods during the fiscal year, quarterly reconciliations were performed. However, as time permitted, monthly reconciliations were completed. The specific items in question are currently being analyzed. Resolution on these items should be made by September 2010.

Finding Control Number: FS-414-08-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Controls over the Academic Coach Program

AUDITEE'S COMMENTS

The Attorney General's Office is currently in the process of conducting a criminal investigation against the parties involved. In addition, the GaDOE's Legal Services Office has conducted an internal review and is attempting to recoup State funds that were improperly spent. Some funds have already been collected by the GaDOE. One matter has been referred to the State Attorney General's office for civil litigation efforts. The GaDOE Contract's Division has reviewed its business processes and practices to ensure proper contract management. Program Manager's responsible for contracts have been given guidance concerning proper contract administration through a series of training seminars provided by the Contracts Division.

Finding Control Number: FS-414-09-04

CAPITAL ASSETS

Inadequate Capital Asset Records

(1) In August 2010, the GaDOE indexed its land at historical cost on its asset management records by taking the current cost and dividing it by an index figure which adjusts for inflation.

(2) During fiscal year 2010, the GaDOE performed quarterly reconciliations, and when time permitted, the reconciliations were completed monthly. Corrections have been made to the Asset Management Module to reflect the GaDOE's assets.

(3) The GaDOE completed its physical inventory and corrected all of the asset management records for items that need to be added and removed. In some periods, quarterly reconciliations have been performed. However, as time permits, monthly reconciliations have been completed.

(4) The four (4) equipment items questioned that were below the $5,000 threshold have been reviewed and removed from the GaDOE capital asset inventory records.

(5) The GaDOE does not track capital assets utilizing the location codes. As a mitigating control the GaDOE tracks asset equipment by custodian. The majority of the ninety-seven (97) equipment items without a custodian were assets purchased prior to 1991 and do not have a current valid department number. The GaDOE identified the items that could not be located and has removed them. The remaining custodians were corrected in the Asset Management Module, and this process will be ongoing as custodians are subsequently added and removed.

The specific items in question are currently being reviewed. Resolution on these items should be made by September 2010.

PROSECUTING ATTORNEYS' COUNCIL

Finding Control Number: FS-418-09-01

ACCOUNTING CONTROLS (OVERALL)

Deficit Fund Balance

We concur with this finding. Thank you for the opportunity to make a management response, to be included in the Management Report, to the finding that the Prosecuting Attorneys Council over expended its allotment in violation of the Budget Act. While it is clear that the Council over expended its allotment, it is less clear that the Council violated the Budget Act or any other provision of Georgia law.

In the draft of your Budget Report, you state that the Council voluntarily accepted the 25 percent reduction of our June allotment. This suggests that the Council was consulted prior to the withholding of the allotment; and, of course, that was not the case. In fact, the Council had attempted to draw funds from its appropriation but was denied. We were informed on June 8, 2009, that our allocation would not be forthcoming.

The 25 percent of the June allocation that was withheld was approximately $625,000. After the final payroll for all of the district attorneys' state personnel and the personnel of the Council, we suffered a deficit of approximately $615,000. The Council clearly understands that the treasury cannot give us funds that it does not have. We further are aware of the difficulties placed on our state leaders in these difficult times. Those same conditions applied to our June payroll. When confronted with paying the 2009 obligation from the 2010 allocation, a violation of public policy, or overspending our 2009 allocation, the Council chose what it believed to be the lesser of the evils.

AUDITEE'S COMMENTS

AUDITOR CONCLUDING REMARKS:

A review of the June allotment request submitted by the Prosecuting Attorney's Council indicated that they made an initial request for the full June allotment on May 12, 2009. On June 8, 2009, subsequent to the Governors action on May 28, 2009 to withhold a percentage of the Council's remaining allotment, the Council submitted an amended June allotment request for the reduced amount.

Finding Control Number: FS-418-09-02

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY
GENERAL LEDGER
Inadequate Bank Reconciliation Procedures

Staff have been designated, trained and formally reprimanded as a direct response to this finding. The complex nature of the reconciliations (due to the denial from Treasury to utilize a separate payroll bank account) has proved difficult for staff to reconcile with accuracy and completeness. This is currently being addressed by me personally and will be addressed by November 30. At such point, all reconciliations will be maintained monthly by appropriate staff with appropriate internal controls in place.

Positive Pay Reconciliation has been initiated with Bank of America, ensuring that check amounts paid by the bank must have a verified and corresponding entry in the PeopleSoft check file sent to the bank. Any exceptions to this must be approved and documented by the Accounting Manager.

The request for an additional bank account was suspended in anticipation of the ending of a service offering that used an auxiliary bank account. This service has stopped and all activity has ceased. Once a full reconciliation has been completed and all unresolved items are addressed, we will move forward with the transfer of the payroll activity to this account. This account will be designated only for the processing of payroll checks and direct deposits.

Finding Control Number: FS-418-09-03

GENERAL LEDGER

Clearing Account Balance

Procedures have been implemented to ensure that the clearing account balances are reviewed and reconciled each month. Staff are aware of their responsibilities with documented reprimands. As such, the balance from FY09 is still outstanding. The balance in this account is inaccurate and should reflect the actual balance on hand with the ARIS-OTFS account ledger for our Agency. The currently outstanding items in this account have been identified as being from the first month of processing as a separate business unit (see the split from Superior Courts in July 2008). The additional responsibilities and workflow were not well defined or explained from our predecessor or the SAO. Since this time, we have implemented checks and balances to prevent further errors from occurring and staff are working to correctly reverse out and resolve any unknown issues.

This reconciliation directly affects the completion of FS-418-09-02. FS-418-09-02 is scheduled to be fully resolved by November 30, therefore this finding should also be completed and resolved by this date.

COMMUNITY HEALTH, DEPARTMENT OF

Finding Control Number: FA-419-09-01

ALLOWABLE COSTS/COST PRINCIPLES

Upper Payment Limit Calculation

See Financial Audit Finding FS-419-09-01

Finding Control Number: FA-419-09-03

ELIGIBILITY

Verification and Documentation of Eligibility

Auditee's Response
Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

AUDITEE'S COMMENTS

See current year finding FA-419-10-2 for status of the verification and documentation of eligibility.

Finding Control Number: FA-419-09-04

ACTIVITIES ALLOWED OR UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
MATCHING, LEVEL OF EFFORT, EARMARKING
Matching of Allowable Expenditures

See current year finding FA-419-10-03 for status of the matching of allowable expenditures.

Finding Control Number: FS-419-09-01

REVENUES AND RECEIVABLES
EXPENSES/EXPENDITURES AND LIABILITIES
Upper Payment Limit Calculation

See current year finding FS-419-10-1 for the status of the Upper Payment Limit Calculation.

GOVERNOR, OFFICE OF THE

Finding Control Number: FA-422-09-01

SUBRECIPIENT MONITORING

Inadequate Subrecipient Monitoring Procedures

The Georgia Emergency Management Agency (GEMA) has reviewed its Grantee-Sub-grantee Agreements and grant awards and identified areas for improvement in the current practice of monitoring sub-grantee compliance with OMB Circular A-133.

Our agency is resolving the insufficiencies through the following actions:
Procedures have been drafted for the grants management staff to adhere to upon receipt of notification from the State of Georgia Department of Audits and Accounts Non-profit and Local Government Audits Division regarding noncompliant entities. In addition, the Federal Audit Clearinghouse (FAC) database will be utilized to monitor compliance as well.

We are currently implementing an agency Grants Management System (GMS). This system has a built-in accommodation to create sub-grantee monitoring checklists for individual grants to provide employees with a standard list for identifying which aspects of the sub-grantee's performance will be examined. This functionality will also create an agency wide tracking system for statuses on resolution of sub-recipient audit findings. Thus, each list will serve as a readily accessible guide to employees as well as provide management with tools for overseeing the status of the monitoring results.

HUMAN SERVICES, DEPARTMENT OF

Finding Control Number: FA-427-09-01

CASH MANAGEMENT

Inadequate Procedures Over Cash Draws of Federal Grants

See FS-427-09-07

Finding Control Number: FA-427-09-08

PROCUREMENT AND SUSPENSION AND DEBARRMENT

Failure to Follow Procurement and Suspension and Debarment Regulations

AUDITEE'S COMMENTS

Management monitoring, to ensure results, is ongoing.

Finding Control Number: FA-427-09-13

SUBRECIPIENT MONITORING

Deficiencies in Sub recipient Monitoring Procedures
Child Support Enforcement (CFDA 93.563)

Implementation of E-Procurement has allowed great improvement in identifying sub-recipient contracts, however data integrity issues with E-procurement and temporary future reliance on the old legacy system for historical data continue to allow for the risk that an audit could go uncollected and unreviewed. DHS is continuing to work this deficiency.

Finding Control Number: FA-427-09-15

SPECIAL TESTS AND PROVISIONS

Internal Control Deficiencies/Noncompliance with Federal Program Regulations
Temporary Assistance for Needy Families (CFDA 93.558)

In October of 2010, DCSS and DFCS TANF made a joint decision to institute a new process which required DCSS to send to DFCS TANF quarterly, a copy of the same non-cooperation report that they provide to the auditors. DFCS TANF will then follow up on the list to ensure that the appropriate action is taken. The first trial of this process is to occur in Jan 2011, upon completion of the report covering Sept 2010 through December 2010. Executive management at DHS is monitoring this process for the purpose of accountability.

Finding Control Number: FA-427-09-16

SPECIAL TESTS AND PROVISIONS

Internal Control Deficiencies/Noncompliance with Federal Program Regulations
Child Support Enforcement (CFDA 93.563)

All previously reported corrective actions have been implemented. Management believes that continued diligence, training and supervision will continue to drive down the # of errors identified during review. We also believe that a zero (0) error rate is unrealistic and that additional control procedures would not be cost effective at this time.

Finding Control Number: FA-427-09-17

SPECIAL TESTS AND PROVISIONS

Failure to Submit an Accurate Schedule of Federal Awards

We are continuing to try to identify the appropriate query that will capture e-procurement and financial data sufficient to identify payments made to subrecipients. A manual process is in place until this can be resolved. ARRA reporting issue has been resolved.

Finding Control Number: FS-427-09-01

ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
BUDGET
Inadequate Journal Entry Documentation

Journal Entry documentation standards training for initiators has been developed and all staff trained. OFS staff have been trained to identify and reject inadequately documented requests. Management supervision is ongoing. Additional training will be made available as needed.

Auditee's Response
Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

AUDITEE'S COMMENTS

Finding Control Number: FS-427-09-02

GENERAL LEDGER
EXPENSES/EXPENDITURES AND LIABILITIES
A/P Reconciliation Inaccurate/Incomplete

A/P reconciliations are being completed, reviewed and approved monthly.

Finding Control Number: FS-427-09-03

GENERAL LEDGER

Federal Program Fund Balances

Reconcialition of fund balances is underway.

Finding Control Number: FS-427-09-04

GENERAL LEDGER
REVENUES AND RECEIVABLES
Inadequate Accounting Procedures

All previously reported corrective actions have been implemented. We continue to struggle with Federal partners who distribute grant notifications to multiple contacts throughout DHS. We continue to encourage them to send all notices to a central location in order to properly and timely record the grant obligations. All program and office staff have been trained to forward any grant notifications received, to OFS immediately and we expect over time, to remedy this condition.

Finding Control Number: FS-427-09-06

CASH
INVESTMENTS AND INVESTMENT RELATED ACTIVITY
Inadequate Bank Reconciliation Procedures

All bank reconciliations are being completed, reviewed and approved by management monthly. Reconciling items are being adjusted timely. A backlog of dated reconciling items is being addressed as resources permit.

Finding Control Number: FS-427-09-07

REVENUES AND RECEIVABLES

Inadequate Procedures Over Cash Draws of Federal Grants

DHS has adopted and implemented new cash management procedures developed by the Bronner Group. In addition, Revenue Management staff are completing a quarterly or more frequent reconciliation modeled after work that the State Auditors use to determine revenue recognition variances. That reconciliation identifies any transactions which would cause a subsequent adjustment to the cash draws, and allows for the calculation of any interest liability to the grantor.

Finding Control Number: FS-427-09-09

EXPENSES/EXPENDITURES AND LIABILITIES

Invalid and Questionable Encumbrances

Periodic Reconciliations are now being performed. Financial Leadership has resolved all old encumbrances and current encumbrances are being reviewed for validity.

Auditee's Response
Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

AUDITEE'S COMMENTS

LABOR, DEPARTMENT OF

Finding Control Number: FA-440-09-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Supporting Documentation for Adjusting Journal Entries
Employment Service/ Wagner-Peyser Funded Activities (ESC) (CFDA 17.207)
Disabled Veterans. Outreach Program (DVOP) (ESC) (CFDA 17.801)
Local Veterans. Employment Representative Program (ESC) (CFDA 17.804)
Unemployment Insurance Administration (UI) (CFDA 17.225)
Rehabilitation Services-Vocational Rehabilitation Grants to States (CFDA 84.126)

The reader should understand the entries in question were isolated closing entries made at the end of the fiscal year to maximize Federal Funding and are not indicative of routine journal entries made through out the fiscal year by the Department.

Finding Control Number: FA-440-09-02

ALLOWABLE COSTS/COST PRINCIPLES
ACTIVITIES ALLOWED OR UNALLOWED
Overpayment of unemployment Compensation Benefits
Unemployment Insurance Administration (UI) CFDA 17.225)

Appropriate internal controls and program edits have been installed to prevent a future recurrence of the situation that allowed the overpayments in Unemployment Compensation Program in fiscal year 2009. As of January 18, 2011, only $115,164 remains uncollected.

Finding Control Number: FA-440-09-03

CASH MANAGEMENT

Inadequate Procedures over Cash Draws of Federal Grants
Employment Service/ Wagner-Peyser Funded Activities (ESC) (CFDA 17.207)
Disabled Veterans. Outreach Program (DVOP) (ESC) (CFDA 17.801)
Local Veterans. Employment Representative Program (ESC) (CFDA 17.804)
Rehabilitation Services-Vocational Rehabilitation Grants to States (CFDA 84.126)

The auditor's testing of cash management is conceptually flawed in the following two ways;

1) the auditors used accounting period dates for drawdowns instead of post dates(calendar date transaction actually occurred),

2) The auditors did not take into consideration the extent Obligation Authority was available based on expenditures charged to the grant. The Department has performed its own cash management testing which indicates cash management performance was not flawed to the extent indicated by the auditors in their finding. The Department acknowledges improvement can be made in timing Federal cash drawdowns with expenditures and will strive to make improvements in the subsequent year.

Finding Control Number: FS-440-09-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Supporting Documentation for Adjusting Journal Entries

The reader should understand the entries in question were isolated closing entries made at the end of the fiscal year to maximize Federal Funding and are not indicative of voluminous number of routine journal entries made through out the fiscal year by the Department.

Auditee's Response
Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

AUDITEE'S COMMENTS

Finding Control Number: FS-440-09-02

BUDGET

Program Budgeting Deficiencies

The Georgia Department of Labor maintains its accounting records on the FARS (Federal Accounting and Reporting System) accounting system which is used by many other State Labor Departments across the Country. As noted by the auditors, this system does not facilitate maintaining accounting records on a program basis as the system is designed primarily to provide information to the U.S Department of Labor in a uniform reporting format from the various States. Because of the system constraints, extensive special programming and changes in the chart of accounts are required to accomplish production of an ongoing set of program budget reports.

Finding Control Number: FS-440-09-03

REVENUES AND RECEIVABLES
GENERAL LEDGER
Inadequate Procedures over Cash Draws of Federal Grants

In fiscal year 2010, the Department made drawdowns of Federal Funds for the Employment Services Cluster based on expenditures to the extent Obligation Authority was available. The Department maintains insufficient drawdowns of Federal funds for this program did not occur in fiscal year 2010.

JUVENILE JUSTICE, DEPARTMENT OF

Finding Control Number: FS-461-09-01

ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
Excess Hours Worked by Retired Employees

DJJ established processes and procedures and continues to draft policies to support ERS policy regarding the maximum number of hours that can be worked during a calendar year by a retiree. With assistance from SAO, DJJ receives a monthly report of work hours for retiree that are currently employed by DJJ. DJJ reports these hours to ERS on a monthly basis. DJJ is currently working on obtaining the hours worked by retirees who are providing service as or for an independent contractor.

NATURAL RESOURCES, DEPARTMENT OF

Finding Control Number: FS-462-08-04

CAPITAL ASSETS

Inadequate Capital Asset Records - Land

77 items have been researched to reflect estimated historical cost of FMV for donated items. 72 items have been researched and documented to reflect ancillary costs.

A new subsidiary listing for land will be implemented for FY11.

Finding Control Number: FS-462-08-05

CAPITAL ASSETS

Inadequate Capital Asset Records - Buildings and Building Improvements

Subsidiary ledger developed for Buildings and Building Improvements was deemed insufficient. A new listing will be developed for FY11.

Auditee's Response
Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

AUDITEE'S COMMENTS

Finding Control Number: FS-462-08-06

CAPITAL ASSETS

Inadequate Capital Asset Records - Improvements Other Than Buildings

Subsidiary ledger for Improvements Other than Buildings was deemed insufficient. A new subsidiary ledger will be developed for FY11.

Finding Control Number: FS-462-09-01

ACCOUNTING CONTROLS (OVERALL)

Deficiencies in Federal Fund Ledgers

In FY10, we implemented measures to ensure that revenues and expenses were equal in federal fund sources. We have incorporated an Accounts Receivables monthly reconciliation. We began addressing prior year deficits and surplus' in federal fund sources. The implementation of these actions should result in the elimination of deficiencies in federal fund ledgers in FY11.

Finding Control Number: FS-462-09-02

EXPENSES/EXPENDITURES AND LIABILITIES

Unallowed Severance Packages for DNR Executives

The Department is in the process of consulting with the Attorney General's Office regarding the compensation and related costs in question paid to the terminated CFO.

Finding Control Number: FS-462-09-03

CAPITAL ASSETS

Inadequate Capital Asset Records - Land

Subsidiary ledger developed for FY10 was deemed inadequate. A new subsidiary ledger will be developed for FY11.

Finding Control Number: FS-462-09-04

CAPITAL ASSETS

Inadequate Capital Asset Records - Buildings and Building Improvements

Subsidiary ledger developed for FY10 was deemed insufficient. A new subsidiary ledger for FY11 will be developed.

Finding Control Number: FS-462-09-05

CAPITAL ASSETS

Inadequate Capital Asset Records - Improvements Other than Buildings

Subsidiary ledger developed for FY10 was deemed insufficient. A new subsidiary ledger for FY11 will be developed.

Finding Control Number: FS-462-09-06

CAPITAL ASSETS

Inadequate Capital Asset Records - Construction in Progress

A listing of the construction in progress projects will be implemented for FY11.

AUDITEE'S COMMENTS

Finding Control Number: FS-462-09-07

CAPITAL ASSETS

Inadequate Capital Asset Records - Depreciation Expense and Accummulated Depreciation

Subsidiary records will be refined for FY11.

CORRECTIONS, DEPARTMENT OF

Finding Control Number: FS-467-09-02

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures and Outstanding Checks for Over One Year

Progress has been made in reducing the number of outstanding checks over one year old. There are still a few remaining checks that are slated for Unclaimed Property that have not yet been moved.

REVENUE, DEPARTMENT OF

Finding Control Number: FS-474-06-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Monitoring Procedures

The Motor Vehicle Unit has adapted internal control policies to ensure accurate check deposits during the course of each business day before the GRATIS reports are finalized and sent to the Cash Management Unit. Currently a GRATIS system change request has been initiated to modify the system to ensure system reports match actual revenue received and deposits.

Finding Control Number: FS-474-08-05

REVENUES AND RECEIVABLES

Deficiencies in the Income Tax Division Subsidiary Records

The Department is currently in the process of implementing systematic upgrades through an integrated tax platform that will enable the Department to track and analyze taxpayer tax returns. This implementation will continue into Fiscal Year 2011 as long as appropriate funding is available.

Finding Control Number: FS-474-09-04

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

The Department reviewed and attempted to identify all reconciling items that were a part of this audit finding. The reconciling items date as far back as Fiscal Year 2005. Due to the age of the reconciling items and the purge of all accounting records prior to Fiscal Year 2005 in the PeopleSoft Financial System limited documentation is available. Based upon discussions with the State Accounting Office and the Governor's Office a recommendation was proposed and agreed upon by the aforementioned state agencies and journal entries were recorded to the general ledger to resolve the reconciling items.

Finding Control Number: FS-474-09-05

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliations

During the first six months of Fiscal Year 2010 the Department identified and notified prior/current employees. Based upon the

AUDITEE'S COMMENTS

responses several payroll checks were voided and reissued. The remaining outstanding check balance was processed, with applicable adjustments recorded in the general ledger, and submitted to the State of Georgia Unclaimed Property as required by the State of Georgia Accounting Procedures Manual, Section 4-6-2 and the "Disposition of Unclaimed Property Act", O.C.G.A. 44-12-190 through 44-12-235. All other reconciling items will be resolved by December 2010.

Finding Control Number: FS-474-09-06

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Outstanding Checks for Over One Year

The Department is currently in the process of obtaining the applicable check information to remove outstanding checks that are over one year old, with the applicable adjustments recorded in the general ledger, based upon the guidelines in the State of Georgia Accounting Procedures Manual, Section 4-6-2 and the State of Georgia Unclaimed Property as required by the "Disposition of Unclaimed Property Act", O.C.G.A. 44-12-190 through 44-12-235. The target period of completion is by the end of the 1st quarter of Fiscal Year 2011.

TRANSPORTATION, DEPARTMENT OF

Finding Control Number: FA-484-09-01

ACTIVITIES ALLOWED OR UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
Internal Control Deficiency/Noncompliance with Federal Program Regulations

This finding seems to be the result of the having deliverables which are similar or which can apply to more than one program being included in the same contract and funded entirely by one program. Past practice in this event has been to use one fund source for that contract/project. Procedures have been developed which will require differentiation of allowable and unallowable costs under each program in a contract and that contract funding under the appropriate program be allocated and made available for reimbursement under the appropriate program. Reimbursement requests for contracts with multiple funding sources which cross program lines will be reviewed to determine the appropriate funding source prior to payment. The implementation of these identified controls will take place with all contracts as of January 2011.

Finding Control Number: FA-484-09-03

ALLOWABLE COSTS/COST PRINCIPLES
MATCHING, LEVEL OF EFFORT, EARMARKING
Internal Control Deficiency/Noncompliance with Federal Program Regulations

The funding sources (on each project) are constantly changing, along with the matching requirements of each funding component (for each of the Department's thousands of projects). It is the Department's policy to exhaust all funding on a first-in, first-out basis, which further complicates the cost allocation of State matching contribution rates and precludes the automation of the matching requirement.

The monitoring and correction of funding sources is an ongoing daily process. The questioned cost amount noted in the finding was at a fixed point in time: June 30, 2009, the State's fiscal year-end. Throughout the 2010 State fiscal year, additional expenses have been charged to the project, and the specific expenses used to determine this questioned cost amount may have been moved to another funding source, resulting in a credit bill issued to FHWA. These circumstances render the specific questioned cost amount, as of June 30, 2010, invalid.

In order to monitor each project from inception to conclusion, the Department has hired true Project Managers. The Department has trained these Project Managers on the existing available financial systems and has developed new monitoring tools for their use. One of the duties of the Project Managers is to monitor the available funding on each of their projects, to ensure that the correct State matching contribution rates are properly applied to expenses in accordance with Federal regulations. Additionally, the Department has hired 4 additional staff to provide ongoing project matching and expense monitoring support.

The Department recognizes that human error is possible in any manual process which requires decisions to be made, and that overcharges and undercharges may exist at any fixed point in time. Therefore, as a mitigating control, the Department has in

AUDITEE'S COMMENTS

place an extensive final review process, which is conducted by experienced staff as a part of the closing out of each project. This allows the Department to adjust the application of State matching contribution rates, prior to the close of every project.

Finding Control Number: FA-484-09-04

CASH MANAGEMENT
REPORTING
Internal Control Deficiencies/Noncompliance with Federal Regulations

We do not concur with Points 1 & 2 of the finding. The Federal Bill (PC4840405 report) is produced directly from the PeopleSoft Project Costing module (the Department..s financial accounting system). Therefore, the data file produced is a direct representation of the underlying data in the Project Costing module. Corrections to the underlying data are not made by the Federal Billing Manager who produces the Federal Bill. Errors must be referred to other accounting units for correction through their normal work process. Any changes required to underlying data are done in other accounting units by various means, one of which is Journal Voucher in the General Ledger module and interfaced to the Project Costing module. Journal Vouchers must have supervisory approval prior to being entered in the accounting system and copies are retained and filed. Also, an electronic version of the posted Journal Voucher data can be viewed via query in PeopleSoft.

The PC4840405 report was originally designed to run twice, one preliminary and one final, in order to submit the Federal Bill in paper form (prior to electronic billing). At that time, the Federal Bill file was produced only in paper form and there were adjustments noted on the report. When the Federal Bill process and query was created in 2004, there was no longer a need to run two reports as there was now an electronic means to submit the data. During fiscal year 2010, the Federal Bill Process in PeopleSoft was redesigned to allow it to produce the bill file that could be run in preliminary form allowing all changes to underlying data to be recorded in PeopleSoft. Preliminary bills are not submitted; they are part of an internal review process used to look for discrepancies between the Agreement amount in the PeopleSoft Project Costing module and the Federal Highway Administrations system: .Federal Management Information System. (FMIS).

If the Federal Bill Manager observes that there is a discrepancy between the two systems, the Federal Bill Manager can change the status of an individual project to .do not bill.. This results in those expenditures being excluded from that week..s Federal Bill until an investigation can be completed and a correction has been posted in the Project Costing module. Once the necessary corrections are completed and the discrepancy resolved, the project status will be returned to a .bill. status. Again, the Federal Bill Manager cannot create/alter expenditures or change unallowable expenditures to make them allowable; he can only include or exclude them from that Federal Bill to allow the submission to proceed for that week (GDOT cannot delay the Federal Bill until corrections are made without jeopardizing our cash flow and the ability to pay bills on a timely basis).

We generally are billing on approximately 1,200 projects each bill cycle. Each of these can have up to 3 phases, increasing the possibilities to 3,600 projects on our side. We have 9,850 possible Projects that show up in the database. The Federal Bill takes usually 6-12 hours to run; this is even with the approximately 8,650 projects set not to bill. (This is commonly done where there is no Federal Agreement (yet) or we have exceeded the currently available reimbursement.) The Federal Bill program is run on average 3-4 times prior to the production of the Final electronic version which is submitted to FHWA.

A mitigating control is that we cannot over submit; if the Agreement Amount in Project Costing is greater than FMIS, those transactions will be rejected by the Federal system. The purpose of the submission of the preliminary Federal Bill is to insure that the final version will be submitted without errors, which could result in rejection from the Federal system and imbalance between the two systems. Since the final Federal Bill (as represented by PC4840405 report) submitted to FHWA is produced directly from the PeopleSoft Project Costing module, we do not consider maintaining a manual suspense file (and requiring supervisory approval of each change in billing status) between each preliminary run as this document progressed toward its final presentation to provide any greater assurance that the Federal bill is supported by the underlying data. We believe this user control could deter the process from occurring regularly, on a weekly basis, again jeopardizing our cash position and the ability to pay bills in accordance with State and Federal regulations.

We concur with Point 3. The evaluating auditor reviewed the methodology used by the Department for calculating the clearance pattern as compared to the method documented by the FMS agreement. The auditor determined that the method used by the Department yielded an incorrect clearance pattern for FY2010. The Department concurs that the state auditor..s interpretation of the agreement was correct and that the clearance pattern for FY2010 was reported incorrectly. However, there was no violation of the Cash Management Improvement Act as a result of this calculation. In future calculations, the Department will use the correct methodology as documented in the FMS agreement, which was verified by both the State Auditor and our staff member.

Procedures were instituted in the prior fiscal year to resolve the deficiency noted in point 4. The deficiency in cash management was the result of a temporary change in operating procedures during fiscal year 2009, whereby reimbursements

AUDITEE'S COMMENTS

were requested twice weekly based on incurred expense to date. To correct the deficiency, the Office of Financial Management resumed its normal operating procedure during Fiscal year 2010, where reimbursement requests are prepared in accordance with the guidelines provided in the CMIA and as regularly as possible given system availability and restraints.

Finding Control Number: FA-484-09-05

CASH MANAGEMENT
REPORTING
Internal Control Deficiencies/Noncompliance with Federal Program Regulations

The Intermodal Division has established and implemented policies and procedures to assure that balances in the general ledger are routinely reconciled with relevant subsidiary ledgers. Reports are run in PeopleSoft, the State of Georgia's financial accounting system and information is manually pulled from GDOT's Contracts Payable Ledger system and the Intermodal Financial Accounting System (FAS) to balance contract expenditures on a monthly basis. The procedure for completing monthly reconciliations is included in each of the Policy and Procedure Manuals, which were finalized in May 2010 and uploaded to the GDOT website.

Finding Control Number: FA-484-09-06

REPORTING

Internal Control Deficiencies/Noncompliance with Federal Program Regulations

As part the new reporting process, the NTD reporting will go through a series of quality control checks to ensure accuracy. As the information is initially entered into the system, there will be a conformance check. This will be accomplished by an initial comparison of data supplied by the Subrecipient with that of the previous years' data. It will also be compared to the previous years' data for consistency and to identify issues that need to be resolved. As an example, vehicle information regarding quantity, age, type length and purchase date, etc. supplied by the Subrecipient and to be entered into the system will be compared against the Subrecipient's vehicle inventory form that is also to be provided and also crosschecked against the data entered into the system from the previous year for consistency.

As the data is being entered into the system, questionable data items that cannot be resolved at that time will be highlighted for further review. Once the initial data entry has been completed, a review team will review the forms for each Subrecipient and check for clarity and inconsistencies within the form and compared against previous data submittals. Highlighted items will be discussed and decisions reached and documented. After the review team has completed their review, the GDOT project oversight person will conduct one final check of the data prior to submittal to FTA.

Finding Control Number: FA-484-09-09

SPECIAL TEST AND PROVISIONS

Internal Control Deficiency/Noncompliance with Federal Program Regulations

We concur that we are not getting 100% compliance in submittal of the Quarterly MC Checklists to the Office of Materials and Research, but have noticed a definite improvement over last year. The Office of Materials and Research (OMR) Materials Audit Unit provided video conference training on the Materials Certificate process to the District Offices on 03/03/2010. On-site training was also provided for all Districts during June/July 2010 which reiterated the MC process. The Contract Compliance auditors have also been instructed to mark it as an exception on the audit report. Based on this we feel that the majority of the checklists are getting completed; they are just not being transmitted to the Office of Materials and Research in a timely manner. GDOT is in the middle of implementing a computerized construction and material management software, Site Manager, which will replace the MC Checklist process. We anticipate the implementation to be completed in the second quarter of 2012. We are recommending that no further action be taken on this as Site Manager will completely replace the existing process, and will electronically provide the information that is now collected and submitted in hardcopy. Site Manager has built in tools to insure testing is completed and documented as the project is ongoing.

Finding Control Number: FS-484-09-02

ACCOUNTING CONTROLS (OVERALL)

Sub-ledgers Not Properly Maintained

AUDITEE'S COMMENTS

The Department manages cash and other balance sheet accounts at a departmental level (rather than a fund source level). To comply with Federal reimbursement requirements, the Department currently maintains 1,710 fund sources. Therefore, it would not be effective or efficient to manage balance sheet accounts at the fund source level.

In order for the Department to integrate its required business management practices with the delivered functionality of PeopleSoft (the States enterprise reporting system), the Department chose to implement the PeopleSoft Project Costing Module as the Departments primary management tool. This module provides functionality similar to a Job Costing Ledger, which allows the Department to track cost by project within a funding category. We agree that fund source trial balances are an integral part of the delivered functionality of PeopleSoft; however, the Department does not utilize the fund source trial balances as its management tool to track expenditures, but as a means required for passing data to the Project Costing Module.

The fund source, as utilized by the Department, represents a category of funding within a multi-year Federal Appropriation bill (grant) rather than an actual grant, as specified in Section 2, Page 2-6-1 of the Accounting Procedures Manual for the State of Georgia. The Department receives the majority of its funding from the Federal Highway Administration (FHWA). To comply with FHWA funding requirements, a separate set of fund sources is required for each Federal Transportation Appropriation Bill. Each FHWA category within a Federal Transportation Appropriation Bill requires an individual fund source and a related Motor Fuel fund source (to demonstrate that matching requirements have been met). Similar requirements are in place for other grants the Department receives.

The Department is often required to begin construction (before Federal funding has been established), utilizing Motor Fuel funds. Once Federal funding is established, these expenditures must be redistributed from the Motor Fuel fund source to the proper Federal/Federal Match fund source. This redistribution procedure is required to submit request to FHWA for reimbursement of allowable expenditures. Section 3, Page 3-4-1 of the Accounting Procedures Manual addresses the accumulation of transactions which are later distributed to the appropriate accounts directing that care should be taken to ensure that clearing accounts do not have balances at the end of each reporting period since such accounts should not be listed on either budgetary or GAAP financial statements ; it does not provide guidance for the redistribution of transactions between fund sources. The PeopleSoft functionality (as provided to the Department through the State Accounting Office) requires the use of clearing accounts for redistribution of expenditures between fund sources (moving the related cash disbursement side of the transaction is not permitted). Although these fund source redistribution entries zero-out on a departmental level (and have no effect on the Department s budgetary or GAAP financial statements), this process of moving expenditures between fund source trial balances precludes the possibility of zeroing-out clearing accounts on an annual basis (on the fund source level) and also results in negative fund balances at the fund source level.

Finding Control Number: FS-484-09-03

ACCOUNTING CONTROLS (OVERALL)
BUDGET
Inadequate Accounting Records at the Legal Level of Budgetary Control

PeopleSoft does not currently support automated matching of expenditures with the available/earned accrued revenue for expenditure driven grants, in compliance with the State Budgetary Basis of Accounting. When the Department records an expenditure/encumbrance on the State Budgetary Basis of Accounting using Federal funding, a related Federal receivable/revenue should be accrued. During the year under review, this revenue recognition was a manual quarterly process, requiring that we run various reports, sort the data and prepare journal vouchers to accrue the receivable/revenue. This quarterly process requires the previous entry to be reversed and the new entry be posted. Upon receipt of cash, the receivable should be liquidated on a one for one basis. (This is not possible using the current quarterly net recording of receivable/revenue.) As cash is received, revenue must be redistributed again by journal voucher.

The Department, to the best of its ability, has attempted to maintain receivable/revenue, by state budgetary program, by recording manual journal vouchers, many containing over 20,000 lines. However, a manual process will never be perfectly accurate given the volume and the high possibility for error. Approximately 65 percent of the Department..s funding is based on reimbursements of cash disbursements from Federal and Other Sources. Due to the long term nature of road construction, the majority of these receipts stem from disbursements against Purchase Orders from prior Fiscal Years, established before the inception of Program Based Budgeting and the use of a Program identification code. Receipts from Federal and Other sources do not identify the Fiscal Year or the budgetary controlled program. During the year under review, the State Accounting Office developed a report (Federal Bill AR Extract Report) to allow the Department to identify the Budgetary Program associated with reimbursements from the Federal Highway Authority (FHWA). This allows the Department to post reimbursements from the FHWA by Budgetary Program, but we must bypass the revenue module and post this revenue manually by direct journal voucher. This is a tedious process, in part because the State Accounting Office requires budget checking of revenue. The majority of the reimbursements are for expenditures incurred in prior years where the budget tables

AUDITEE'S COMMENTS

have been removed from PeopleSoft. This requires that our Budget Office override each budget check error incurred to allow the direct journal voucher to post. Currently, there is no such methodology available to identify the Budgetary Program on other reimbursable Grant sources.

In addition, since the Department migrated to PeopleSoft in FY 2000, the Administration Program has traditionally been used as a default program when correcting prior year Fund Sources for FHWA billing purposes. This was done to reduce the number of transaction lines on these entries (numbering up to 8,000 entries in some years), to avoid the possibility of manual errors and better match the workload to the available staff. As a result, errors will continue to exist for many years in the beginning balance brought forward on the Budgetary Compliance Report. We are reviewing this business process to determine the ramifications of a change; however, it is not practical to go back and correct five years of entries made in this fashion. In Addition, in order to maintain the productivity of the PeopleSoft system, the State Accounting Office has archived detailed data for the fiscal years 2007 and prior, meaning that the data to book these corrections accurately is no longer available.

In order to resolve the issue with budgetary compliance and the proper matching of revenue on expenditure driven grants, a substantial effort by the State Accounting Office will be required to automate the revenue accrual process in PeopleSoft, to conform to the State Budgetary Basis of Accounting. The State Accounting Office has been working diligently on this major customization of PeopleSoft. Until this customization is complete, no further action can be taken by the Department to resolve this issue.

Finding Control Number: FS-484-09-04

ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
Failure to Submit an Accurate Schedule of Expenditures of Federal Awards

The Office of General Accounting has implemented procedures to ensure that the Schedule of Expenditures of Federal Awards (SEFA) is submitted in accordance with Federal regulations. CFDA numbers which require the reporting of subrecipient amounts will be identified using the PeopleSoft query 0GL076E. The query will be run by account and fund source range. Fund sources are included on the PeopleSoft query used to provide the CFDA data (AUDS_GL_LKNOWLES_CFDA_EXP). The results of these queries will be sorted by CFDA and Source code. Transactions with a source code of "AP" for accounts payable will be subtotaled by vendor and the amounts reported in the SEFA.

Finding Control Number: FS-484-09-07

EXPENSES/EXPENDITURES AND LIABILITIES

Internal Control Weaknesses Regarding the Ability to Record, Process, and
Report Contractual Obligations

The Department has now completed the implementation of a new Contract Tracking System (CATS) to identify and track the location of all contracts as they progress through the approval process. CATS is a work flow tool that can help the Department identify issues in the process and can be used by General Accounting to proactively monitor that they are in receipt of executed contracts. Therefore we consider this finding to be resolved at year end.

Finding Control Number: FS-484-09-08

CAPITAL ASSETS

Inadequate Capital Asset Records - Land

GDOT currently maintains detailed actual cost for land in an Access database. The source of this cost data is the accounts payable lines recorded in PeopleSoft, the state s financial accounting system. PeopleSoft currently does not provide the fields necessary to capture and record the description, location, parcel and acreage, for the purchase of land at the time of payment. This information is available in paper form and is tracked in separate databases.

The Department is actively engaged in resolving this finding. The State Accounting Office has recently granted the Department development access to the PeopleSoft Test Database, to allow development of the full functionality of the statewide accounting system s fixed asset module. In order to utilize this functionality, the State Accounting Office will need to make significant programming changes to PeopleSoft and provide a data field to record the parcel number. This field is necessary to link the Department's systems with PeopleSoft financial data; our IT staff is currently working closely with the State Accounting Office to make this and other necessary changes. In addition, interfaces to data maintained in the

Auditee's Response
Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

AUDITEE'S COMMENTS

Department's systems will need to be designed and implemented prior to migration of data from the Department's existing capital asset system to PeopleSoft. We anticipate that the State Accounting Office will make the necessary changes in the 2011 Fiscal Year, which will allow the Department to utilize PeopleSoft to account for its Capital Assets and resolve these reporting issues.

PUBLIC DEFENDERS STANDARDS COUNCIL, GEORGIA

Finding Control Number: FS-492-09-04

GENERAL LEDGER

Deficiencies in General Ledger

The agency has worked with SAO in setting up a budget fund to record all local circuit activity.

ARMSTRONG ATLANTIC STATE UNIVERSITY

Finding Control Number: FS-524-09-01

CASH AND CASH EQUIVALENTS
GENERAL LEDGER
Inadequate Accounting Controls

Cash reconciliations are being performed on a regular basis. Many of the systems that feed data into the cash accounts have been evaluated and changed to make the reconciliation process easier. The University has also posted an RFI for banking services to acquire a banking institutions that has more electronic capabilities, allowing us easier access to the data in our account on a more timely and in-depth basis.

Stale dated check processing was reconciled and a new procedure implemented in June 2010. All stale dated checks are being accounted for per Board of Regents and State policy.

This finding should be resolved by the end of the second quarter fiscal year 2011.

Finding Control Number: FS-524-09-03

CAPITAL ASSETS

Inadequate Accounting Procedures for Capital Assets

As of June 30, 2010, the University had reconciled and balanced all capital asset accounts with the exception of capital leases. We have developed new queries and monthly reconciliations to ensure all capital assets flow correctly into the Asset Management module. By the end of the second quarter fiscal year 2011 all asset categories will be reconciled.

FORT VALLEY STATE UNIVERSITY

Finding Control Number: FA-533-09-01

ELIGIBILITY

Overpayment of Student Financial Aid
U. S. Department of Education
Student Financial Aid Cluster Program

We will ask the readers of the financial statements to refer to the respective current year findings.

Auditee's Response
Summary Schedule of Prior Year Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2010

AUDITEE'S COMMENTS

Finding Control Number: FA-533-09-04

SPECIAL TESTS AND PROVISIONS

Failure to Reconcile the Federal Direct Loan Program
U. S. Department of Education
Student Financial Aid Cluster Program

We will ask the readers of the financial statements to refer to the respective current year findings.

Finding Control Number: FA-533-09-06

SPECIAL TESTS AND PROVISIONS

Deficiencies in Student Financial Aid Refund Process
U. S. Department of Education
Student Financial Aid Cluster Program

We will ask the readers of the financial statements to refer to the respective current year findings.

Finding Control Number: FS-533-09-03

ACCOUNTING CONTROLS (OVERALL)

Inadequate Controls over Financial System Access

New policies and procedures were implemented to ensure terminated employees' access rights within PeopleSoft Financials were removed. Although, the number was dramatically reduced in fiscal year 2010, the problem still remained.

Finding Control Number: FS-533-09-05

EMPLOYEE COMPENSATION

Inadequate Internal Controls

We will ask the readers of the financial statements to refer to the respective current year findings.

SAVANNAH STATE UNIVERSITY

Finding Control Number: FA-548-09-01

SPECIAL TESTS AND PROVISIONS

Student Financial Aid Cluster Program
Deficiencies in Student Financial Aid Refund Process

Although the University implemented a corrective action during fiscal year 2009, that corrective action plan must be updated and adjusted based on the current year findings. Additionally, with the significant increase in the student population over the past few years and the related increase in financial aid the University plans to contract for services to aid personnel in this office. Therefore, it is anticipated that the revised corrective action plan along with the addition of contracted services will be reflected in fiscal year 2011 operations.

Finding Control Number: FS-548-08-03

CAPITAL ASSETS

Inadequate Capital Asset Records

Savannah State University is working with the Board of Regents Information Technology Services to resolve this matter.

AUDITEE'S COMMENTS

Finding Control Number: FS-548-09-01

REVENUE/RECEIVABLES/RECEIPTS

Inadequate Control Procedures for Collection of Tuition and Fees

Savannah State University has taken steps to reduce, and eventually eliminate, the number and percentage of students having a balance that has not been guaranteed by Financial Aid or some other source. Additionally, the University has taken steps to strengthen the registration clearance process. The University is confident that these steps taken together will resolve these issues.

ABRAHAM BALDWIN AGRICULTURAL COLLEGE

Finding Control Number: FS-557-09-01

CASH AND CASH EQUIVALENTS

Inadequate Accounting Procedures

The college has implemented several new procedures to ensure that this activity is completed on a timely manner and that the appropriate reconciling items are dealt with expeditiously and accurately. A schedule of activities/reports that are due on a monthly, quarterly, etc. has been posted to assist staff in scheduling their activities and duties. Renewed emphasis on getting reports completed and submitted in a timely manner has been instilled in the relatively inexperienced staff here at ABAC. Assistance from neighboring college institutions and the System Office has helped in training and developing better procedures to ensure these procedures are done properly.

Finding Control Number: FS-557-09-02

ACCOUNTING CONTROLS (OVERALL)

Inadequate Accounting Procedures

The college concurs with this finding and recognized the significance of this finding and failings on the part of college management to properly and thoroughly prepare for the audit and the associated shortcomings determined through discovery processes.

A key staff member (comptroller) responsible for audit preparation and accounting oversight has been terminated. Additional findings discovered by current college staff and consultants not directly employed by the college further support the findings referenced. A self-evaluation of the overall college financial operations has determined that numerous changes must be made to comply with standard operating procedures to college financial operations. A first step in this process is to fully determine the risk factors that should have been discovered in the audit had it been completed. This process has been completed. New procedures have already been put into place as the result of the "self-audit". It is expected that more changes will be implemented as the process is completed.

With the assistance of an outside consultant and expertise from a neighboring college, the current staff is being trained in new procedures to ensure compliance. Once the "self-audit" is completed, a thorough review of policies and procedures is planned to determine risk factors/areas that need attention and correction. Once completed, a new procedures manual will be developed and published for all aspects of the college's financial activities. An independent review will be included in this process.

Currently, corrective actions are already underway to improve controls over key areas outline in the audit and listed above: (1) Ensure amounts posted to the general ledger were accurate and timely; (2) Ensure that financial information were properly documented and recorded in the accounting records; and (3) Ensure that financial statements as presented for audit were accurate and properly supported by underlying accounting records.

At the recommendation of consultants, additional measures have been implemented to address findings outlined in the "Information" section listed above.

Additionally, a new position has been filled to oversee grants and contracts as well as fee accounts to ensure these fund accounts are managed and accounted for properly (including reporting) given the increased emphasis on acquiring these funds and the need to better account for their use.

AUDITEE'S COMMENTS

SEED DEVELOPMENT COMMISSION, GEORGIA

Finding Control Number: FS-919-09-01

ACCOUNTING CONTROLS-GENERAL LEDGER
EQUITY AND FINANCIAL STATEMENT RECONCILIATION
GENERAL LEDGER
Excessive Year-end unreserved, undesignated fund balance

Based on findings during the last state audit of the Georgia Seed Development Commission, the Commission has proposed the implementation of a reasonable reserve policy.

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

Corrective Action Responses to Current Year Findings and Questioned Costs

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

State of Georgia

Corrective Action Responses to Current Year Findings and Questioned Costs

Table of Contents

For the Fiscal Year Ended June 30, 2010

ENTITY CODE	ORGANIZATIONAL UNIT	PAGE NO.
402	Agriculture, Department of	361
407	Accounting Office, State	361
410	Properties Commission, State	362
414	Education, Department of	362
418	Prosecuting Attorneys' Council	364
419	Community Health, Department of (*)	367
422	Governor, Office of the	370
427	Human Services, Department of	371
431	Juvenile Court Judges, Council of	384
438	Supreme Court	384
440	Labor, Department of	385
441	Behavioral Health and Developmental Disabilities, Department of	390
461	Juvenile Justice, Department of	391
462	Natural Resources, Department of	392
467	Corrections, Department of	394
470	Public Service Commission	395
472	Board of Regents	396
474	Revenue, Department of	397
475	Driver Services, Department of	397
476	Student Finance Commission, Georgia	397
484	Transportation, Department of	398
488	Veterans Service, State Department of	404
	Colleges and Universities	
5092	Georgia State University Research Foundation	404
521	Albany State University	406
524	Armstrong Atlantic State University	406
533	Fort Valley State University	406
539	Georgia Southern University	408
548	Savannah State University	408
551	Valdosta State University	409
557	Abraham Baldwin Agricultural College	409
571	Georgia Perimeter College	410
826	West Georgia Technical College	410
837	Moultrie Technical College	412
918	Higher Education Assistance Corporation, Georgia (*)	412
919	Seed Development Commission, Georgia	413
928	Environmental Finance Authority, Georgia (*)	414
984	Southwest Georgia Railroad Excursion Authority	415
SW	Statewide	415

(*) Audits of these organizational units performed in whole or in part by other auditors.

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

AGRICULTURE, DEPARTMENT OF

Finding Control Number: FS-402-10-01

CASH, INVESTMENTS, AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

We concur with this finding. The Department has adequate internal controls in place to perform timely bank reconciliations. All FY2011 bank reconciliations are current and have been reviewed as required.

Contact Person: Anthony J. Amoroso
Telephone: 404-656-9319 Fax: 404-463-0759 E-mail: Anthony.Amoroso@agr.georgia.gov

Finding Control Number: FS-402-10-100

ACCOUNTING CONTROLS (OVERALL)
BUDGET
Failure to Certify the Accuracy of the Budgetary Compliance Report

We concur with this finding. The Department is prepared to cooperate fully with future Budgetary Compliance Audits. PeopleSoft budgetary reports are monitored on a regular basis with senior management. The Department will develop procedures to allocate administrative costs across programs.

Contact Person: Anthony J. Amoroso
Telephone: 404-656-9319 Fax: 404-463-0759 E-mail: Anthony.Amoroso@agr.georgia.gov

ACCOUNTING OFFICE, STATE

Finding Control Number: FA-407-10-01

ALLOWABLE COSTS/COST PRINCIPLES

Failure to Submit Statewide Cost Allocation Plan (SWCAP)

The State Accounting Office (SAO) concurs with this finding. SAO acknowledges our responsibility to prepare and submit the Statewide Cost Allocation Plan (SWCAP) for each fiscal year to the US Department of Health and Human Services (the cognizant agency) for approval. A-87 requires SWCAPs to be submitted within 6 months of their implementation, and the plans have not been submitted within these time frames.

Accordingly, SAO's objective in Fiscal Year 2010 was to submit SWCAPs for Fiscal years 2007, and 2008, to concurrently prepare the FY 2009, 2010, and 2011 SWCAPs , and to establish preventative controls to ensure timely submission of SWCAPs in future years.

To accomplish those objectives, SAO did the following:

1. Submitted SWCAPs for FY 2007 and FY 2008 based on actual expenditures for fiscal years ended June 30, 2005 and June 30, 2006.

2. Requested financial data for SWCAPs based on actual costs concurrently for fiscal year 2007, 2008, and 2009 on June 14, 2010 to agencies providing central services to other state organizations.

3. Tracked and reviewed the submission of that data to ensure it was being submitted in a timely manner, communicated and followed up with those agencies who failed to submit in a timely manner, and reviewed the data for reasonableness.

4. SAO compiled the data and submitted it to our vendor, Maximus, for SWCAP compilation and submissions to HHS.

5. SAO monitored the status of the outstanding SWCAPs, reviewed the SWCAP report, certified the data, and submitted the reports to HHS in November 2010

6. In addition, SAO has drafted a SWCAP policy. This policy addresses annual submission requirements from each agency where Statewide Central Service Cost data is applicable. SAO will collect and compile this information on an annual basis. SAO will review that the data has been submitted in a timely manner, communicate and follow up with agencies who fail to submit in a timely manner.

7. The SWCAP based on actual expenditures for the fiscal year ended June 30, 2010 is due by January 1, 2011. SAO formally requested a 90 day extension from HHS/DCA for the FY 2012 SWCAP (based on FY 2010 actual costs) on December 1, 2010 with an anticipation of submission no later than March 31, 2011.

Contact Person: Paul Turner
Telephone: 404-463-1450 Fax: 404-463-5089 E-mail: pturner@sao.ga.gov

Finding Control Number: FS-407-10-01

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

We concur with this finding. The State Accounting Office (SAO) acknowledges that bank reconciliations were not performed timely and in accordance with policy number CM-10008. SAO has had a significant reduction of staff in the Cash Management area, which caused reconciliations to fall behind. Although the reconciliations were current as of June 30, 2010, the reconciliations were not performed monthly and were not approved by the fiscal officer.

SAO has added an additional staff member to the Shared Services Division to assist with the monthly bank reconciliation process and to ensure that all reconciling items are researched and recorded timely. In addition, bank fees and interest are being recorded in the appropriate month, with approval by the fiscal officer. The fiscal officer is also reviewing and approving all bank reconciliations monthly to ensure compliance with policy number CM-10008.

Contact Person: Monique Simmons
Telephone: 404-463-4725 Fax: 770-359-5944 E-mail: mmsimmons@sao.ga.gov

PROPERTIES COMMISSION, STATE

Finding Control Number: FS-410-10-01

CAPITAL ASSETS

Inadequate Capital Asset Records - Depreciation Expense and Accumulated Depreciation

We concur with this finding. The misstatement was caused by two factors. (1) State Properties Commission implemented a Fixed Asset Software system in fiscal year 2008 that we acknowledge was incorrectly calculating depreciation expense. This led to an overall understatement of $570,773 in depreciation. (2) Prior to fiscal year 2008, depreciation expense was calculated by Excel spreadsheet analysis and erroneously contained an extra year of depreciation expense causing an overstatement of $3,937,705.

Since this finding, accumulated depreciation has been corrected in the Fixed Asset Software system and controls have been implemented to ensure that depreciation expense is calculated correctly in future years.

Contact Person: April N. King
Telephone: 404-463-1473 Fax: 404-651-6419 E-mail: april.king@spo.ga.gov

EDUCATION, DEPARTMENT OF

Finding Control Number: FA-414-10-01

ACTIVITIES ALLOWED OR UNALLOWED

Internal Control Deficiencies/Noncompliance with Federal Program Regulations

The GaDOE concurs with this finding. The GaDOE reviewed its policies and procedures in regards to the milk claims submitted by School Food Authorities (SFA). The GaDOE determined that the Department's School Nutrition Online (SNO) Reporting System did not have an edit to validate that the number of claimed milk could not exceed the Average Daily Attendance (ADA). In October 2010, the GaDOE corrected the deficiency by adding an edit to the SNO Reporting System to validate the number of claimed milk.

The GaDOE also conducted a review of the questioned milk claims and determined that $426.24 in milk claims were requested in error. These funds were refunded by the SFA in November 2010.

Contact Person: Randy Trowell, Director of Finance
Telephone: 404-656-2504 Fax: 404-657-5512 E-mail: rtrowell@doe.k12.ga.us

Finding Control Number: FA-414-10-02

ALLOWABLE COSTS/COST PRINCIPLES, ELIGIBILITY

Internal Control Deficiencies/Noncompliance with Federal Program Regulations

The GaDOE concurs with this finding. The GaDOE has implemented policies and procedures to ensure that the required applications are submitted by each Local Educational Agency (LEA). The LEA applications in question were collected in

August 2010 for the State Special and Commission Charter Schools. Also, as new State Special and Commission Charter Schools became eligible, they were required to submit the required applications.

Contact Person: Randy Trowell, Director of Finance
Telephone: 404-656-2504 Fax: 404-657-5512 E-mail: rtrowell@doe.k12.ga.us

Finding Control Number: FA-414-10-03

ELIGIBILITY

Noncompliance with Federal Program Regulations

The GaDOE concurs with this finding. The GaDOE has revised:

(1) Its formula allocation for the 70% of funds to secondary subrecipients to use 5-17 census poverty data.

(2) Its policies and procedures to separate the Section 112(c) reserve funds from the Section 131(a) formula funds.

(3) Its policies and procedures to where Section 112(c) reserve funds will be allocated for use in:

(a) Rural areas with high percentages of Career and Technical enrollment and

(b) Areas with high numbers of Career and Technical students.

These revisions were implemented for new grants beginning July 1, 2010.

Contact Person: Randy Trowell, Director of Finance
Telephone: 404-656-2504 Fax: 404-657-5512 E-mail: rtrowell@doe.k12.ga.us

Finding Control Number: FA-414-10-04

EQUIPMENT AND REAL PROPERTY MANAGEMENT

Inadequate Equipment and Real Property Management

The GaDOE concurs with this finding. Reconciliations will be performed on the GaDOE's asset management module and the general ledger. The one (1) inventory item that could not be located was an old piece of equipment that was taken off the Department's inventory in December 2010. The GaDOE's Internal Audit Unit will conduct a complete physical inventory of all capital assets in April 2011 to ensure that all Federally funded capital assets can be accounted for. Any capital assets added after the physical inventory is completed will be verified by the Internal Audit Unit before the end of the fiscal year.

Contact Person: Randy Trowell, Director for Finance
Telephone: 404-656-2504 Fax: 404-657-5512 E-mail: rtrowell@doe.k12.ga.us

Finding Control Number: FS-414-10-01

ACCOUNTING CONTROLS (OVERALL)

Internal Control Deficiencies Regarding Contract Procedures

The GaDOE concurs with this finding. The GaDOE has an established training for program managers and staff that stresses the importance of having a fully executed contract prior to work beginning under a contract, as well as the components and importance of effective contract administration. Mandatory training sessions will be scheduled during FY 11, which will include a presentation of this finding by the GaDOE's Internal Audit Manager to staff to reiterate the importance of a properly established, executed, and administered contract. A report has been developed in the Department's Contracts Database to indicate contracts that have conflicts with execution dates and service begin dates. The data from this report will be used to monitor compliance with established policies and procedures.

Contact Person: Randy Trowell, Director of Finance
Telephone: 404-656-2504 Fax: 404-657-5512 E-mail: rtrowell@doe.k12.ga.us

Finding Control Number: FS-414-10-02

CAPITAL ASSETS

Inadequate Capital Asset Records

The GaDOE concurs with this finding. Reconciliations will be performed on the GaDOE's asset management module and the general ledger. The six (6) equipment items with a cost less than the $5,000 capitalization threshold have been corrected. The location code will be used for all capital assets. Of the 23 items that could not be located by the auditors, all but six have been

corrected. These corrections included removing old assets from our inventory and assigning tag numbers to newer assets. The issues with the remaining six (6) assets will be corrected in February 2011. The four (4) assets, which lacked a decal or serial ID number will also be corrected in February 2011. The GaDOE's Internal Audit Unit will conduct a complete physical inventory of all capital assets in April 2011 to ensure that all capital assets can be accounted for. Any capital assets added after this physical inventory is completed will be verified by the Internal Audit Unit before the end of the fiscal year.

Contact Person: Randy Trowell, Director of Finance
Telephone: 404-656-2504 Fax: 404-657-5512 E-mail: rtrowell@doe.k12.ga.us

Finding Control Number: FS-414-10-03

EXPENSES/EXPENDITURES AND LIABILITIES

Inadequate Grant Allocation Procedures

The GaDOE concurs with this finding. An adequate audit trail will be maintained to document and track all revisions made to the Equalization funding. The funding spreadsheets and supporting documentation will be stored in a place that is accessible for further review. Policies and procedures will be developed to ensure that adequate records are maintained. In addition, GaDOE staff reviewed the revised calculations and determined that the amounts paid were correct.

Contact Person: Randy Trowell, Director for Finance
Telephone: 404-656-2504 Fax: 404-657-5512 E-mail: rtrowell@doe.k12.ga.us

Finding Control Number: FS-414-10-04

EXPENSES/EXPENDITURES AND LIABILITIES

Inadequate Grant Allocation Procedures

The GaDOE concurs with this finding. An adequate audit trail will be maintained to document and track all revisions made to the Austerity funding. The funding spreadsheets and supporting documentation will be stored in a place that is accessible for further review. Policies and procedures will be developed to ensure that adequate records are maintained. In addition, GaDOE staff reviewed the revised calculations and determined that the amounts paid were correct.

Contact Person: Randy Trowell, Director of Finance
Telephone: 404-656-2504 Fax: 404-657-5512 E-mail: rtrowell@doe.k12.ga.us

PROSECUTING ATTORNEYS' COUNCIL

Finding Control Number: FS-418-10-02

ACCOUNTING CONTROLS (OVERALL)

Failure to Meet the Minimum Purchasing Card Requirements

We do not concur with this finding. The Staff of the PAC provided the DOAA with the PAC internal policy regarding the use of the statewide P-Card. This policy was developed using the DOAS Statewide P-Card Policy, and we believe that all instances outlined in this finding have been addressed appropriately so that any activity that could be construed as being fraudulent will be quickly noted and resolved in a timely manner.

AUDITOR CONCLUDING REMARKS:

The Prosecuting Attorneys' Council did not provide any evidence to show that the internal policy regarding the use of the statewide P-Card noted in the Corrective Action Response had included all the minimum requirements identified in the finding.

Contact Person: Jay Garner
Telephone: 404-969-4007 Fax: 404-969-0018 E-mail: jgarner@pacga.org

Finding Control Number: FS-418-10-03

GENERAL LEDGER

Failure to Reconcile Accounts Payable to the General Ledger

We concur with this finding. The Accounts Payable subsidiary ledgers should be reconciled monthly to the General Ledger. However, prior year adjusting entries from the Superior Courts of Georgia (balances prior to July 1, 2008) were added to the General Ledger balances for the Prosecuting Attorneys' Council of Georgia. Despite numerous objections to their inclusion on the General Ledger of the PAC, these entries were added, without supporting sub-ledger documentation. All adjusting entries added to the General Ledger from the Superior Courts of GA should be removed if supporting sub-ledger reconciliations

cannot be provided. The Fiscal Director of the PAC has requested a copy of the trial balance used by the SAO to create the basic financial statements and the budgetary compliance report for FY2010. Once this is supplied, the PAC will provide a full Accounts Payable and General Ledger reconciliation with detailed reconciling items as of the end of FY2010.

The feasibility analysis of an alternative accounting system to facilitate more efficient maintenance of the General Ledger (see steps being investigated to resolve FS418-10-01) would also be of great benefit to ensure that Accounts Payable subsidiary ledger differences are found and resolved in a timely fashion. The current financial package does not provide user friendly interfaces, reports or mechanisms to correct errors in a timely fashion, making reconciliations cumbersome, confusing and prone to further errors.

We will review the current accounts payable reconciliation procedures and create an internal policy to ensure that monthly reconciliations are completed accurately, reviewed in a timely fashion by the Fiscal Director and that any reconciling items are resolved within the current month.

Contact Person: Jay Garner
Telephone: 404-969-4007 Fax: 404-969-0018 E-mail: jgarner@pacga.org

Finding Control Number: FS-418-10-04

GENERAL LEDGER

Balance Within Program Not Identified

We concur with this finding. Prior year adjusting entries from the Superior Courts of Georgia (balances prior to July 1, 2008) were added to the General Ledger balances for the Prosecuting Attorneys' Council of Georgia. Despite numerous objections to their inclusion on the General Ledger of the PAC, these entries were added, without supporting sub-ledger documentation. All adjusting entries added to the General Ledger from the Superior Courts of GA should be removed if supporting sub-ledger reconciliations cannot be provided. The Fiscal Director of the PAC has requested a copy of the trial balance used by the SAO to create the basic financial statements and the budgetary compliance report for FY2010. Once this is supplied, the PAC will make every effort to classify all balances within the program to the correct funding sources. Supporting documentation will be requested from both SAO and the Superior Courts of Georgia. If supporting documentation cannot be provided by either, we will recommend a direct write-off on the books of original entry. Any other unidentified program balances aside from those mentioned above will be corrected and reclassified as necessary.

The feasibility analysis of an alternative accounting system to facilitate more efficient maintenance of the General Ledger (see steps being investigated to resolve FS418-10-01) would also be of great benefit to ensure that subsidiary ledger errors are found and resolved in a timely fashion. The current financial package does not provide user friendly interfaces, reports or mechanisms to correct errors in a timely fashion, making reconciliations cumbersome, confusing and prone to further errors.

Contact Person: Jay Garner
Telephone: 404-969-4007 Fax: 404-969-0018 E-mail: jgarner@pacga.org

Finding Control Number: FS-418-10-05

GENERAL LEDGER

Year End Balance in Clearing Account

We concur with this finding. This is a continuation of the prior year finding (FS-418-09-03) still unresolved. Upon review of the staff making entries to these accounts, it was determined that the staff was not making correct entries, nor reconciling the general ledger accounts to ensure that the balances were maintained at zero. In conjunction with the bank reconciliations in FY418-09-02, the full reconciliation has yet to be completed. The staff responsible for entries to these accounts have been coached and have begun making the appropriate entries to maintain a zero balance (December 2010). All prior period entries are currently being reviewed and corrections documented as necessary for a scheduled full reconciliation to be completed by June 30, 2011.

Contact Person: Jay Garner
Telephone: 404-969-4007 Fax: 404-969-0018 E-mail: jgarner@pacga.org

Finding Control Number: FS-418-10-06

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

We concur with this finding. This is a continuation of the prior year finding (FS-418-09-02) still unresolved.

To date, we have not received a response from neither the Treasury nor the Banking and Finance Departments, regarding the implementation of an additional bank account specifically for payroll transactions. We will include this request in the response

to the bank account registry request from the state treasurer received at the end of December.

Staff hired to complete the bank reconciliations have not been able to complete the bank reconciliations to date. It has been determined that the current staff does not possess the necessary skills and abilities to perform this task, and will be moved to another department as of the end of January 2011. The Fiscal Director will continue working to reconcile the accounts and bring the reconciliations up to date prior to June 30, 2011.

Contact Person: Jay Garner
Telephone: 404-969-4007 Fax: 404-969-0018 E-mail: jgarner@pacga.org

Finding Control Number: FS-418-10-07

EXPENSES/EXPENDITURES AND LIABILITIES

Deficiencies in Reporting of Operating Leases

We concur with this finding. The staff of the PAC will develop an internal control procedure to ensure that all executed contracts and lease documentation is captured and appropriately filed in the fiscal office. In conjunction with this, the PAC will review all current leases and contracts and determine any material differences in payments and liabilities and note any such differences in the appropriate contract file. This should be completed prior to the beginning of the next fiscal year.

Contact Person: Jay Garner
Telephone: 404-969-4007 Fax: 404-969-0018 E-mail: jgarner@pacga.org

Finding Control Number: FS-418-10-08

EXPENSES/EXPENDITURES AND LIABILITIES

Failure to Provide Documentation of Agency Head Compensation

We do not concur with this finding. Documentation was provided using the same information and documentation provided in the previous year's audit for the same information request. The increase in the FY2010 compensation of $4,161.60 (from $135,023.28 in FY2009 to $139,184.88 in FY2010) was the direct result of changes in the number of furlough days incurred by the Executive Director. Each furlough day taken by the Executive Director was consistent with Council approved furlough days for all state compensated employees employed by the Prosecuting Attorneys' Council of Georgia (14 days taken in FY2009 and 6 days taken in FY2010). Aside from these documented furloughs, the Executive Director's rate of compensation has remained constant and consistent with previously provided documentation ($135,252.00 for salary and $7054.08 for vehicle allowance).

Council actions for all furloughs in FY2009 (14 days) and FY2010 (6 days) are on record of the minutes of the PAC, but are not placed in each employee's personnel file. Sufficient internal controls are in place to ensure properly approved compensation of not only the agency head, but all state compensated employees is documented and correctly calculated and no further action is needed.

AUDITOR CONCLUDING REMARKS:

The Prosecuting Attorneys' Council did not provide any evidence to show that the amount of compensation reported for the Executive Director was established by the Prosecuting Attorneys' Council's Board Members.

Contact Person: Jay Garner
Telephone: 404-969-4007 Fax: 404-969-0018 E-mail: jgarner@pacga.org

Finding Control Number: FS-418-10-10

BUDGET

Budgetary Compliance Deficiency

We concur with this finding. We have previously responded to this finding in a letter to the auditor, on December 7, 2010.

Our response from that correspondence:

In a response to your email dated December 1, 2010, you submitted finding number FS-418-10-10 that was found as a result of the recent audit. This finding cited the Council for a Budgetary Compliance Deficiency in that funds totaling $8,521.21 were spent over funds available or on hand.

Upon review of the deficiency noted in the finding, the Council finds that this deficiency was the result of a timing issue, where receivables were not recorded in the financials application system prior to year-end, although invoices were actually sent out.

Subsequent to your audit, the funds, specifically for funding source 30021 ($7,023.12 for federal funds) have been received in full and all deficiencies have been cleared at the funding source within program.

Contact Person: Jay Garner
Telephone: 404-969-4007 Fax: 404-969-0018 E-mail: jgarner@pacga.org

COMMUNITY HEALTH, DEPARTMENT OF

Finding Control Number: FA-419-10-01

ALLOWABLE COSTS/COST PRINCIPLES

Upper Payment Limit Calculation

"We concur with this finding. On November 19, 2010, Reimbursement Services initiated discussion with the Department of Audits and Accounts (DOAA) to provide support and data validation for all hospital, nursing home and physician UPL payments. The DOAA review will precede submission of sample calculations to Centers for Medicare and Medicaid Services (CMS). The DOAA review will include verification of source data used in the various UPL calculations."

Contact Person: John Hankins
Telephone: 404-657-7880 Fax: 404-657-4199 E-mail: jhankins@dch.ga.gov

Finding Control Number: FA-419-10-02

ELIGIBILITY

Verification and Documentation of Eligibility

"We concur with this finding and acknowledge the importance of ensuring all CMS guidelines for documenting member eligibility are followed properly. We have taken the following steps to improve our monitoring of the eligibility process: Department of Community Health placed the DFCS in the DHS under a Program Improvement Plan (PIP) effective March 12, 2010. The PIP requires DFCS to remedy areas of deficiencies such as proof of recertification of eligibility, missing records and documentation. DFCS has responded to the PIP and outlined how they will implement and monitor improvements to correct the deficiencies. Department of Community Health and DFCS management staff meet quarterly to discuss and review progress towards improving the deficiencies.

In addition, Department of Community Health implemented an external quality assurance project in 2006 through an Administrative Services Organization (ASO). The ASO project completes desk reviews of requested case records, and reports findings to Department of Community Health on a monthly basis, with a quarterly detailed summary. The ASO finished their work in June 2010.

The Department of Community Health Medicaid Eligibility Quality Control (MEQC) team took over the ASO functions effective July 2010, reading randomly selected cases at a volume of 400 per month. The findings from these reviews are shared with DFCS for inclusion in their PIP planning and field trainings.
DHS/DFCS routinely covers error findings with their regional management staff who, in turn, discuss with county staff. Department of Community Health feels that there is positive progress in reducing the incidents of these findings."

Contact Person: John Hankins
Telephone: 404-657-7880 Fax: 404-657-4199 E-mail: jhankins@dch.ga.gov

Finding Control Number: FA-419-10-03

MATCHING, LEVEL OF EFFORT, EARMARKING

Matching of Allowable Expenditures

"The Department of Community Health concurs with this finding. We recognize and acknowledge the need to enhance the review of payments to ensure the correct FMAP rate is used in calculating the federal and state portion of CHIP administrative expenses.

A procedure will be implemented to have the Accounts Payable Manager review and reconcile the CHIP accounts on a quarterly basis to ensure that the correct FMAP rate and any applicable enhanced rates are in compliance with CMS."

Contact Person: John Hankins
Telephone: 404-657-7880 Fax: 404-657-4199 E-mail: jhankins@dch.ga.gov

Finding Control Number: FA-419-10-04

SUBRECIPIENT MONITORING

Subrecipient Monitoring

"We concur with this finding and agree that quarterly reporting was not prepared as required by the original Grant-in-Aid Annex (GIA) for the fiscal year 2010 PHEP grant. Both the Director of the Office of Emergency Preparedness and the Public Health Grants Manager resigned from their positions in February 2009 with minimal notice. The Acting Director of the Office of Emergency Preparedness worked diligently to assume full management of PHEP grant activities, but the transition was challenging and the requirement for quarterly reports as a component of subrecipient monitoring was overlooked.
A new GIA was developed for the new grant cycle (still in fiscal year 2010), which included quarterly reports. Shortly after the GIA was published, the Centers for Disease Control and prevention's (CDC) H1N1 funding was released, which required intensive monthly reports. We used the experiences of the H1N1 monthly reports to provide the basis for a more instructive and prescriptive GIA for fiscal year 2011.

In addition to the re-implementation of quarterly reports, the Department of Community Health plans to do site visits beginning in January 2011 as an additional component of subrecipient monitoring. This will allow the districts the opportunity to complete newly formatted work plans and quarterly reports, which will be reviewed during the site visits."

Contact Person: John Hankins
Telephone: 404-657-7880 Fax: 404-657-4199 E-mail: jhankins@dch.ga.gov/exchange

Finding Control Number: FA-419-10-05

ACTIVITIES ALLOWED OR UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
Controls Over Emergency Preparedness Administrative Expenses

"We concur with this finding. The audit found that one (1) out of sixty (60) expenditures was not approved by the Division of Emergency Preparedness and Response (DEPR). This occurred because the Public Health Lab personnel were not initially made aware, following the transition of the Division of Public Health from the Department of Human Resources (DHR) to the Department of Community Health, that expenses had to go through the funding programs for review and approval.

Shortly after transition from DHR to the Department of Community Health, leadership in the DEPR recognized that expenditure forms from the Public Health Lab were not being sent to DEPR for review and approval prior to being sent to Financial Management for payment. The Division of Public Health now sends all expenditure requests paid by the PHEP grant through DEPR to ensure program funds are documented and used appropriately."

Contact Person: John Hankins
Telephone: 404-657-7880 Fax: 404-657-4199 E-mail: jhankins@dch.ga.gov

Finding Control Number: FA-419-10-06

MATCHING, LEVEL OF EFFORT, EARMARKING

Documentation of Matching and Maintenance of Funding Compliance

"We concur with this finding and agree there was confusion on the part of staff regarding the different requirements for MOF. The support documentation for MOF is not in PERFORMS, the CDC's on-line grant management software. It is not required by CDC to attach any documents related to MOF into the PERFORMS grant submission section. However, the MOF is being achieved through both district in-kind services and state legislatively appropriated funds and is documented by organization code/number in PeopleSoft. Therefore, upon request by CDC, the organizational code/number can be queried and the funds identified, including district in-kind services.

Staff have a clearer understanding of the requirements for documentation and tracking, and have taken steps to put into place procedures to consistently distinguish between, separately account for and adequately document the non-federal amounts used to meet MOF requirements."

Contact Person: John Hankins
Telephone: 404-657-7880 Fax: 404-657-4199 E-mail: jhankins@dch.ga.gov

Finding Control Number: FS-419-10-01

REVENUES AND RECEIVABLES
EXPENSES/EXPENDITURES AND LIABILITIES
FINANCIAL REPORTING AND DISCLOSURE
Upper Payment Limit Calculation

See FA-419-10-01

Contact Person: John Hankins
Telephone: 404-657-7880 Fax: 404-657-4199 E-mail: jhankins@dch.ga.gov

Finding Control Number: FS-419-10-02

ACCOUNTING CONTROLS (OVERALL), REVENUES AND RECEIVABLES

System Override of Internal Controls

"We concur with this finding and agree that a formally documented procedure using the Extended Repayment Plan (ERP) forms and processes should be implemented for all changes in the recoupment process resulting from negotiations between Department of Community Health staff and the affected providers. This is currently being done and we believe Miller County Hospital is the one (1) exception due to the date of the original transaction and the complexity of the recoupment process in this case.
In March 2008, the Chief Financial Officer granted a reduced level of recoupment to Miller County Hospital and communicated the instructions to the Benefit Recovery Unit via email. The Miller County Hospital recoupment is further complicated by credits made to their recoupment in the form of substantial amounts owed to Miller County Hospital resulting from previous Rural Health Clinic underpayments. We also agree that decisions regarding credits to accounts receivable from repayments to providers should be documented through the ERP process."

Contact Person: John Hankins
Telephone: 404-657-7880 Fax: 404-657-4199 E-mail: jhankins@dch.ga.gov

Finding Control Number: FS-419-10-03

FINANCIAL REPORTING AND DISCLOSURE

Controls Over Processes Performed at Service Organizations

"We concur with this finding. The Department of Community Health acknowledges the importance of obtaining timely service auditor reports and understands the need for the joint venture auditors to raise their concerns in this area.

Service auditor reports fully covering the audit period were not available for two (2) service organizations, i.e., Bank of America and Wachovia. The Department of Community Health shares SAS 70 reports with the auditors as soon as the Department of Community Health is physically able to share the reports, and we expect to receive a Type 2 SAS 70 report from Bank of America by 'mid-December' per bank representatives. Because the target audit report delivery date precedes mid-December, the Department of Community Health requested Bank of America to ask its SAS 70 auditor to discuss the process with the joint venture team. As of this date (November 30), we are still awaiting follow-up communication from Bank of America. Despite the Department of Community Health's desire to obtain these reports, it should be noted that the Department of Community Health has no control over the banks' SAS 70 reporting, does not select its own banking service providers and does not set or negotiate the State of Georgia's terms of agreement.

The Department of Community Health requires SAS 70 Type 2 reporting from a large number of vendors who contract directly with the Department of Community Health, monitors their content of these reports, and requires corrective action when needed. Examples include ACS (Medicaid Management Information System), WellCare (Care Management Organization), PSI (State Children's Health Improvement Program), and that the last ACS SAS 70 cover the period through October 31, 2010 with Hewlett Packard's first SAS 70 covering the period beginning November 1, 2010 to ensure complete coverage by organizations responsible for operating the department's Medicaid Management Information System."

Contact Person: John Hankins
Telephone: 404-657-7880 Fax: 404-657-4199 E-mail: jhankins@dch.ga.gov

Finding Control Number: FS-419-10-100

ACCOUNTING CONTROLS (OVERALL)
BUDGET
Expenditures in Excess of Final Budget

We concur with this finding. Fiscal Year 2010 was an extraordinary year for the Department of Community Health due to the significant amount of work necessary to incorporate the staff, funding, programs and processes of the Division of Public Health as well as the Office of Regulatory Services from the Department of Human Resources. We believe the department is better prepared for FY 2011 financial close-out and we will accelerate our efforts to ensure all reconciliations and other final adjustments are completed before the close of BudgetNet.

Contact Person: John Hankins
Telephone: 404-657-7880 Fax: 404-657-4199 E-mail: jhankins@dch.ga.gov

GOVERNOR, OFFICE OF THE

Finding Control Number: FA-422-10-01

ACTIVITIES ALLOWED OR UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
EQUIPMENT AND REAL PROPERTY MANAGEMENT
Poor Internal Controls and Contract Management

The Georgia Professional Standards Commission (GaPSC) concurs with this finding.

The audit was conducted at the request of GaPSC, and covered contracts with the Oconee RESA over a period from FY04 through FY09. Many of the issues addressed in the audit had already been corrected at the time the audit was released. Corrective actions, taken before and after the audit, include: terminating the problematic contract with Oconee RESA (ensuring the return of equipment and unspent funds); the discontinuance of the Virtual Interview System that was a component of the contract and which, although it had federal approval, was determined to be not in the best interest of GaPSC or the grant; the development and use of tighter and stronger contract templates with added in-house control; added scrutiny of expenditures; and strengthened contract monitoring plans to ensure, to the extent possible, federal funds are expended in accordance with GaPSC, state, and federal guidelines.

For large contracts, this includes quarterly meetings with program and financial staff, with more frequent formal and informal contact as needed. Overall, the agency has improved consistency and put in place processes and procedures that require multiple checks, and continues to look for best practices of due diligence.

Contact Person: Kristina Strode
Telephone: 404-232-2665 Fax: 404-232-2610 E-mail: kristina.stroede@gapsc.com

Finding Control Number: FS-422-10-02

ACCOUNTING CONTROLS (OVERALL)
FINANCIAL REPORTING AND DISCLOSURE
Failure to Provide Documentation for Lease Agreements

The Office of the Governor concurs with the finding.

The Accounting Shared Services model was implemented as of January 1st of FY10. This is a new Governor's Initiative that was put in place to remove non-core services and put the administrative duties in the most appropriate place.

OPB will work with SAO Shared Services to ensure that SAO Shared Services has the appropriate documentation to complete the Lease Agreement Data form, required by the SAO Financial Reporting group.

Contact Person: Terry Landers
Telephone: 404-656-7920 Fax: 404-656-7916 E-mail: terry.landers@opb.state.ga.us

Finding Control Number: FS-422-10-03

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Process

The Office of the Governor concurs with the finding.

The Accounting Shared Services model was implemented as of January 1st of FY10. This is a new Governor's Initiative that was put in place to remove non-core services and put the administrative duties in the most appropriate place.

OPB will work with SAO Shared Services to ensure that all bank reconciliations are completed, reviewed, and approved in accordance with policy number CM-100008 of the State Accounting Manual.

Contact Person: Terry Landers
Telephone: 404-656-7920 Fax: 404-656-7916 E-mail: terry.landers@opb.state.ga.us

Finding Control Number: FS-422-10-100

BUDGET

Budgetary Compliance Deficiency

The Office of the Governor concurs with the finding.

A change was implemented in the classification of funding to include State Prior Year Funds, July 1, 2008. OPB did not make the change in the BudgetNet system during FY2009 or FY2010. PeopleSoft reflected the correct data, but failed to match up with the official budget system BudgetNet.

Since notification of the deficiency in the audit, OPB has adjusted the budget tables to reflect the proper classification of the funds so PeopleSoft and BudgetNet correctly match.

Contact Person: Terry Landers
Telephone: 404-656-7920 Fax: 404-656-7916 E-mail: terry.landers@opb.state.ga.us

Finding Control Number: FS-422-10-101

BUDGET

Budgetary Compliance Deficiency

The Office of the Governor concurs with the finding.

A change was implemented in the classification of funding to include State Prior Year Funds, July 1, 2008. OPB did not make the change in the BudgetNet system during FY2009 or FY2010. PeopleSoft reflected the correct data, but failed to match up with the official budget system BudgetNet.

Since notification of the deficiency in the audit, OPB has adjusted the budget tables to reflect the proper classification of the funds so PeopleSoft and BudgetNet correctly match.

Contact Person: Terry Landers
Telephone: 404-656-7920 Fax: 404-656-7916 E-mail: terry.landers@opb.state.ga.us

Finding Control Number: FS-422-10-102

BUDGET

Audit Adjustments to the Budget Comparison Report

The Office of the Governor concurs with the finding.

The Accounting Shared Services model was implemented as of January 1st of FY10. This is a new Governor's Initiative that was put in place to remove non-core services and put the administrative duties in the most appropriate place.

SAO Shared Services will ensure that a copy of all year end adjustments are submitted to appropriate OPB contacts for review and approval. OPB staff will inform SAO Shared Services staff of any problems that may arise with the adjustments that they are preparing.

Contact Person: Terry Landers
Telephone: 404-656-7920 Fax: 404-656-7616 E-mail: terry.landers@opb.state.ga.us

HUMAN SERVICES, DEPARTMENT OF

Finding Control Number: FA-427-10-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Journal Entry Documentation

We concur with this Finding.

DHS has implemented the following measures to improve the documentation supporting journal entries:

1. Staff were trained that journal entries must contain documentation sufficient for a reasonably skilled reviewer to understand and validate the adequacy of the journal entry and its intent,

2. Office of Financial Services staff were trained as above and required to reject any journal entries not adequately supported,

3. Journal Entries are now logged and tracked to ensure proper recording.

As indicated in the audit, journal entries recorded during the first 11 months of the fiscal year were adequately documented. Journal Entry activity during Periods 12 and 998 increases significantly due to normal business processes which include cost allocation, federal grant maximization, and revenue recognition, some of which cannot be completed until the last 24 hours before the books are closed for the year. This truncation of the time frame allowable for journal entry development, documentation, approval, submission and recording, leads to sometimes inadequate documentation, satisfactory under the audit standards applied. We will continue to exercise diligence in monitoring the documentation of journal entries throughout the year and evaluate ways in which to reduce the number of entries required at year-end.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-02

ALLOWABLE COSTS/COST PRINCIPLES

Ineffective Cost Allocation Methodology

We partially concur with this Finding.

The auditors comment that our Cost Allocation methodology does not appear to be the best fit for our needs, and then go on to explain the various problems caused by our methods. Random Moment Sampling is an accepted method for allocating indirect costs across multiple funding sources and activities. This methodology is used by more than 60% of the States in allocating indirect costs in the area of human services. Our current plan is approved by our federal cognizant agency, the U.S. Department of Health and Human Services. The evaluation or implementation of a new cost allocation methodology is not currently economically feasible and we do not believe that the methodology itself is fundamentally unsound. We do believe however that the timing of the cost allocation process as currently implemented poses risks in three areas:

We are not able to charge expenditures to the final funding sources initially in many cases,

We are not able to accurately project expenditures by fund source due to variances in the results of the cost allocation process, and

We must wait until after the final cost allocation is completed during Period 998 to review and reconcile the final expenditures to the hundreds of fund sources to which they must be applied.

Currently we are engaged in a discussion with our cognitive agency, to determine if we can adjust the timing of certain aspects of the cost allocation process. If this discussion yields positive results, improvements to the cost allocation process should be immediately beneficial. If unsuccessful, we will be forced to continue to make incremental improvements in our processes and/or request that the State Accounting Office provide additional time for year-end closing activities.

Additionally, to a large degree, the extreme variances noted in the audit report occurred during the restructuring of human services in Georgia, a period of transactional volatility, reconciliation, and closeout for the Department, as we split into three separate agencies.

AUDITOR CONCLUDING REMARKS:

Auditors are not saying that the method is not allowable or not approved; merely that it creates problems with many areas of the financial bookkeeping processes.

Contact Person: Robert B. Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-03

CASH MANAGEMENT

Inadequate Procedures Over Cash Draws of Federal Funds

Correlative Finding(s) FS-427-10-11

We partially concur with this Finding.

As we stated in our response to a similar finding in the prior year's Single Audit, DHS does not agree that the auditors' methodology for determining the appropriateness of DHS current year draws of federal funds accurately reflects our level of

compliance with Federal Cash Management Improvement Act requirements. In SFY 2009, the agency developed, with the assistance of a recognized expert, a revised cash draw procedure. We have implemented that procedure and determined that it meets CMIA standards and effectively addresses DHS business practices.

We agree however, that any new process requires ongoing monitoring and evaluation and during SFY 10, DHS did indeed evaluate the effectiveness of the new cash draw process. We determined that several inconsistencies exist, both with our internal processes and with the auditors' evaluation.

DHS draws federal funds as determined by analysis of cash disbursement based on payments processed in the PeopleSoft accounting system and the clearing patterns established for each type of payment. Many of our costs are pooled due to cost allocation methodologies. In addition, some programs are not disbursed on a prorated share at the time of disbursement but costs are allocated to meet federal and state participation rates at specific times. At times, federal funds may not be available until after a program has started due to the process used by the federal government to appropriate funds. We also have to provide funds to the local DFCS offices on an advance basis from state funds. The information necessary to allocate the local DFCS costs to federal funds is not available for up to 35 days after disbursement. All of these factors contribute to timing differences between cash draw methodologies and postings to the general ledger by fund sources, which would contribute to the findings addressed by the auditors. We acknowledge that some of the balances appear to be excessive in the trial balance and we are reviewing our process to determine the cause. We will be continuing to review our processes for improvement as we find appropriate.

AUDITOR CONCLUDING REMARKS:

The Department's cash management methodologies are complex and do not clearly demonstrate compliance on an individual program basis. Under the circumstances, we believe our audit procedures are the most reasonable and consistent way to test the cash management guidelines presented in the Code of Federal Regulations and the A-133 Compliance Supplement.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-04

MATCHING, LEVEL OF EFFORT, EARMARKING

Internal Control Deficiency

Correlative Finding(s) FA-427-10-05, FA-427-10-06, FA-427-10-07, FA-427-10-08

See the Response to Finding # FA-427-10-13. This Finding will be resolved as a result of resolving the conditions noted in FA-427-10-13

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-05

MATCHING, LEVEL OF EFFORT, EARMARKING

Internal Control Deficiency

Correlative Finding(s) FA-427-10-04, FA-427-10-06, FA-427-10-07, FA-427-10-08

See the Response to Finding # FA-427-10-13. This Finding will be resolved as a result of resolving the conditions noted in FA-427-10-13

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-06

MATCHING, LEVEL OF EFFORT, EARMARKING
SPECIAL TESTS AND PROVISIONS
Internal Control Deficiency

Correlative Finding(s) FA-427-10-04, FA-427-10-05, FA-427-10-07, FA-427-10-08

See the Response to Finding # FA=427-10-13, and include:
Georgia utilizes contracted sources to assist in MOE requirements, as a result some data factored into report elements are not

on DHS' general ledger; however, they are memo entries in GARS.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-07

MATCHING, LEVEL OF EFFORT, EARMARKING

Internal Control Deficiency

Correlative Finding(s) FA-427-10-04, FA-427-10-05, FA-427-10-06, FA-427-10-08

See the Response to Finding # FA-427-10-13. This Finding will be resolved as a result of resolving the conditions noted in FA-427-10-13

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-08

MATCHING, LEVEL OF EFFORT, EARMARKING

Internal Control Deficiency

Correlative Finding(s) FA-427-10-04, FA-427-10-05, FA-427-10-06, FA-427-10-07

See the Response to Finding # FA-427-10-13. This Finding will be resolved as a result of resolving the conditions noted in FA-427-10-13

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-09

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Expenditures Charged Outside of Period of Availability

We concur with this Finding.

We are developing a plan to improve the monitoring of expenditures to ensure that grant period of availability requirements are met. Financial leadership will oversee this process to ensure that development and implementation occur in a timely manner.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-656-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-10

PROCUREMENT AND SUSPENSION AND DEBARMENT

Failure to Follow Procurement and Suspension and Debarment Regulations

We concur with this Finding.

During FY 2010, DHS revised its contracting policy to include the requirements that all Divisions and Offices must confirm that any prospective contractor/vendor does not appear on the Excluded Parties List System (EPLS) as Suspended or Debarred. An EPLS confirmation report is required to be included with the contract when submitted for development. The Office of Procurement and Contracts will verify the completion and inclusion of this confirmation report before completing development of the contract. We expect this deficiency to be resolved at this point.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-11

PROGRAM INCOME

Internal Control Deficiency

Correlative Finding(s) FA-427-10-13, FA-427-10-14, FA-427-10-15, FA-427-10-16

See the Response to Finding # FA-427-10-13 and include in addition:

The Program Income reported on the financial reports (396A and 34A) are pulled directly from the general ledger using the ZAR012 PeopleSoft query. DHS grant accountants reconcile all reports to the general ledger as a core function of reporting activity; however, we recognize that key reconciliation activities are not standardized and often times not adequately documented. Over the next month, as part of the grant reporting routing and approval process, the grant manager will design a clear and effective tool for documenting source documents used.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-12

REPORTING

Internal Control Deficiencies

We concur with this Finding.

Tthe offsetting manual adjustments needed to reconcile the federal reports to our accounting records had not been completed by June 30, 2010. However, it should be noted that these "working paper adjustments" were included in the federal reporting to ensure the accuracy of those reports. The timeliness of the preparation of research and adjustment documentation is subject to the availability of staffing resources. We also acknowledge that the reports were submitted late. The above referenced Journal Entries were posted in July 2010. DHS is reviewing our business practices in an effort to complete and submit federal reports on time and to ensure any working paper adjustments are posted to the accounting system in a timely manner. We have already started implementing procedural changes to manage grant reporting and accounting to improve the timeliness of reports and reduce the number of working paper adjustments. Tracking procedures to monitor posting of working paper adjustments to the accounting system are being implemented in January 2011. New procedures documentation and implementation should be completed by June 30, 2011. As a result of these efforts, the timeliness of our reporting has improved significantly during the first 5 periods of State Fiscal Year 2011.

Contact Person: Robert Dorr
Telephone: 604-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-13

REPORTING

Internal Control Deficiency

Correlative Finding(s) FA-427-10-11, FA-427-10-14, FA-427-10-15, FA-427-10-16

We concur with this Finding.

The Chief Financial Officers office of DHS is leading a number of Fiscal Transformation Process Improvement initiatives, in part, designed to address the Federal reporting aspects of grants management. These projects are scheduled to be completed over the next year.

DHS grant accountants reconcile all reports to the general ledger as a core function of reporting activity; however, we recognize that key reconciliation activities are not standardized and often times not adequately documented. Over the next month as part of the grant reporting routing and approval process, the grant manager will design a clear and effective tool for documenting source documents used as well as reconciliations between GARS and PeopleSoft.

Federal grant reports prepared using values based on GARS memo entries (work paper adjustments) are identified in the report approval process as unsupported reports. In an effort to decrease the number of unsupported reports as well as the length of time is takes for work paper adjustments to post to PeopleSoft, DHS has taken the following actions;

1) Since October 2010 the CFO's office has assigned a grant coordinator to track all reports submitted by OFS grant accountants to determine;

a) the timeliness of grant reporting,
b) the percent of submitted reports that were not supported by PeopleSoft at the time of submission, and
c) the percent of reports that were unsupported at one point in time that become supported in a given month.

2) Since January 1, 2011 all grant accountants have been required to submit a schedule of adjustments to the CFO's office no later than 3 business days following the certification of a report that contains work paper adjustments. The schedule of

adjustments are used by the grant coordinator to track the status of adjustments as they are posted to PeopleSoft.

3) Work paper adjustments are typically posted to PeopleSoft via journal entries submitted to the Grants Management Section of OFS. Effective December 15, 2010 all re-classification journal entries submitted to the Grants Management Section have been submitted electronically via JournalEntries@dhr.state.ga.us.

The CFOs office will continue to monitor progress towards the stated goals.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-14

REPORTING

Internal Control Deficiencies

Correlative Finding(s) FA-427-11-13, FA-427-10-13, FA-427-10-15, FA-427-10-16

See Response to Finding # FA-427-10-13

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-15

REPORTING

Internal Control Deficiencies

Correlative Finding(s) FA-427-10-11, FA-427-10-13, FA-427-10-14, FA-427-10-16

See Response to Finding # FA-427-10-13

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-16

REPORTING

Internal Control Deficiency

Correlative Finding(s) FA-427-10-11, FA-427-10-13, FA-427-10-14, FA-427-10-15

See Response to Finding # FA-427-10-13

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-17

REPORTING

Internal Control Deficiency/Noncompliance with Federal Program Regulations

We concur with this Finding.

We are currently evaluating this Finding and will develop a suitable corrective action plan in a timely manner

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-18

REPORTING

Internal Control Deficiency/Noncompliance with Federal Program Regulations

We concur with this Finding.

The federal fiscal year 2009 TANF MOE report was submitted late. Contributing factors to the late report were the need to collect client count information from external parties and a loss of staff in the DFCS budget unit. The department has replaced staff and worked diligently to obtain client count information from our external sources. The federal fiscal year 2010 TANF MOE report was submitted on time.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-19

SUBRECIPIENT MONITORING

Deficiencies in Subrecipient Monitoring

We concur with this Finding.

Prior to the implementation and roll out of the E-Procurement module in PeopleSoft this year, DHS had been unable to capture and extract subrecipient contractor information from our outdated contracts management computer system. In the absence of that data, we had, for years, employed a labor-intensive method of manually tracking contractor-required audits. During SFY 08 and early 09, amid the budget reductions, we took a calculated risk that EProcurement would be the solution to our problem and we reduced the resources committed to the manual process. Unfortunately, when EProcurement was rolled out to DHS, we immediately realized that it was not configured to capture and report out the information on contractors as needed. We have had numerous conversations with DOAS and have partnered with our Contracts and Procurement Office to assist in requesting that the tables, forms, queries and reports in EProcurement be reconfigured to meet subrecipient reporting needs. Since it appears that the EProcurement functionality may not be available for some time, we have had to add resources back and resurrect the manual tracking process. This should improve our performance temporarily until the EProcurement solution is available. In addition, we have developed a subrecipient determination process and training, some of which has been rolled out to the Department pending completion of the EProcurement updates and the associated revision of the training.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-20

SPECIAL TESTS AND PROVISIONS

Internal Control Deficiencies/Noncompliance with Federal Program Regulations

We partially concur with this Finding.

In response to the 2010 audit findings, the Division will continue to monitor implemented adequate internal control policies and procedures to ensure that supporting documentation is maintained and all transactions and related case data are properly recorded in the case records.

Because of the evolving Health Care Reform initiative, the Administration for Children and Families will not review the proposed Medical Support performance indicator lines for the audit cycle (items 5, 6 and 7 below).

In our efforts to be more efficient, we are working to automate as much of the case files as possible by requiring staff to document the $tars case action logs and/or appropriate corresponding $tars screens of all actions taken on cases. This is reinforced during supervisory case reviews and in ongoing training sessions. We maintain our case files consists of $tars data, imaged documents and the hard copy file. We request that the auditor considers the case file definition stated above and find information contained in the case file to be consistent (item 7 below).

Based on the 2010 findings the following Improvements exceed the Federal Benchmark requirements:

1. Born out of Wedlock determination 99% Efficiency Rate
2. Support cases monitored as necessary 99% Efficiency Rate
3. Delinquent cases monitored as necessary 98% Efficiency Rate
4. Timely Enforcement Action initiated 98% Efficiency Rate
5. Custodial Parent Medical Insurance Obtained 95% Efficiency Rate
6. Non custodial Parent Medical Support 91% Efficiency Rate
7. Consistent information recorded in case files 88% Efficiency Rate

Title 45 Code of Federal Regulations Ch.III OCSE, ACF, HHS
308.2 Required program compliance criteria:

(b) Establishment of paternity and support order. The State must have and use procedures required in this paragraph in at least 75 percent of the cases reviewed (item 1 above).

(c) Enforcement of orders. A State must have and use procedures required under this paragraph in at least 75 percent of the cases reviewed (items 2, 3 & 4 above).

(e) Securing and enforcing medical support orders. A State must have and use procedures required under this paragraph in at least 75 percent of the cases reviewed (items 5 & 6 above).

AUDITOR CONCLUDING REMARKS:

When reviewing case file data, auditor does consider each case file as any paper documentation as well as any electronic data. However, if data is different within the case file, the auditors feel that case workers or anyone relying on information from $TARS could place reliance on incorrect information. DHS had the opportunity to prove that the inconsistencies noted by the auditor were incorrect and documentation could not be provided for the errors noted.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-21

SPECIAL TESTS AND PROVISIONS

Internal Control Deficiencies/Noncompliance with Federal Program Regulations

We concur with this Finding.

As of January 2011, DCSS sends a quarterly report listing all non-compliance notices sent to DFCS in an effort to address issues of DFCS not receiving notices from DCSS. The report submitted to DFCS in January is being reviewed at this time.

In addition, DFCS has taken these supplemental actions resulting from an ongoing process review implemented as a result of this Finding:

(1) The Business Operations Specialist will use this report to track and reconcile the DCSS quarterly report against the monthly TANF Tracking Logs from the regions to identify any discrepancies.

(2) New procedures for updating the DCSS electronic mailbox have been developed with the IT Unit Manager. These procedures will be implemented in the counties by March 31, 2011.

(3) The Business Operations Specialist will be added as an administrator for all counties by March 31, 2011. This will ensure that when there is a change in the owner of the mailbox, the Business Operations Specialist can immediately make changes.

(4) Beginning in February 2011, the DCSS distribution mailboxes will be reviewed and updated quarterly by the Field Program Specialist and changes made as necessary. The Field Program Specialist for each region will be included as an authorized individual to receive non-compliant notices from DCSS.

(5) Education and Training, along with the TANF Policy Unit developed The Georgia Child Support Refresher Training and has trained or will train all TANF staff by February 14, 2011.

(6) Included in the refresher training, new procedures have been added to instruct staff on handling non-compliance notification for clients who relocate to a different county.

(7) During training, additional emphasis was stressed to staff with regards to reviewing documentation thoroughly to ensure that clients who reapply have completely cooperated with DCSS prior to approval.

(8) Tally Reports from the Business Operations Specialist are sent out monthly to Field Program Specialists, Regional Managers and Regional Directors outlining each regions progress in handling non-compliance notices timely.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-22

SUBRECIPIENT MONITORING

Failure to Accurately Report Pass-Through Amounts Provided to Subrecipients

Correlative Finding (s) FA-427-10-19

See Response to Finding FA-427-10-19. Upon resolution of the subrecipient identification and reporting issues discussed in the response to the correlative findings, DHS will determine the most appropriate method for extracting the financial data needed for accurate reporting on the Schedule of Federal Awards.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FA-427-10-23

PERIOD OF AVAILABILITY OF FEDERAL FUNDS

Expenditures Charged Outside Period of Availability

We do not concur with this finding.

We concur that there were expenditures incorrectly charged to the wrong fund source. However, we do not concur that we have expenditures outside the period of availability. Coding errors were made when the transactions were entered into PeopleSoft. Journal vouchers were completed to reclassify the expenditures to the proper fund source and work paper adjustments were submitted for federal reporting purposes. Our federal partners do not allow us to be reimbursed for expenditures outside of the period of availability.

AUDITOR CONCLUDING REMARKS:

Journal entries were not made to correct the full balance of expenditures charged to incorrect fund sources. Therefore, on the official book of record (PeopleSoft) expenditures appear to be charged outside the period of availability. While these charges may not be invalid, the fund sources were never corrected and no supporting documentation for the transactions charged were made available to the auditors for review.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-01

ACCOUNTING CONTROLS(OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
BUDGET
Inadequate Journal Entry Documentation

Correlative Finding(s) FA-427-10-01

See the Response to Finding # FA-427-10-01

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-656-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-02

ACCOUNTING CONTROLS (OVERALL)
EXPENSIES/EXPENDITURES AND LIABILITIES
GENERAL LEDGER
Failure to Reconcile TANF Subsidiary Systems to PeopleSoft

We concur with this Finding.

In the past, the Uniform Accounting System (UAS) interface to PeopleSoft was monitored on a total transaction volume basis (number of transactions and dollar value). It was not reconciled by Direct Benefit program. Once this requirement was identified during the audit, DHS began performing the reconciliation by program. Program reconciliations are now performed quarterly and signed off by the AP Manager.

With regards to reconciling the Success system to PeopleSoft, we are now redefining the reconciliation process to ensure on-going monthly reconciling items are addressed. DHS is still researching a highlighted $2.8 million difference which appears to have occurred in the late FY2008 or early FY2009 timeframe.

As with most reconciliation processes, the management of limited and budget constrained resources is a critical factor in sustaining these procedures.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-03

ACCOUNTING CONTROLS (OVERALL)
EXPENSES/EXPENDITURES AND LIABILITIES
GENERAL LEDGER
Failure to Reconcile the Maximus Subsidiary Systems to PeopleSoft

We concur with this Finding.

As discussed with the auditors, DHS is now working with Maximus to receive a reliable statement of transactions in order to perform this reconciliation. The auditors agreed a monthly statement from Maximus would be acceptable for performing this reconciliation. Once statements are provided by Maximus, we intend to perform monthly reconciliations.

As with most reconciliation processes, the management of limited and budget constrained resources is a critical factor in sustaining these procedures.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-04

GENERAL LEDGER

Federal Program Fund Balances

We partially concur with this Finding.

DHS did not book receivables or reserves to address debit or credit balances for federal program fund source balances at year-end. These entries were booked at state level by SAO. We believe the current process of booking final revenue on the last day of 998 does not lend itself to reviewing federal fund source balances and booking the appropriate receivables and reserves by the hard close of 7:00 pm of the final day of closing. The current process is more focused on achieving current year DHS Budgetary Compliance than balance sheet balances. We continue to review our business processes, and will work with SAO to develop the most appropriate course of corrective action.

AUDITOR CONCLUDING REMARKS:

We believe our audit procedures are the most reasonable and consistent way to test Federal Program Fund Balances for compliance with the State of Georgia Accounting Procedures Manual.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-05

GENERAL LEDGER

Ending Balances in Balance Sheet Clearing Accounts

We concur with this Finding.

The balance of $3.4 million in clearing account was identified as a journal entry related to the closing of FY2008. We are researching this entry to ensure the appropriate accounting treatment for clearing this balance.

The balance of -$23,523.93 in account 196018 has been cleared.

DHS limits the use of its clearing accounts during the final week of the fiscal year-end close. There is an entry made to clear these accounts during that week. We are monitoring these balances periodically throughout the year to ensure appropriate action when necessary.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-06

GENERAL LEDGER
REVENUES AND RECEIVABLES
Failure to Record Federal Grant Awards in a Timely Manner

We Concur with this Finding.

In response to this Finding, DHS has contacted all federal funding agencies and requested that Grant Award notifications be addressed to a central location at DHS. The notifications continue to come in all across the agency. We have started a log to track notifications and identify where they are being held up. All staff have been trained to immediately forward notifications to OFS. We will continue to monitor the process.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-07

GENERAL LEDGER
REVENUES AND RECEIVABLES
Failure to Reconcile Accounts Receivable to General Ledger

We concur with this Finding.

We are now performing monthly reconciliations of the A/R module to the G/L per the SAO format. Long outstanding reconciling items are being researched. We are revising our reconciliation process to improve the level of detail contained within the reconciliation.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-08

GENERAL LEDGER
EXPENSES/EXPENDITURES AND LIABILITIES
Accounts Payable Reconciliation Inaccurate/Incomplete

We partially concur with this Finding.

There were some small reconciling items on the A/P reconciliation that were not addressed on a timely basis. However, we do take exception to the $34.9 million debit balance in account 234001 identified as not being reasonably explained. The OFS team met with the Audit team and explained in detail how the accounting for advances given annually to the DFCS regions was reflected in this account. The debit balance represents the advance balance that is reduced throughout the year as regional expenditures are submitted via UAS for reimbursement.

The $2.8 million debit balance in account 222101 relates to the feed from the Success system and is addressed in the response to FS-427-10-2. This balance relates to the late FY2008 or early FY2009 timeframe and is currently being researched.

We have now assigned reconciling item resolution throughout the AP group. We are attempting to address reconciling items on a monthly basis. As with most reconciliation processes, the management of limited and budget constrained resources is a critical factor in sustaining these procedures.

AUDITOR CONCLUDING REMARKS:

OFS did meet with auditors to explain the nature and cause of the $34.9 million balance; however, the explanation does not agree with best accounting practices.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-09

BUDGET
GENERAL LEDGER
Surplus Not Calculated at the Legal level of Budgetary Control

Correlative Finding(s) FS-427-10-13, FA-427-10-01, FA-427-10-03, FS-427-10-11, FA-427-10-02

We partially concur with this Finding.

See the Response to Findings # FS-427-10-13, FA-427-10-01, FA-427-10-03, FS-427-10-11, FA-427-10-02

AUDITOR CONCLUDING REMARKS:

Some of the referenced finding responses don't apply. See auditor concluding remarks for FS-427-10-13.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-10

CASH, INVESTMENTS AND INVESTMENT-RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

We concur with this Finding.

With regards to the Child Support account, the tracking, accounting and reporting system was upgraded February 18, 2011. The system now automatically voids all checks 181+ days old. Once this process is completed, funds are returned to Child Support escrow and the Child Support regional/state accounting teams work to locate the intended recipients and reissue these checks.

For the Operating account, we concur checks had not been cancelled in a reasonable timeframe. The outstanding checks identified relate to 2008 and prior years. There is a function within PeopleSoft that was used up until this time, which required SAO to provide an internal release of these checks to enable them to be voided. Since 2009, DHS has voided its Operating account checks in accordance with policy. We must now ask SAO to provide access to the outstanding checks and allocate resources to cancelling them.

With regards to the Payroll account, due to the reorganization of DHS and limited resources, we are behind on managing unclaimed checks.

DHS will institute procedures for voiding checks in accordance with state policy for both uncashed and unclaimed checks. We will attempt to keep limited resources allocated to consistently execute these procedures.

Bank reconciliations are now performed monthly. There is on-going research for old items. Our intention is to address all current items within 30 days.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-100

ACCOUNTING CONTROLS (OVERALL)
BUDGET
FINANCIAL REPORTING AND DISCLOSURE
Inaccurate Statutory (Budgetary) Basis Financial Statements

We partially concur with this Finding.

DHS agrees that in several instances, among various programs, there are negative variances per the final accounting records, between actual expenditures and either Authorized Budgets, or Funds Available. However, the reader should be aware that in every instance noted, the variances result from accounting issues and do not reflect any additional liability to the State or consume any additional State revenues. DHS is primarily a Federally funded agency, with more than 60% of our operating revenues coming from numerous Federal sources. Due to our heavy reliance upon Federal funding, we engage in extensive end-of year revenue maximization efforts which sometimes result in "rushed" and inadequate reconciliation of accounting details. We are constantly striving to improve and streamline these processes.

The explanations of the variances noted in the Conditions section of the audit Finding can be grouped into 6 general categories:

1. Differences between our estimates of expenditures, and therefore revenues for the year per the final OPB budget amendments and actual.

2. Immaterial variances related to the draw down of federal funds.

3. Kenny A. lawsuit reserves posted to the wrong account per books and not allowed as a post closing adjustment.

4. Revenues which were available but not properly recorded. Adjusted post closing. No actual deficit.

5. Invalid encumbrance amount included in final expenditures balance.

6. Revenues available from prior year funds were not recorded until after year-end. No deficit occurred.

In a subsequent section of the Finding, the auditors identify those conditions which they believe to be the underlying causes of the variances noted. We disagree with certain of the characterizations made.

We agree that numerous and excessive journal entries are made at the end of the fiscal year, for some of the reasons previously discussed. We disagree with the auditors that a lack of documentation sufficient to make the journal entry completely clear to the auditors, automatically renders the journal entry invalid. Even as we continue to make improvements in our documentation and processes, the need for complex year-end reconciliations will continue, prompting corresponding journal entries.

We agree that Cash Management continues as an area for improvement at DHS, but our results over the last 2 years are indicative of ongoing progress.

We agree that assignment of Fund Sources is an area where improvement is needed and we will continue to address that issue until we have improved satisfactorily.

The auditors comment that our Cost Allocation methodology "does not appear to be the best fit" and then go on to explain the various problems caused by our method. Random Moment Sampling is a complex method for allocating indirect costs across multiple funding sources. It is a methodology that is used by more than 60% of the States in allocating indirect costs in the area of Human Services. Our plan is subject to evaluation and approval by our Federal cognizant agency, the U.S. Department of Health and Human Services, and currently is the approved methodology.

DHS has indeed lost many key personnel during the restructuring of Human Services in Georgia and through retirements. We have aggressively filled positions as budget and has allowed.

AUDITOR CONCLUDING REMARKS:

Causes identified by auditors are general issues noted during the course of the audit, and many of them were confirmed by DHS staff. Recommendations made by auditors are not designed to be specific, it is up to the auditee to design and implement any additional policies and procedures to ensure that all State requirements are met.

We believe our audit procedures are the most reasonable and consistent way to test the State Program Balances for compliance with the Constitution of the State of Georgia.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-11

REVENUES AND RECEIVABLES

Inadequate Procedures Over Cash Draws of Federal Grants

Correlative Finding(s) FA-427-10-03

See the Response to Finding # FA-427-10-03

AUDITOR CONCLUDING REMARKS:

The Department's cash management methodologies are complex and do not clearly demonstrate compliance on an individual program basis. Under the circumstances, we believe our audit procedures are the most reasonable and consistent way to test the cash management guidelines presented in the Code of Federal Regulations and the A-133 Compliance Supplement.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

Finding Control Number: FS-427-10-12

EXPENSES/EXPENDITURES AND LIABILITIES

Invalid and Questionable Encumbrances

We concur with this Finding.

We have taken steps to ensure that all POs are closed at the appropriate time. Financial leadership is providing oversight in this area. The status of contracts and open POs are discussed at weekly fiscal team status meetings.

Contact Person: Robert Dorr
Telephone: 404-656-9294 Fax: 404-651-5091 E-mail: rbdorr@dhr.state.ga.us

JUVENILE COURT JUDGES, COUNCIL OF

Finding Control Number: FS-431-10-01

BUDGET

Budgetary Compliance Deficiency

We concur with this finding. The Council monitors the Federal revenues and expenditures for the Council of Juvenile Court Judges of Georgia. When the Council became aware of the over expenditure of the Federal funds budgeted, communication began with the Governor's Office of Planning and Budget. The Council requested the Governor's Office of Planning and Budget to amend the Federal funds budgeted for the Council of Juvenile Court Judges to match Federal expenditures. The Council was told the books were closed and the funds were unable to be amended. The Governor's Office of Planning and Budget also stated "amending the Federal funds would not make a difference with the books being closed and not to worry. Obviously, there was miscommunication between the Governor's Office of Planning and Budget and the Council of Juvenile Court Judges of Georgia. This miscommunication is what caused a material misstatement with the Department of Audits. Procedures will be implemented to ensure that the Council's Federal budget would reflect the resources received and disbursed.

Contact Person: Kirsten Wallace
Telephone: 404-657-5020 Fax: 404-657-5038 E-mail: Kirsten.Wallace@earthlink.net

SUPREME COURT

Finding Control Number: FS-438-10-01

ACCOUNTING CONTROLS (OVERALL)

Internal Control Deficiencies Regarding Bank Reconciliations

We concur with this finding. The Office of Bar Admissions recognizes that all transactions should be recorded in PeopleSoft and that good internal controls dictate that bank reconciliations should be reviewed and approved. Management also recognizes that PeopleSoft is the official record of the Supreme Court. Immediate procedures have been implemented to ensure that all transactions are recorded in PeopleSoft. Further, the monthly bank statements are now being reconciled to the general ledger and their review and approval documented.

Contact Person: Sherie Grier, Fiscal Officer
Telephone: 404-651-9383 Fax: 404-656-4880 E-mail: griers@gasupreme.us

Finding Control Number: FS-438-10-02

FINANCIAL REPORTING AND DISCLOSURE

Deficiencies in the General Ledger

We concur with this finding. The anticipated activity for FY 2011 of the Fitness Board has already been budgeted. The Supreme Court will take the necessary steps to correct the reporting of this activity from Fiduciary Funds to within their Budget Fund no later than the February reporting period.

Contact Person: Sherie Grier, Fiscal Officer
Telephone: 404-651-9383 Fax: 404-656-4880 E-mail: griers@gasupreme.us

LABOR, DEPARTMENT OF

Finding Control Number: FA-440-10-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Supporting Documentation for Adjusting Journal Entries

We concur with this finding with the following explanation. This finding is a repeat of Finding FS-440-10-01, except that it is from the perspective of how the Federal Programs listed above may have been affected.

The Department acknowledges that enhanced documentation could accompany fiscal year end adjusting journal entries and will implement additional procedures to improve this condition in subsequent periods, though sufficient information was provided. It should be noted however; that the finding addresses only certain fiscal year end closing entries and does not indicate concern with the massive number of routine journal entries made throughout the fiscal year by the Department. Additionally, the vast majority of funding received by the Department is Federal in nature and audits conducted by various Federal grantors have not have revealed problems with the department's journal entry documentation.

Contact Person: John T. Williams, Accounting Director
Telephone: 404-232-3575 Fax: 404-232-3578 E-mail: John T.Williams@dol.state.ga.us

Finding Control Number: FA-440-10-02

ACCOUNTING CONTROLS (OVERALL)

Status of Prior Year Finding Materially Misrepresented in the Summary of Prior Year Findings and Questioned Costs

We do not concur with this finding.

This finding relates to a continuing difference of opinion with the Auditor regarding the necessity and feasibility to replace the current accounting system used by the agency to process the Unemployment Insurance Fund. See Finding FS-440-10-02 for details regarding the Department's position on this matter.

AUDITOR CONCLUDING REMARKS:

The Department of Labor reported the status of the prior year finding as Significantly Different Corrective Action Implemented, however, our review did not disclose any corrective action implemented beyond contacting other states to identify the systems they are utilizing.

Contact Person: Robert Thomas - Unemployment Insurance
Telephone: 706-583-2613 Fax: 404-232-3578 E-mail: Robert.Thomas@dol.state.ga.us

Finding Control Number: FA-440-10-03

CASH MANAGEMENT

Inadequate Procedures over Cash Draws of Federal Grants

We concur with this finding with the following explanation.

The Vocational Rehabilitation Program has a program matching requirement that requires the Department to expend the State's share of required program match on this program. Because State appropriations cannot be drawn in sufficient amounts to fund this matching requirement, the Department has to draw the Federal Vocational Rehabilitation funds in advance of being earned. These funds are then reimbursed as state funds are made available to pay for the State's share of costs incurred on the program.

Because of these stringent Federal matching requirements, the Department has no means to correct the necessity to drawdown Federal Funds in advance. The Department welcomes input relative to solutions to solve this problem.

Contact Person: John T. Williams, Accounting Director
Telephone: 404-232-3575 Fax: 404-232-3578 E-mail: JohnT.Williams@dol.state.ga.us

Finding Control Number: FA-440-10-04

REPORTING

Deficiencies in Financial Reporting

We do not concur with this finding.

The Department of Labor vigorously disagrees that the matters described by the auditors are the basis for a finding. There were no unidentifiable irreconcilable differences in actual amounts being reported versus amounts recorded on the accounting records. All amounts reported were in accordance with the financial reporting requirements of the grant.

In the case of the ETA-9130 report for the quarter ended March 31, 2010, the Department made expenditures that were supported by the accounting records and limited by the amount of Obligation Authority received from the Grantor at the time the report was filed. The expenditures in excess of Obligation Authority in the amount of $1,321,504.58 were reclassified to another active federal grant. The $20,807,866.00 in reported expenditures agreed with the Obligation Authority at that time.

In the case of the ETA-9130 report, for the quarter ended June 30, 2010, the cumulative Obligation Authority was reduced by the Grantor in the amount of $1,426,012.02 as compared to the prior quarter. The decrease in Obligation Authority required the Department to reclassify an additional $1,426,012.02 of expenditures to another active federal grant. This reclassification, together with the amount of expenditures reclassified as discussed above in the second paragraph, equaled the expenditures in the amount of -$2,747,516.60, that were reported to the Federal Government for that quarter. Once again, the total expenditures reported of $19,381,853.98 agreed with the Obligation Authority from the Grantor at June 30, 2010. In the case of the SF-425 report, for the quarter ended June 30, 2010, the Department made expenditures that were supported by the accounting records and limited by the amount of Obligation Authority received from the Grantor at the time the report was filed. Subsequent to fiscal year-end, the Department received additional Obligation Authority from the Grantor and the expenditures were reported for the quarter ended September 30, 2010, in line with the current Obligation Authority.

In summary, in the cases discussed above, all amounts reported by the Department of Labor were in fact supported by the accounting records, were correct based on the facts present at the date the reports were filed and agreed with the Obligation Authority at that time. In some cases Obligation Authority has increased and we have the documentation, however the system may not reflect the increase at the time of the report. At no point is our information not reconciled. If there are differences, they may be reclassified to an active grant. The reclassified amount is identified and reconciled by nature. The fact that correct adjustments were made by the Department in completing the reports indicate internal controls were in place to accurately report expenditures of these grant funds.

AUDITOR CONCLUDING REMARKS:

The Department did not have sufficient internal controls in place to ensure that financial reports submitted were supported by the accounting records. The Department should implement our recommendation to mitigate the risk of submitting inaccurate and/or incomplete financial reports in the future.

Contact Person: John T. Williams, Accounting Director
Telephone: 404-232-3575 Fax: 404-232-3578 E-mail: JohnT.Williams@dol.state.ga.us

Finding Control Number: FA-440-10-05

REPORTING

Reports not Reconciled to the Accounting Records

We concur with this finding with the following explanation.

It is important to note the finding does not assert the amounts reported on the various reports were incorrect. The Department acknowledges certain amounts of revenues and expenditures were overstated in the accounting records as previously noted in Finding Control Number FS 440-10-3. However, when preparing the Federal Financial Reports for the programs listed above, the Department correctly reported the revenues and expenditures. The Department will establish procedures to ensure amounts reported on future Federal Reports are formally reconciled to the accounting records.

Contact Person: John T. Williams, Accounting Director
Telephone: 404-232-3575 Fax: 404-232-3578 E-mail: JohnT.Williams@dol.state.ga.us

Finding Control Number: FA-440-10-06

SPECIAL TESTS AND PROVISIONS

Failure to Submit an Accurate Schedule of Expenditures of Federal Awards

We concur with this finding with the following explanation.

Items (4) and (5) of the finding again relate to Finding Control Number FS 440-10-03, which has been previously addressed. Item (7) of the finding is applicable to the Unemployment Compensation Trust Fund expenditures, which are separately reported as a Proprietary Fund. Items (1), (2), and (3) relate to federal expenditures that were in fact reported on the Schedule of Expenditures of Federal Awards (SEFA), but were misclassified as to program.

We are fully committed to work the DOAA to clarify the data required for this schedule at the onset of the engagement to ensure that all federal expenditures are reported on the SEFA in the manner DOAA prescribes.

Contact Person: John T. Williams, Accounting Director
Telephone: 404-232-3575 Fax: 404-232-3578 E-mail: JohnT.Williams@dol.state.ga.us

Finding Control Number: FS-440-10-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Supporting Documentation for Adjusting Journal Entries

We concur with this finding with the following explanation.

The Department acknowledges better documentation could accompany fiscal year end adjusting journal entries and will amend procedures to improve this condition in subsequent periods. It should be noted however; that the finding addresses only certain fiscal year end closing entries and does not raise issue with the massive number of routine journal entries made over the course of the fiscal year by the Department. Additionally, the vast majority of funding received by the Department is Federal in nature and audits conducted by various Federal grantors have not have indicated concerns with journal entry documentation.

Contact Person: John T. Williams, Accounting Director
Telephone: 404-232-3575 Fax: 404-232-3578 E-mail: John T.Williams@dol.state.ga.us

Finding Control Number: FS-440-10-02

GENERAL LEDGER

Inadequate General Ledger

We do not concur with this finding.

It should be noted that this finding relates solely to the Unemployment Insurance program. The auditor expresses in the condition segment of the finding that "the general ledger utilized by the Department is not adequate due to being basically a set of ongoing cash sheets" (sic) is not factually based. While cash sheets comprise a part of information posted to the general ledger, the general ledger also includes all required accrual based entries which result in a set of fiscal year-end accrual based financial statements. Additionally, a chart of accounts has long been established which define the contents of all general ledger accounts used in the posting process. Details of all account balances are in fact available. The Department is not aware of any accounting requirement that precludes a manual general ledger being utilized provided postings to the ledger are supported by detailed documentation.

The Department acknowledges the HOST system currently used to process and account for transactions relating to the Unemployment Compensation Fund of the State of Georgia is not a formal integrated accounting system, per se. However, over the last six fiscal years, a general ledger has been utilized where data is posted from other systems. Also, a formal chart of accounts has been developed to facilitate preparation of financial statements, and multiple queries have been written and continually revised to produce financial information that is used to update and prepare the Department of Labor's Financial Statements for the Unemployment Compensation Fund (UCF). We also note here that FY10 is the fifth consecutive fiscal year the auditor's opinion as to the fairness of these statements will be unqualified. These results demonstrate the current system is being both effectively utilized and maintained. Given this scenario, the Department of Labor continues to question the necessity of the recommendation by the Auditors for a new accounting system for the UCF.

However, in the spirit of cooperation we continue to invest time and effort in response to the State Auditor's recommendation. The Department has surveyed nine other States across the Nation to investigate the type of accounting system used to operate, maintain, and report financial information associated with Unemployment Compensation fund. This survey has revealed that none of these states has an integrated accounting system for UCF comparable to what the auditors continue to push. In fact, based on the information gathered from other States, it is the Department's position that no State contacted has an accounting system with better capabilities than the current system that is now being used by DOL. These states are of similar size to Georgia and are nationally known for their excellence in governmental accounting.

AUDITOR CONCLUDING REMARKS:

The Unemployment Compensation Fund general ledger as maintained by the Department of Labor does not meet the definition of a fund as it relates to being self-balancing, or including residual equities. The chart of accounts is not standardized and uses multiple numbers to identify the same type of accounts.

Auditee's Corrective Action Plans
For the Fiscal Year Ended June 30, 2010

Contact Person: Robert Thomas - Unemployment Insurance
Telephone: 706-583-2613 Fax: 404-232-3578 E-mail: Robert.Thomas@dol.state.ga.us

Finding Control Number: FS-440-10-03

GENERAL LEDGER

Inadequate Accounting Procedures for Federal Funds

We concur with this finding with the following explanation.

The methodology for recording and reporting Workforce Investment Act (WIA) revenues and expenditures has been in place since FY01. The problem noted by the auditor's identified an accounting methodology used by the Department that resulted in the double counting of revenues and expenditures in situations where the Department itself functioned as the fiscal agent or administrative entity rather than passing funds through to the actual grantee. All 9130 federal reports are 100% accurate.

Procedures will be implemented to eliminate revenue recognition and expenditures in dual ledgers on the financial statements in the future. This issue should be fully resolved with the implementation of the augmented process.

Contact Person: John T. Williams, Accounting Director
Telephone: 404-232-3575 Fax: 404-232-3578 E-mail: JohnT.Williams@dol.state.ga.us

Finding Control Number: FS-440-10-04

GENERAL LEDGER
REVENUES AND RECEIVABLES
Inadequate Procedures over Cash Draws of Federal Grants

We concur with this finding in part with the following explanation.

Various programs have been combined by the auditors into this one finding so it is necessary to address any needed corrective action on a program by program basis. However, it should be noted that for all programs tested, the auditor's testing of cash management was flawed in the following two ways:

a) The auditors used accounting period dates as the date drawdowns of Federal cash were made instead of post dates (calendar date the transaction actually occurred). The difference in timing between these dates can be as much as 30 days thereby resulting in an inaccurate conclusion about the department's cash management practices.

b) The auditors did not take into consideration the extent that Obligation Authority was available based on expenditures charged to the grant. In all cases, the auditors mistakenly assumed all expenditures charged to a Federal Grant were available to be reimbursed by a Federal Grant even though in some cases expenditures above Obligation Authority and were subsequently and properly moved to another federal grant or grant year.

The Department has performed its own cash management testing using the exact methodology used by the auditors except the Department used post dates for federal cash receipts instead of accounting dates as used by the auditors. This analysis indicated the Department's cash management performance was not flawed to the extent indicated by the auditors. The Department's position on this finding is as follows:

1) The Department disagrees with the conclusion that inadequate cash federal drawdowns were made on the Employment Services Cluster for 11 months. As discussed above, the Department's cash management testing for the Employment Services Cluster, using the same methodology as the Auditors used, (except post dates were used instead of accounting dates and Obligation Authority was used as a limiting factor), indicated insufficient cash drawdowns occurred in 3 months instead of 11.

2) Additionally, because of the flawed logic used by the auditors in conducting cash management testing, the Department disagrees that cash drawdowns for the Unemployment Insurance Administration were insufficient for 10 months. As discussed above, the Department's cash management testing for the Unemployment Insurance Administration, using the same methodology as the Auditors used, (except post dates were used instead of accounting dates), indicated insufficient cash drawdown occurred in just one month instead of 10 months as indicated by the auditors. Since the auditors' threshold for a finding is 3 months, the Department believes no finding should have been reported for insufficient drawdowns of Federal cash for the Unemployment Compensation Insurance Program.

In the case the of the programs funded by the American Recovery and Reinvestment Act, The Department concurs that Federal cash should be drawn in a more timely manner. However, as indicated by the finding, the amounts associated with these programs were relatively small.

The Department will establish further procedures to strengthen controls to ensure federal cash is drawn in a more timely

manner as expenditures are paid.

AUDITOR CONCLUDING REMARKS:

Accounting period dates provide the best measurement of cash drawdown activity. Post dates (calendar dates) include cash drawdown activity in months outside of the fiscal year being audited.

Contact Person: John T. Williams, Accounting Director
Telephone: 404-232-3575 Fax: 404-232-3578 E-mail: JohnT.Williams@dol.state.ga.us

Finding Control Number: FS-440-10-05

BUDGET

Program Budget Deficiencies

We concur with this finding with the following explanation.

The Georgia Department of Labor maintains its accounting records on the FARS (Federal Accounting and Reporting System) accounting system which is used by many other State Labor Departments across the country. As noted by the auditors, this system does not facilitate maintaining accounting records on a program basis as the system is designed primarily to provide information to the U.S Department of Labor in a uniform reporting format from the various States.

The Department will continue to pursue a methodology to use the FARS System to produce the required Budgetary Reports. A request for a Program Restructure has been on the table for several years with the Office of Planning and Budget. Approval of this restructure will be critical to fully resolving this concern.

Contact Person: John T. Williams, Accounting Director
Telephone: 404-232-3575 Fax: 404-232-3578 E-mail: JohnT.Williams@dol.state.ga.us

Finding Control Number: FS-440-10-06

BUDGET

Failure to Certify the Accuracy of the Budget Compliance Report

We concur with this finding in part with following explanation.

The finding cites 5 cases where expenditures exceeded budget authority by fund source and other instances where auditors express that expenditures exceeded available funds. The Department concurs with the assessment in the 5 cases noted that expenditures did exceed budget authority. This occurred because the Department had additional federal funds made available during the fiscal year, but failed to file budget amendments with the Office of Planning and Budget in a timely manner to amend these funds into their operating budget. Procedures will be implemented in the future to ensure all funds available are amended into the respective program budget.

In the other situations where the auditors cite expenditures exceeded funds available, more clarification is needed to fully understand this situation. The factors needing clarification are as follows:

1) Most of the Department's grants extend over multiple fiscal years. Because the State records expenditures based on encumbrances (not expenses), encumbrances may be recorded in one fiscal year, canceled and then re-established for another purpose in a subsequent fiscal year. As required by State accounting procedures, cancellation of a prior year encumbrance results in an entry to surplus (usually federal) and de-obligation of the original encumbrance liability. Because a new expenditure entry is required for the re-obligation of the funds involved, it appears expenditures have exceeded funds available in the fiscal year in question when in fact, this is not the case. The amount, required by State accounting procedures to be recorded in surplus (usually Federal) is available to fund the new expenditure.

2) The Department has multiple cost allocation ledgers which recognize encumbrances as expenditures in the accounting records. These ledgers are included in the various program budgets by the Office of Planning and Budget. Because the expenditures (encumbrances) residing in these costs allocation ledgers have not been allocated and expensed in the federal programs at the close of the State Fiscal year, no revenue has been recorded for these expenditures making it appear program expenditures have exceeded revenues. This condition is particularly a problem when total encumbrances experience a net increase from one fiscal year to the next as was the case in fiscal year 2010.

It should be noted, in all but two of the situations noted by the auditors that the programs involved ended the fiscal year with a positive fund balance. The two programs that did in fact have very minor deficits were fully funded in the subsequent fiscal year.

Contact Person: John T. Williams, Accounting Director
Telephone: 404-232-3575 Fax: 404-232-3578 E-mail: JohnT.Williams@dol.state.ga.us

BEHAVIORAL HEALTH AND DEVELOPMENTAL DISABILITIES, DEPARTMENT OF

Finding Control Number: FA-441-10-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Journal Entry Documentation

We concur with this finding. Appropriate policies and procedures will be developed and implemented by the Department of Behavioral Health and Developmental Disabilities (DBHDD) management to ensure that sufficient documentation is maintained and that proper controls and reviews are in place before approval of journal entries. Training sessions will be provided to Budget Officers, Grants Management personnel, and all others responsible for the creation and review of journal entries. The sessions will contain step by step details of what OPB/SAO policy 4-8-1 requires as well as what GA Accounting Procedures Manual section five (5-4-2) specifies as acceptable documentation to support adjustments.

In ongoing efforts to reduce reliance on journal entries to correct accounting expense allocations, DBHDD will continue to seek the State Accounting Office's assistance for their development of a process whereby 'split salaries' can be directly recorded for affected personnel (as well as other split funded costs where appropriate) in order to minimize the number of "after the fact" journal entries needed to properly record the charges.

Contact Person: Lee Wright, Director - Budget & Finance
Telephone: 404-657-1650 Fax: 770-342-7253 E-mail: lewright@dhr.state.ga.us

Finding Control Number: FA-441-10-02

MATCHING, LEVEL OF EFFORT, EARMARKING

Internal Control Deficiency

We concur with this finding. A DBHDD Grants Management four-step policy will be developed, published, and dissimilated that specifies that all federal SF-269 Federal Status Reports will be accompanied by the following items when sent for review by agency managers:

1) A copy of the Grants Accounts Receivable System (GARS) Worksheet "T" and PeopleSoft's general ledger 411 and 4EB reports, showing the 'starting points' for the reconciliation.

2) A sheet (Worksheet "T") detailing:

a) The Worksheet "T" report from GARS showing adjustments needed to bring the two systems into agreement, or
b) Identification, on the Fund Source reconciliation, of all reconciling items requiring adjustments by other fiscal operations sections. In this case, the details sheet will indicate which accounting system source (GARS or PeopleSoft) is the appropriate figure to be used.

3) Within two accounting periods (months) following the preparation and submission of the SF-269 to the grantor agency, the assigned accountant will provide to the Grants Management Accounting Supervisor and Manager a copy of the details sheet outlined in step 2 above with the adjusting JV numbers noted for each item listed for "2a" along with a copy of the PeopleSoft accounting report substantiating that the adjustments have been made.

4) Once the annotated details sheet is reviewed by the Accounting Manager, it and the adjusted PeopleSoft report(s) will be filed with the original SF-269 report.

Contact Person: Lee Wright, Director - Budget & Finance
Telephone: 404-657-1650 Fax: 770-342-7253 E-mail: lewright@dhr.state.ga.us

Finding Control Number: FA-441-10-03

REPORTING

Internal Control Deficiency

We concur with this finding. The policy and procedures described in the response to FA-441-10-2 for our agency will be implemented to ensure that all reconciling items for the SF-269A reports for the Substance Abuse Prevention and Treatment Block Grant are recorded to the General Ledger in a timely manner. These new procedures will ensure the completion and submission of accurate and complete federal financial reports by the designated due dates.

Contact Person: Lee Wright, Director - Budget & Finance
Telephone: 404-657-1650 Fax: 770-342-7253 E-mail: lewright@dhr.state.ga.us

Finding Control Number: FS-441-10-01

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

We concur with this finding. For the DBHDD operating bank account reconciliation process, the following revised procedures have been implemented to ensure accurate, complete, and timely reconciliations:

1) The bank reconciliation package will contain a checklist coversheet which will identify reconciling items along with the appropriate supporting documentation, including:

(a) Outstanding listing detail
(b) Reconciling items
(c) Bank Statement
(d) Variance totals

2) All operating bank account reconciliations will be completed within 10 business days after the close of each month, except for quarter-end which will occur 5 business days after quarter close.

For the trust fund account reconciliation process, the Accounting section of Central Office will conduct training sessions for field and hospital business staff in proper bank reconciliation procedures and sufficient documentation. Central Office Accounting section will ensure timely receipt and review of all trust fund bank reconciliations received from the facility locations on the quarterly and annual basis as specified in the DBHDD Decentralized Cash Procedure.

Contact Person: Lee Wright, Director - Budget & Finance
Telephone: 404-657-1650 Fax: 770-342-7253 E-mail: lewright@dhr.state.ga.us

Finding Control Number: FS-441-10-100

ACCOUNTING CONTROLS (OVERALL)
BUDGET
FINANCIAL REPORTING AND DISCLOSURE
Inaccurate Statutory (Budgetary) Basis Financial Statements

We concur with this finding. The Department acknowledges that reported and complete budgetary compliance was not maintained, as defined by the funds reporting roll-up structure of the SAO year-end Budgetary Compliance Report. The Department utilizes the SAO/PeopleSoft Budget Comparison Reports to monitor and control spending at the fund source level. These reports present financial data in a more detailed format than the Budgetary Compliance Reports; however, this methodology did not give us the opportunity to review and correct the financial tree misalignment we inherited from the Department of Human Resources upon our new agency's creation in FY 2010.

The Department recognizes the importance of maintaining budgetary compliance, and has taken steps to remedy the problems identified in the finding. Fund source detail and tree alignments have been corrected in PeopleSoft. Budget and Finance staff have attended several SAO sponsored training sessions to improve understanding of program based budgeting. The Department will monitor all available SAO reports in the coming year to avoid a repeat of such problems.

Contact Person: Lee Wright, Director - Budget and Finance
Telephone: 404-657-1650 Fax: 770-342-7253 E-mail: lewright@dhr.state.ga.us

JUVENILE JUSTICE, DEPARTMENT OF

Finding Control Number: FA-461-10-01

SPECIAL TESTS AND PROVISIONS

Failure to Submit an Accurate Schedule of Expenditures of Federal Awards

We concur with this finding. Unfortunately, the Department failed to thoroughly scrutinize the data that was preloaded in the DOAA SEFA web portal. Fund sources that included an alpha character were not properly identified on the GAAP Actuals report used to complete the SEFA reporting. The Department did not the detect the omitted fund sources until after the report's due date. In addition, a post closing adjusting was not originally considered in the original submission. The post closing adjustment was not completed until after the SEFA reporting due date. DJJ will thoroughly review the initial submission and cross reference the data to the GAAP Actuals report with oversight from the accounting manager.

Contact Person: Vita Jordan
Telephone: 404-508-6622 Fax: 404-508-5086 E-mail: vitajordan@djj.state.ga.us

Finding Control Number: FS-461-10-100

ACCOUNTING CONTROLS (OVERALL)
REVENUES AND RECEIVABLES
EXPENSES/EXPENDITURES AND LIABILITIES
BUDGET
Use of Incorrect Fund Source Identifiers

We concur with this finding.

1. DJJ's FY 2010 Annual Operating Budget (AOB) was approved by OPB as being in compliance with the FY 2010 General Appropriations Act (HB119), budgeting the CFDA 10.553 (School Breakfast Program) and CFDA 10.555 (National School Lunch Program) as Intra-State Government Transfers within the Other Funds designation. (HB 119 ppg. 198-200 & OPB's AOB Approval - 6/11/2009 4:13:29 PM: "The expenditures proposed in this Annual Operating Budget are within the laws governing the operations of this Department and in accordance with H.B.119.")

2. DJJ concurs with the State Accounting Procedures Manual concerning Federal Restricted - Indirect Programs as well as with the policy of both the Office of Planning and Budget and the State Accounting Office concerning the budgeting of federal funds

3. DJJ will move forward with the recommendation of the DOAA to budget these funds in compliance with the State Accounting Procedures Manual and to ensure that federal grant funds are budgeted as federal and not as other funds. Further, this conformance of budgeting practice to budgeting policy must likewise be resolved in the conflicting guidance of the Appropriations Act and the subsequent AOB approval by OPB to ensure that in fact these federal grant funds are budgeted as federal and not as other funds.

Contact Person: Ken Nash
Telephone: 404-508-7263 Fax: 404-508-6668 E-mail: kennash@djj.state.ga.us

NATURAL RESOURCES, DEPARTMENT OF

Finding Control Number: FS-462-10-01

ACCOUNTING CONTROLS (OVERALL)
CAPITAL ASSETS
Capital Asset Records - Machinery and Equipment

The Department acknowledges that subsidiary records for Personal Property did not contain a complete and detailed listing of Machinery and Equipment and those periodic reconciliations were incomplete. Further we realize the threshold for Capital asset is $5,000.

Reconciliation of subsidiary records is currently underway as well as investigation of the specific items mentioned. We will coordinate with the State Accounting Office regarding any adjustments that may be required.

The Department will review and update policies and procedures related to accounting for capital assets to require performing timely reconciliation of recorded cost per the General Ledger to the subsidiary ledgers. Additional controls will be implemented to insure accurate records related to the physical location of assets and timely removal of surplus items from the Department's inventory records.

Contact Person: David Howell
Telephone: 404-463-0230 Fax: 404-463-6688 E-mail: David Howell@dnr.state.ga.us

Finding Control Number: FS-462-10-02

CAPITAL ASSETS

Inadequate Capital Asset Records - Construction in Progress

The Department acknowledges the need to properly record and maintain capital assets in accordance with the Accounting Procedures Manual of the State of Georgia and that subsidiary records for Construction in Progress did not contain a complete and detailed listing.

Reconciliation of subsidiary records to recorded capitalized costs is currently underway. The Department will coordinate with the State Accounting Office regarding any adjustments that may be required.

The Department will review and update policies and procedures related to accounting for capital assets. These procedures will require the performance of timely reconciliation of the subsidiary ledgers to the General Ledger to insure identification of discrepancies and apply corrective action within the current operating year.

Contact Person: David Howell
Telephone: 404-463-0230 Fax: 404-463-6688 E-mail: David Howell@dnr.state.ga.us

Finding Control Number: FS-462-10-03

CAPITAL ASSETS

Inadequate Capital Asset Records - Subsidiary Ledgers

The Department acknowledges that subsidiary records for Land, Buildings, Building Improvement and Machinery and Equipment did not include accurate beginning and ending balances and additions and deletions were not accurately recorded. We further realize that periodic reconciliations were incomplete.

The Department recognizes that maintaining accurate subsidiary records is an integral part of safeguarding the assets of the agency. Reconciliation of subsidiary records of all components of Capital Assets, including Land, Buildings and Building Improvements and Machinery and Equipment is currently underway. We will coordinate with the State Accounting Office regarding any adjustments that may be required.

The Department will review and update policies and procedures related to accounting for capital assets. These procedures will require the performance of timely reconciliation of the subsidiary ledgers to the General Ledger to insure identification of discrepancies and apply corrective action within the current operating year.

Contact Person: David Howell
Telephone: 404-463-0230 Fax: 404-463-6688 E-mail: David Howell@dnr.state.ga.us

Finding Control Number: FS-462-10-04

EXPENSES/EXPENDITURES AND LIABILITIES

Inaccurate Employee Travel Expense Statements

We concur with the finding. The accounts payable personnel issuing travel reimbursements will ensure travel rules are being followed and that charges are accurate before reimbursements are processed. Additionally, the Department of Natural Resources will begin using the electronic travel reimbursement form provided by the State Accounting Office, which has certain built in controls to prevent over payments based of state travel regulations. Also, each division has been issued copies of the Statewide Travel Regulations to ensure that travel rules and regulations are available at the programs level. Statewide Travel Rules and Regulations are also available on the Department of Natural Resources Intranet for review.

All employees have reimbursed the Department of Natural Resources all overpayments related to this finding.

Contact Person: La-Shaun Thompson, MBA
Telephone: 404-463-0117 Fax: 770-342-4090 E-mail: lashaun.thompson@dnr.state.ga.us

Finding Control Number: FS-462-10-05

EXPENSES/EXPENDITURES AND LIABILITIES

Inadequate Allocation of Expenditures

We concur with the finding. The Department of Natural Resources will review expenditure allocations by fund sources to assist the program areas in determining that charges are accurate and appropriate based on federal and state funding requirements. Review will be performed monthly to validate the allocation basis provided on source documents as well as transaction input. The Department of Natural Resources will provide additional training to managers on correct allocation of invoice and purchase requisitions submitted to financial services as well as monitoring expenditures by fund source and submitting adjustments, if necessary.

Contact Person: La-Shaun Thompson
Telephone: 404-463-0117 Fax: 770-342-4090 E-mail: lashaun.thompson@dnr.state.ga.us

Finding Control Number: FS-462-10-06

EXPENSES/EXPENDITURES AND LIABILITIES

Overpayment to Former Employee

We concur with these findings. The finding addresses the agency's self-disclosed overpayment to a former employee. Before

the audit was conducted by the Department of audits, the Department of Natural Resources Human Resources office had discovered the error and had begun collecting the overpayment from the former employee. Currently, the majority of the overpayment has been recovered and the former employee is scheduled to repay the entire net amount of the overpayment by July 2011.

The DNR Office of Human Resources implemented policy and procedure changes immediately after the self-discovery of the overpayment. The audit recommends changes that were implemented prior to the audit is as follows:

> Revision of the Payroll Proof process to prevent overpayments.
> Revision of the Separation Package which provides guidance to field HR Administrators regarding the handling of the employee termination process.
> Continued distribution of information regarding the proper handling of terminations to include the HR Newsletter for agency HR Administrators.
> Division quarterly review of the Employee Budget Status Report to certify the status of each DNR employee.

Contact Person: Jim Laine, Human Resources Director
Telephone: 404-656-7560 Fax: 404-657-9837 E-mail: jim.laine@dnr.state.ga.us

Finding Control Number: FS-462-10-100

BUDGET

Overexpenditure of Federal Funds

We Concur with this finding. The Department of Natural Resources acknowledges that expenditures exceeded Federal revenue as reported in the accounting system. The agency recorded accounts receivable based on encumbrances rather than actual expenses. This process caused overstatement of accounts receivable, due to the fact that encumbrances related to prior and/or current years may have been cancelled and the corresponding receivables were not adjusted. The amount available in the Environmental Protection Division' Water Quality grants financial reports did not exceed actual expenditures, because the financial reports submitted were based on expenses without encumbrances.

The Department plans to discontinue the method of creating receivables based on encumbrance, except at fiscal year-end for budget basis reporting. The Department will also review other federal receivables to ensure that they are based on expenses incurred. We will also reconcile revenues and expenses reported to the grantor agencies to the amounts reported in the accounting system.

Contact Person: Maleia Wilson
Telephone: 404-463-2129 Fax: 404-463-6212 E-mail: Maleia.Wilson@dnr.state.ga.us

CORRECTIONS, DEPARTMENT OF

Finding Control Number: FS-467-10-100

ACCOUNTING CONTROLS (OVERALL)
BUDGET
Inaccurate Statutory (Budgetary) Basis Financial Statements

We concur with this finding. The Department of Corrections will work with the State Accounting Office to identify the prior year revenues that were originally coded to programs other than those in which the funds were expensed. Once identified, adjustments will be made to these revenues to correct the program in which they reside. This will have the effect of offsetting and, therefore, removing the prior year carryforward surpluses and deficits.

Contact Person: Travis Kennedy
Telephone: 478-992-5976 Fax: 478-992-5960 E-mail: kennet00@dcor.state.ga.us

Finding Control Number: FS-467-10-101

ACCOUNTING CONTROLS (OVERALL)
BUDGET
Audit Adjustments to the Budget Comparison Report and Other Budgetary Deficiencies

We concur with this finding. Given that the majority of the adjustments listed in this finding are for the correction of the miscoded prior year revenues that caused finding FS-467-10-100, the corrective action plan for FS-467-10-100 will also address this finding. For the one item that is not a result of prior year carryforward, management will review the Fund Source Trial Balance at year-end to verify that non-lapsable fund source surpluses have been properly reserved.

Contact Person: Travis Kennedy
Telephone: 478-992-5976 Fax: 478-992-5960 E-mail: kennet00@dcor.state.ga.us

Finding Control Number: FS-467-10-102

ACCOUNTING CONTROLS (OVERALL)
REVENUES AND RECEIVABLES
EXPENSES/EXPENDITURES AND LIABILITIES
BUDGET
Use of Incorrect Fund Source Identifiers

We concur with this finding. The Department of Corrections has already established new codes for the three fund sources listed in this finding to be used for any new funds received. Corrections will be made to any outstanding purchase orders and to the General Ledger to move any remaining balances into the new fund sources. In addition, the Department will review all its current and future fund sources to verify that they follow the guidelines as established in the Accounting Procedures Manual.

Contact Person: Travis Kennedy
Telephone: 478-992-5976 Fax: 478-992-5960 E-mail: kennet00@dcor.state.ga.us

PUBLIC SERVICE COMMISSION

Finding Control Number: FS-470-10-01

ACCOUNTING CONTROLS (OVERALL)
FINANCIAL REPORTING AND DISCLOSURE
BUDGET
Failure to Maintain Accounting Records at Legal Level of Budgetary Control

The PSC does in fact receive Operating Funds (Revenues) from three sources: State of Georgia, Federal and Other. It should be noted the Federal funds are from four sources: Primarily from a semi-annual reimbursement (after the funds have been spent), two separate grants from DOT and one DOE ARRA grant.

The PSC controls its budget within each of the three Programs by line item expenditures at an 'Object Code Level'. The PSC does not forecast fund sources at an 'Object Code Level' just at a program level.

The assertion "that the Public Service Commission failed to maintain their accounting records on a fund source by program basis which prevented the Commission from managing their budgetary activity at the legal level of control as specified in the FY 2010 Amended Appropriations Act" is injudicious. The three Revenues sources are all deposited in to the same 'State Agency' Operating Account in order to fund the three programs. Separate sub-ledger/details are maintained to assure received funds are directed to the designated program.

At no time has the PSC spent beyond the State allotted funds for any program even as the Governor's Office cut funding the last month of FY2009 and FY2010.

The PSC contends that 'The Commission's failure to maintain their accounting records at the legal level of budgetary control could result in misstatements in the financial statements and noncompliance with the 2010 Appropriations Act, as amended, (Final Budget)' is not a legitimate effect of this review.

We take exception at the implication that the PSC has violated the 2010 Appropriations Act as stated in HB 947 Section 55.

The PSC Fiscal Office will create an accounting routine to respond to the recommendation that 'the accounting records for each appropriated budget unit of the state should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported.'

AUDITOR CONCLUDING REMARKS:

The Public Service Commission did not maintain their accounting records on a fund source by program basis. The accounting records for each appropriated budget unit of the State should be maintained in such a manner to allow for budgetary reporting to be accurately prepared and supported. The Commission should refer to the State Accounting Office Accounting Policy Manual, Category 2 Financial Reporting, Chart of Accounts, Structure Overview for further guidance in establishing the required accounting structure for budgetary reporting.

Contact Person: Terry Pritchett
Telephone: 404-656-2088 Fax: na-- E-mail: tpritchett@psc.state.ga.us

REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA, BOARD OF

Finding Control Number: FS-472-10-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Internal Controls over Payroll Consolidation and Outsourcing Project

We concur with this finding.

The University System Office acknowledges that inadequate controls existed over the Payroll Consolidation and Outsourcing Project. The Office of Fiscal Affairs initiated a remediation plan specifically to address payroll accounting and reconciliation. This plan is comprised of five phases, and focuses on completing the payroll accounting model and delivering tools to reconcile payroll on a timely basis. The reconciliation tools facilitate retro-active reconciliation so that issues prior to deployment can be identified as well. The five phases are as follows:

Phase 1 Health and Welfare Benefit Reconciliation (FY 2011) This phase addresses identification of differences between payroll accruals and benefit provider payments.
Phase 2 Retiree Benefits (FY 2011) This phase will eliminate the redundancy of recording retiree receivable balances in Banner and will change the accounting methodology from an accrual to a cash basis.
Phase 3 Other Deductions and Audit Compliance (FY 2011) Other deductions will include foundation, institutional and retirement deductions. Further, this phase will ensure a standardized approach to fiscal year-end reporting and audit compliance for payroll.

Note: As of February 10, 2011, the first phase of the plan has been deployed and five hands-on workshops have been provided to institutional personnel. Phases 1 through 3 will remediate the incomplete general ledger interface, reconciliation tools and training deficiencies.

Phase 4 - Cash Reconciliation (FY 2012) Business process changes will be completed that provide greater transparency for institutions into the detail transactions that comprise payroll cash withdrawals.
Phase 5 Payables Integration (FY 2012) Benefits (other than Carrier Enrollment Benefits and Taxes) will be automatically interfaced from the vendor into the Accounts Payable Module for voucher creation and payment.

Contact Person: Craig Golden, Director, Shared Services Center
Telephone: 478- 24-0650 Fax: 478- 24-0641 E-mail: cgolden@ssc.usg.edu

Finding Control Number: FS-472-10-02

EXPENDITURES/LIABILITIES/DISBURSEMENTS
GENERAL LEDGER
Inadequate Internal Controls

We concur with this finding.

The University System Office acknowledges that inadequate controls existed over the recording of health benefit claims expense and the processing of journal entries.

The monitoring procedures designed to detect errors in the recording and processing of claims health benefit expenses related to the Retiree Health Benefit Fund were not adequate to detect errors in a timely manner in previous fiscal years. An error in methodology for determining the split between retiree and active employee claims expenses was discovered, resulting in an increase of retiree claim costs and an associated decrease in active employee claims expenses. The vendor has corrected the program that splits the retiree and active claims. The monitoring procedures in the University System Office Business Services that identified the errors in the processing and recoding of health claims benefit expenses will be performed periodically throughout the year to ensure that amounts recorded are accurate. This will result in the ability to record any adjustments identified in a timely manner. Further, the University System Office has contracted with a third party vendor to verify the overall amounts for both retirees and active employees to provide additional assurance that amounts recorded are correct.

A system change has been incorporated within PeopleSoft that prevents the approval and posting of journal entries by the individual who initiates the journal entry; in addition, current month-end procedures include a manual review of journal entries to ensure that two signatures are included on each journal entry. Job duties within the University System Office Business Services area have been revised so that duties are either segregated appropriately or appropriate mitigating controls are in place.

Contact Person: Kristi Fuss, Controller, University System Office
Telephone: 404-657-1472 Fax: 404-657-7433 E-mail: Kristi.Fuss@usg.edu

REVENUE, DEPARTMENT OF

Finding Control Number: FS-474-10-01

CASH, INVESTMENTS AND INVESTMENT RELATED ACTIVITY

Inadequate Bank Reconciliation Procedures

We concur with this finding. The department does have written bank reconciliation procedures for all bank accounts. The department management has reviewed all procedures with applicable personnel and emphasized the need to resolve reconciling items with appropriate documentation in a timely manner. In addition, all reconciling items are submitted to the appropriate unit managers to ensure reconciling items are addressed and resolved. All bank reconciliations are reviewed monthly by unit managers and executive management to ensure reconciliations are reviewed and approved in a timely manner and to provide guidance when applicable.

The department is currently in the process of obtaining the applicable check information for all bank accounts to remove outstanding checks that are over one year old with the applicable adjustments recorded in the general ledger based upon the guidelines in the State of Georgia Accounting Procedures Manual, Section 4-6-2 and the State of Georgia Unclaimed Property as required by the "Disposition of Unclaimed Property Act". O.C.G.A. 44-12-190 through 44-12-235. The target period of completion is by the end of March 2011.

Contact Person: Michael F. Joyner
Telephone: 404-417-2225 Fax: 404-417-2221 E-mail: michael.joyner@dor.ga.gov

Finding Control Number: FS-474-10-100

BUDGET

Budgetary Compliance Deficiency

We concur with this finding. The department's expenditures did not exceed revenue for Fiscal Year 2010 in the Motor Vehicle Registration and Titling program as evidenced in the financial records. The department has discussed with appropriate personnel to ensure amendments are accurate and reflect the actual financial condition based upon the department's financial records.

Contact Person: Michael F. Joyner
Telephone: 404-417-2225 Fax: 404-417-2221 E-mail: michael.joyner@dor.ga.gov

DRIVER SERVICES, DEPARTMENT OF

Finding Control Number: FS-475-10-100

BUDGET

Over expenditure of State General Funds

We concur with this finding. The Department did not have adequate controls in place for its cash draw down procedures during fiscal year 2010. When allotment reductions occurred during the fiscal year, the DDS did not make the correct revenue recognition entry from the allotment reduction entry. Although expenditures did not exceed the budget for any given program, the incorrect revenue entry caused an over-expenditure on the revenue side in one program. The Department agrees that, while the amount of the allotment withhold in State general funds was $103,278.77, the Department elected to not draw down $435,851.00 of its fiscal year 2010 State appropriation and did not overspend total State funds.

Steps have been taken to add additional controls to verify the amounts of our allotments and drawdown. Beginning in mid-December 2010, we have developed an excel spreadsheet that will track allotments and drawdown from those allotments, by program.

Contact Person: Amy Stancil, Director of Accounting
Telephone: 678-413-8677 Fax: 678-413-8688 E-mail: astancil@dds.ga.gov

STUDENT FINANCE COMMISSION, GEORGIA

Finding Control Number: FS-476-10-01

GENERAL LEDGER

Deferred Revenue Account Balance

The Georgia Student Finance Commission does not concur with this finding.

It has been GSFC's policy and practice to use the Deferred Revenue account to record certain transactions involving State Appropriation Lottery funds for the past seven years. The Commission's accounting policies and practices have been reviewed and audited by the Department of Audits and Accounts each of those seven years without any finding or recommendation related to this practice being issued. Since no previous finding or recommendation was made regarding this practice, and in light of the fact that the practice resulted in no questioned costs, we believe that the department's new position on this practice would be more appropriately classified as a recommendation rather than a finding.

As such, the Georgia Student Finance Commission will develop and implement policies and procedures to begin recording State Appropriation Lottery funds resulting in a Fund Balance account rather than Deferred Revenue account, effective immediately.

AUDITOR CONCLUDING REMARKS:

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. Even though we felt that the deficiency described above did not rise to the level of a material weakness, we concluded that it met the definition of a significant deficiency which 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.

Contact Person: Gerlda Hines, Chief Financial Officer
Telephone: 770-724-9116 Fax: 770-724-9091 E-mail: gerldah@gsfc.org

TRANSPORTATION, DEPARTMENT OF

Finding Control Number: FA-484-10-01

ACTIVITIES ALLOWED OR UNALLOWED
ALLOWABLE COSTS/COST PRINCIPLES
Internal Control Deficiency/Noncompliance with Federal Program Regulations

We concur with the finding. This finding seems to be the result of the having deliverables which are similar or which can apply to more than one program being included in the same contract and funded entirely by one program. Past practice in this event has been to use one fund source for that contract/project.

Procedures have been developed which will require differentiation of allowable and unallowable costs under each program in a contract and that contract funding under the appropriate program be allocated and made available for reimbursement under the appropriate program.

Reimbursement requests for contracts with multiple funding sources which cross program lines will be reviewed to determine the appropriate funding source prior to payment. Immediate implementation of these controls should resolve this finding.

Contact Person: Harvey Keepler
Telephone: 404-631-1242 Fax: 404-631-1935 E-mail: hkeepler@dot.ga.gov

Finding Control Number: FA-484-10-02

REPORTING
CASH MANAGEMENT
Internal Control Deficiency/Noncompliance with Federal Program Regulations

We concur with the finding. The Department has developed and implemented additional policies and procedures to reconcile FAA ECHO payment requests on a monthly basis to PeopleSoft, the state's accounting system of record. Additionally, supplemental training has been provided to the Department's staff, who prepare FAA ECHO draw-downs in the absence of the Department's employee who is primarily responsible for performing this function. These additional measures should ensure future compliance with internal Department controls for Cash Management Reporting. It should also be noted that the 26 program costs identified in the audit were paid, as verified by PeopleSoft, within 24 hours of the Department requesting reimbursement which is allowable under the federal program.

Contact Person: Harvey Keepler
Telephone: 404-631-1242 Fax: 404-631-1935 E-mail: hkeepler@dot.ga.gov

Finding Control Number: FA-484-10-03

REPORTING
CASH MANAGEMENT
Internal Control Deficiencies/Noncompliance with Federal Program Regulations

We concur with Point 1. In the future, a screen print of the exceptions will be saved and filed with each version of the Preliminary Federal bill that is submitted in FMIS for comparison purposes. The status and corrective action taken for each exception listed will also be provided.

We concur with Point 2. In the future, the exceptions noted above will be included in the Final Federal Bill packet provided to the Program Accounting Assistant Administrator for review. The status and corrective action taken for each exception listed will also be provided.

We concur with Point 3. The evaluating auditor reviewed the methodology used by the Department for calculating the clearance pattern, as compared to the method documented by the FMS agreement. The auditor determined that the method used by the Department, yielded an incorrect clearance pattern for FY2010. The Department concurs that the state auditor's interpretation of the agreement was correct, and that the clearance pattern for FY2010 was reported incorrectly. However, there was no violation of the Cash Management Improvement Act, as a result of this calculation. In future calculations, the Department will use the correct methodology as documented in the FMS agreement, which was verified by both the State Auditor and our staff member.

Contact Person: Angie Robinson
Telephone: 404-631-1291 Fax: 404-347-0496 E-mail: abowen@dot.ga.gov

Finding Control Number: FA-484-10-04

REPORTING
CASH MANAGEMENT
Internal Control Deficiency/Noncompliance with Federal Program Regulations

We concur with the finding. We are currently finalizing the process to coordinate/reconcile the ECHO draw-downs with data in PeopleSoft.

We will institute the process and begin completing the ECHO draw downs based on PS data by April, 2011.

Contact Person: Harvey Keepler
Telephone: 404-631-1242 Fax: 404-631-1935 E-mail: hkeepler@dot.ga.gov

Finding Control Number: FA-484-10-05

REPORTING

Internal Control Deficiency/Noncompliance with Federal Program Regulations

We concur with the finding. As part the new reporting process, the NTD reporting will go through a series of quality control checks to ensure accuracy. As the information is initially entered into the system, there will be a conformance check. This will be accomplished by an initial comparison of data supplied by the subrecipient with that of the previous years' data. It will also be compared to the previous years' data for consistency and to identify issues that need to be resolved. As an example, vehicle information regarding quantity, age, type length and purchase date, etc. supplied by the sub-recipient and to be entered into the system will be compared against the sub-recipient's vehicle inventory form that is also to be provided and also crosschecked against the data entered into the system from the previous year for consistency.

As the data is being entered into the system questionable data items that cannot be resolved at that time will be highlighted for further review. Once the initial data entry has been completed, a review team will review the forms for each sub-recipient and check for clarity and inconsistencies within the form and compared against previous data submittals. Highlighted items will be discussed and decisions reached and documented. After the review team has completed their review, the GDOT project oversight person will conduct one final check of the data prior to submittal to FTA.

Contact Person: Harvee Keepler
Telephone: 404-631-1242 Fax: 404-631-1935 E-mail: hkeepler@dot.ga.gov

Finding Control Number: FA-484-10-06

SPECIAL TESTS AND PROVISIONS

Internal Control Deficiency/Noncompliance with Federal Program Regulations

We concur that we are not getting 100% compliance in submittal of the Quarterly MC Checklists to the Office of Materials and Research, but have noticed a definite improvement over last year. The Office of Materials and Research (OMR) Materials Audit Unit provided video conference training on the Materials Certificate process to the District Offices on 03/03/2010. On-site training was also provided for all Districts during June/July 2010 which reiterated the MC process. The Contract Compliance auditors have also been instructed to mark it as an exception on the audit report. Based on this we feel that the majority of the checklists are getting completed, they are just not being transmitted to the Office of Materials and Research in a timely

manner.

GDOT is in the middle of implementing a computerized construction and material management software, Site Manager, which will replace the MC Checklist process. We are recommending that no further action be taken on this as Site Manager will completely replace the existing process, and will electronically provide the information that is now collected and submitted in hardcopy. Site Manager has built in tools to insure testing is completed and documented as the project is ongoing.

Contact Person: Georgene Geary
Telephone: 404-608-4712 Fax: 404-347-0496 E-mail: ggeary@dot.ga.gov

Finding Control Number: FS-484-10-01

ACCOUNTING CONTROLS (OVERALL)

Sub-ledgers Not Properly Maintained

We concur with the finding. However, the Department manages cash and other balance sheet accounts at a departmental level (rather than a fund source level). To comply with Federal reimbursement requirements, the Department currently maintains 1,710 fund sources. Until such time as the State Accounting Office adapts PeopleSoft (the States enterprise reporting system) to provide an automated and more efficient methodology for redistribution of transactions between fund sources, it would not be effective or efficient for the Department to attempt the management of balance sheet accounts at this detailed fund source level.

In order for the Department to integrate its required business management practices with the delivered functionality of PeopleSoft, the Department chose to implement the PeopleSoft Project Costing Module as the Departments primary management tool. This module provides functionality similar to a Job Costing Ledger, which allows the Department to track cost by project within a funding category. We agree that fund source trial balances are an integral part of the delivered functionality of PeopleSoft; however, the Department does not utilize the fund source trial balances as its management tool to track expenditures, but as a means required for passing data to the Project Costing Module.

The fund source, as utilized by the Department represents a category of funding within a multi-year Federal Appropriation bill (grant), rather than an actual grant, as specified in Section 2, Page 2-6-1 of the Accounting Procedures Manual for the State of Georgia. The Department's receives the majority of its funding from the Federal Highway Administration (FHWA). To comply with FHWA funding requirements, a separate set of fund sources is required for each Federal Transportation Appropriation Bill. Each FHWA category within a Federal Transportation Appropriation Bill requires an individual fund source and a related Motor Fuel fund source (to demonstrate that matching requirements have been met). Similar requirements are in place for other grants the Department receives.

The Department is often required to begin construction (before Federal funding has been established), utilizing Motor Fuel funds. Once Federal funding is established, these expenditures must be redistributed from the Motor Fuel fund source to the proper Federal/Federal Match fund source. This redistribution procedure is required, to submit request to FHWA for reimbursement of allowable expenditures. Section 3, Page 3-4-1 of the State Accounting Office's Accounting Procedures Manual addresses the "accumulation of transaction which are later distributed to the appropriate accounts" directing that "care should be taken to ensure that clearing accounts do not have balances at the end of each reporting period since such accounts should not be listed on either budgetary or GAAP financial statements"; it does not provide guidance for the redistribution of transactions between fund sources. The PeopleSoft functionality (as provided to the Department through the State Accounting Office) requires the use of clearing accounts for redistribution of expenditures between fund sources (moving the related cash disbursement side of the transaction is not permitted). Although these fund source redistribution entries zero out on a departmental level (and have no effect on the Department's budgetary or GAAP financial statements), this process of moving expenditures between fund source trial balances, precludes the possibility of zeroing out clearing accounts on an annual basis (on the fund source level) and also results in negative fund balances at the fund source level.

Contact Person: Alenka McElhaney
Telephone: 404-347-0469 Fax: 404-347-0496 E-mail: amcelhaney@dot.ga.gov

Finding Control Number: FS-484-10-02

ACCOUNTING CONTROLS (OVERALL)
GENERAL LEDGER
Deficiencies in Other Funds Ledgers

We concur with the finding. The Department is writing new policies and procedures for the recording of Other Funds (including Local Participation Revenue) and Fund Source Redistribution (clean-up of fund source balances for Other Funds/Reserves). In addition the Department has hired two consultants to review existing fund source balances for Other Funds/Reserves and make corrections to record Other Funds in accordance with the Accounting Procedures Manual for the State of Georgia.

Contact Person: Angela Whitworth
Telephone: 404-631-1290 Fax: 404-347-0496 E-mail: awhitworth@dot.ga.gov

Finding Control Number: FS-484-10-03

EXPENSES/EXPENDITURES AND LIABILITIES

Contract Monitoring Deficiencies

We do not concur with the finding. During the year under review, the State Accounting Office has developed two queries (P0013_0PEN_PO and P0013_0PEN_PO_VCHR) to allow the Department to identify potential obsolete outstanding purchase orders. Since the deployment of these queries, significant progress has been made in identifying obsolete purchase orders and we continue to research and follow up on long outstanding purchase orders, so that they can be closed (if possible). It is not unusual for road construction projects to span several years; therefore, it is the policy of the Department that no purchase orders including those backed by design or construction related contracts, may be closed without verification from the Project manager, that the project is completed, invoices have been received and the contractor has been paid for all services performed. During fiscal year 2010, the Department has either paid out, canceled or closed over 1,500 purchase orders, representing in excess of $1.7 Billion dollars, with budget dates ranging from 1999 through 2009. An additional 789 purchase orders were closed between July 1, 2010 and January 7, 2011, which includes all 5 of the purchase orders identified as obsolete in the auditor's sample. Due to the nature of the road construction process, there will always be valid purchase orders which will remain open for many years. Because of the significant review and verification process required to close any purchase order especially design or construction contract related purchase orders, the Department believes this will be an ongoing process.

AUDITOR CONCLUDING REMARKS:

The Department of Transportation did not provide any evidence to show that the review and verification process noted in the Corrective Action Response had taken place for the five contracts identified in the finding prior to being identified during our examination. Furthermore, the Department did not provide any formally written internal control policies and procedures for identifying contracts with potential obsolete outstanding encumbrance balances.

Contact Person: Angela Whitworth
Telephone: 404-631-1290 Fax: 404-347-0496 E-mail: awhitworth@dot.ga.gov

Finding Control Number: FS-484-10-04

EXPENSES/EXPENDITURES AND LIABILITIES

Deficiencies in the Bid Eligibility Process

We concur with the finding. GDOT will implement policies and procedures to ensure that current Certificates of Qualification are received prior to bidding in accordance with the Department of Transportation's (Department) "Standard Specifications Construction of Transportation Systems" manual.

However, we do not believe a deficiency exists in the Prequalification Files themselves, which house the information reflecting whether a contractor is currently prequalified and the certified level of capacity.

Recent changes have helped to streamline the prequalification process and clear the backlog re-certifications, and new applications which resulted from a business process change requiring all contractors to be registered. We believe this change in business process will correct issues that resulted in this finding.

To assure that we address all issues moving forward, the Department will convene subject matter experts to examine recent organizational/process changes, map the existing processes, and clarify roles and responsibilities as required to implement the new policies and procedures.

In addition, we will document the process so that there is a record of how bidding eligibility and adequate capacity is certified. We anticipate that the final process validation or changes should be completed by April 2011.

Contact Person: Bobby Adams
Telephone: 404-631-1438 Fax: 404-347-0496 E-mail: badams@dot.ga.gov

Finding Control Number: FS-484-10-05

EXPENSES/EXPENDITURES AND LIABILITIES

Inadequate Monitoring Procedures

We concur with the finding. We are aware that there are instances where the allotments in the PeopleSoft Project Costing Module and the T-Pro systems do not agree with the Federal Management Information System and other available sources of funding. This is due to the constant change in the availability of sources of funding, and the process of selecting the most prudent funding source, to leverage the available Motor Fuel funds, in order to maximize the amount Federal funds utilized by the Department.

The Department also created a Cleanup Unit under the Division of Finance in July 2010 that is responsible for reviewing project funding and expenditures on a global level. The Unit periodically generates the 0PC011 query in PeopleSoft which provides information on allotments, unearned and earned expenditures, billed amounts on Federal projects, and available balances by fund source to identify and correct projects with overrun issues. The Federal Billing Unit of the Office of Financial Management is also using the 0PC011 query to identify and correct Federal projects with agreement issues that prevent them from billing to FHWA for reimbursement.

In addition, the Department is in the process of procuring services of a consultant to design and provide a reconciliation, audit and transaction monitoring solution that will examine Federal Funds Projects, identify projects where data points between the Federal Management Information System, PeopleSoft and the T-Pro Systems are not in agreement, and identify transactions leading to an out-of-balance condition.

Contact Person: Angela Robinson
Telephone: 404-631-1291 Fax: 404-347-0496 E-mail: abowen@dot.ga.gov

Finding Control Number: FS-484-10-06

EXPENSES/EXPENDITURES AND LIABILITIES

Internal Control Deficiencies over Contractual Obligations

We concur with the finding, except as related to the time stipulation between: when the contract is signed by the vendor and when the contract is executed by the Department. Until the contract is executed by the Department, it is merely an offer without acceptance. Therefore, recording a contractual obligation for this type transaction is not required.

The Department realizes the importance of recording obligations on the general ledger in a timely manner to ensure that liabilities are recognized as soon as they are incurred and makes every effort to do so. In a small number of cases, we have found instances where the charging information for a contract is not correct, causing it to fail budget checking. Although we try very hard to minimize these types of errors, they do occur from time to time since GDOT is an agency with over 1,700 fund sources. When an error of this type occurs, it takes the efforts of several offices to correct the information, not only in PeopleSoft but in other required systems.

The Department also implemented the following policies and procedures to ensure all obligations were recorded by the close of the 2010 fiscal year.

1) The Department did not execute any non-emergency contracts, supplemental agreements or modifications between June 16, 2010 and July 1, 2010 to ensure all obligations were recorded prior to the close of period 12.

2) The Department implemented a new routing procedure requiring most contracts, supplemental agreements and modifications be returned to the Office of Legal Affairs upon execution to be picked up by the Contracts Payable Unit daily.

3) The Contracts Payable Unit continued to follow the procedure implemented in fiscal year 2009 requiring the review of the monthly letting sheets to ensure all awarded construction contracts are received by the Office of General Accounting.

We will work to continually improve our processes.

Contact Person: Kate Pfirman
Telephone: 404-631-1012 Fax: 404-347-0496 E-mail: kpfirman@dot.ga.gov

Finding Control Number: FS-484-10-07

ACCOUNTING CONTROLS (OVERALL)/EXPENSES/EXPENDITURES AND LIABILITIES/FINANCIAL REPORTING AND DISCLOSURE
Failure to Submit an Accurate Schedule of Expenditures of Federal Awards by the Established Deadline

We concur with the finding. Due to a two week extension in the 2010 PeopleSoft year end close (approved by the State Accounting Office), the original deadline for the Schedule of Expenditures of Federal Awards (SEFA) reporting was missed by 2 business days. This was the agencies first time missing the SEFA deadline. Going forward the agency will adhere to the SEFA reporting schedule and deadline.

The Office of General Accounting has implemented procedures to ensure that the SEFA is submitted in accordance with

Federal regulations. CFDA numbers which require the reporting of sub recipient amounts will be identified using the PeopleSoft query 0GL076E. The query will be run by account and fund source range. Fund sources are included on the PeopleSoft query used to provide the CFDA data (AUDS_GL_LKNOWLES_CFDA_EXP). The results of these queries will be sorted by CFDA and Source code. Transactions with a source code of "AP" for accounts payable will be subtotaled by vendor and the amounts reported in the SEFA.

Contact Person: Alenka McElhaney
Telephone: 404-347-0469 Fax: 404-347-0496 E-mail: amcelhaney@dot.ga.gov

Finding Control Number: FS-484-10-08

CAPITAL ASSETS

Inadequate Capital Asset Records - Land

We concur with the finding. GDOT currently maintains detailed actual cost for land, in an Access database. The source of this cost data is the accounts payable lines recorded in PeopleSoft, the state's financial accounting system. PeopleSoft (Georgia's statewide accounting system) currently does not provide the fields necessary to capture and record the description, location, parcel and acreage, for the purchase of land at the time of payment. This information is available in paper form and is tracked in separate databases.

The Department is actively engaged in resolving this finding. The State Accounting Office is currently adapting the PeopleSoft fixed asset module, to allow GDOT utilize the statewide system for its capital asset inventory records. In order to utilize this functionality, it is necessary for the State Accounting Office to make significant programming changes to PeopleSoft and provide a data field to record the parcel number. This field is necessary to link the Department's systems with PeopleSoft financial data; our IT staff is currently working closely with the State Accounting Office to make this and other necessary changes. In addition, interfaces to data maintained in the Department's systems, will need to be designed and implemented, prior to migration of data from the Department's existing capital asset system to PeopleSoft. We anticipate that the State Accounting Office will make the necessary changes in the 2011 Fiscal Year, which will allow the Department to utilize PeopleSoft to account for its Capital Assets and resolve these reporting issues. However, until the State Accounting Office completes its modification of PeopleSoft no further action can be taken by the Department on this issue.

Contact Person: Tobias Sallach
Telephone: 404-347-0327 Fax: 404-347-0496 E-mail: tsallach@dot.ga.gov

Finding Control Number: FS-484-10-100

ACCOUNTING CONTROLS (OVERALL)
BUDGET
Failure to Certify the Accuracy of the Budgetary Compliance Report

You have asked the Department to sign a letter of representation for your examination engagement. We respectfully decline to do so. The Department works very hard to comply with program based budgeting. We take the Appropriations Bill very seriously and we work continuously to ensure that the Department spends its funds as appropriated by program and as intended by the Governor and the General Assembly. The issue the Department has with budgetary compliance is NOT with the proper expenditure of those funds, but with the proper recording of the matching revenue on expenditure driven grants.

The Commissioner and the Treasurer cannot in good faith, sign the representation letter regarding budgetary compliance due to the fact that PeopleSoft does not currently support automated matching of expenditures with the available/earned accrued revenue for expenditure driven grants, in compliance with the State Budgetary Basis of accounting.

Example 1:

When the Department records an expenditure/encumbrance on the State Budgetary Basis of Accounting using Federal funding, a related Federal receivable/revenue should be accrued. Currently this revenue recognition is a manual quarterly process, requiring that we run various reports, sort the data and prepare journal vouchers to accrue the receivable/revenue. This quarterly process requires the previous entry to be reversed and the new entry be posted. Upon receipt of cash, the receivable should be liquidated on a one for one basis. (This is not possible using the current quarterly net recording of receivable/revenue.) As cash is received revenue must be redistributed again by journal voucher. The Department, to the best of its ability, has attempted to maintain receivable/revenue, by state budgetary program, by recording manual journal vouchers, many containing over 20,000 lines. However, this manual process will never be perfectly accurate, given the volume and the high possibility for error.

Example 2:

On the State Budgetary Basis of Accounting, encumbrances must be recorded at the time of contract execution, for expenditures which can take up to five years (or more) to liquidate. Therefore, the Department is constantly moving these

expenditures from one funding source to another, in order to efficiently utilize funding sources and obtain reimbursement whenever possible. As a result, receivables which were valid on a particular fund source as of 6/30/08 may no longer be valid receivables today on that same fund source. With the thousands of project level transactions that the Department processes daily and the constantly changing fund sources, this process of set up and take down of receivables/revenue cannot be manually maintained or batch posted by journal voucher on a transaction level basis.

Note: The same procedures are required for other revenue sources such as: General Obligation bonds, GARVEE bonds, etc.

Since our projects can span in excess of 5 years, keeping revenue and expenditures balanced by program, by fund source, for all PAST years and for the current year, is impossible with the current PeopleSoft system configuration.

For example:

Let's assume a project is on advanced construction status in FY 10 (temporarily funded with State Motor Fuel Funds until such time we are able to convert the project to Federal funding); further assume that the revenue in that state budget program on both Federal funds and State Motor Fuel funds equals expenditures. In FY11 the Department wants to then change the funding source and fund the project with Federal Highway Administration (FHWA) funds. When we try to change fund sources in FY 11 and enter the entry in FY 10, we will get a budget checking error, which will have to be overridden. That may sound simple, but we make these entries virtually every day.

Since the Department migrated to PeopleSoft in FY 2000, the Administration Program has traditionally been used as a default program, when correcting prior year Fund Sources for FHWA billing purposes. This was done to reduce the number of transaction lines on these entries (numbering up to 8,000 entries in some years), to avoid the possibility of manual errors and better match the workload to the available staff. As a result errors will continue to exist for many years, in the beginning balance brought forward on the Budgetary Compliance Report. We are reviewing this business process to determine the ramifications of a change; however, it is not possible to go back and correct five years of entries made in this fashion.

In order to resolve the issue with budgetary compliance and the proper matching of revenue on expenditure driven grants, a substantial effort by the State Accounting Office, (SAO), will be required to automate the revenue accrual process in PeopleSoft, in order to conform with the State Budgetary Basis of Accounting. The State Accounting Office has been working diligently on this major customization of PeopleSoft.

Thank you for allowing us the opportunity to outline the issues that we face regarding the recording of revenue by program by fund source on expenditure driven grants. Please feel free to contact Kate Pfirman should you have questions or need additional information.

Contact Person: Kate Pfirman
Telephone: 404-631-1012 Fax: 404-631-1022 E-mail: kpfirman@dot.ga.gov

VETERANS SERVICE, STATE DEPARTMENT OF

Finding Control Number: FS-488-10-100

ACCOUNTING CONTROLS (OVERALL)
BUDGET
Failure to certify the accuracy of the Budgetary Compliance Report

We concur with this finding.

The Department will complete the FS clean up that was begun in FY2010. Arrangements had already been made with SAO to begin the final steps of this process in Jan 2011. This clean up, once finished, will preclude recurrence of this finding.

Contact Person: Christopher Hambright
Telephone: 404-656-5896 Fax: 404-656-7006 E-mail: clhambri@vs.state.ga.us

GEORGIA STATE UNIVERSITY RESEARCH FOUNDATION

Finding Control Number: FA-5092-10-01

REPORTING

Lack of Support and/or Inconsistent Support for Reporting

We concur with the above finding.

To address a deficiency in data management and reporting capabilities in the University's TRIO programs, specifically Educational Opportunity Center (EOC) and Talent Search (TS), in June 2010 GSURF management purchased a new web based software application named Student Access, a system designed to allow for accurate and reliable tracking of

participants in TRIO programs. This new system is currently being implemented by EOC and TS to replace a paper based system that had previously been used for reporting by the TRIO programs. The software vendor will assist TRIO management in converting their existing data into the new web based system. An outside consultant was hired by the TRIO program to assist with the implementation and training for this new database.

The Upward Bound (UB) program has already implemented and is using the Blumen software, a powerful user friendly database management system specially designed for the TRIO Programs to track the student's profile and to generate the Annual Reports. This software replaces a paper based system that was being used by UB.

The Student Access and Blumen databases will be utilized to enter, store, and report participant data. The Program Director will review the inputted participant data for accuracy and click on a field in the database to make this record active. Required fields for reporting to the Department of Education are indicated on the screen in the database and must be filled out. Monthly reports of participant data will be run and reviewed by Program Specialists and Program Director for accuracy, to ensure any and all updates have been inputted into the system, and to monitor that earmarking requirements are being meet. At year end a report will be run which includes all participant data and in the correct format for reporting to the Department of Education. This report will be reviewed again by Program Specialists and Program Director for accuracy and to ensure any and all updates have been inputted into the system. Upon completion of the year end review, the Program Director will sign off and forward the annual report to GSU's Financial Compliance Officer (FCO) for another level of review. GSU has created a new position and is in the process of hiring a FCO, who will provide management level oversight for sponsored projects. The FCO will review the annual report to ensure accurate and consistent reporting of participant data. After the review has been completed and the data is verified to be correct, the FCO will forward the annual report to GSU's Authorized Institutional Official for approval and submission to the Department of Education.

At this time the TRIO program is still implementing the new Student Access Database, anticipated completion date of implementation and training is Spring 2011. The Blumen Database has already been implemented. In addition, GSU anticipates hiring the Financial Compliance Officer in Spring 2011 as well.

Contact Person: Cherryl Arnold, Director Educational Opportunity & TRIO Programs
Telephone: 404-413-1695 Fax: 404-413-1695 E-mail: carnold@gsu.edu

Finding Control Number: FA-5092-10-02

MATCHING, LEVEL OF EFFORT, EARMARKING

Failure to meet Required Earmarking Threshold

We concur with the above finding.

Through using the new Student Access database, a web based software application designed to allow for accurate and reliable tracking of participants, purchased by GSURF in June 2010, the Educational Opportunity Center (EOC) Program Director will conduct monthly reviews of participant data to monitor that earmarking requirements, two-thirds of participants are low income and potential first generation college students, are being met. If they are not, then EOC management will actively recruit and enroll participants who are low income and potential first generation college students to ensure that the two-thirds earmarking requirement is being met.

At this time the EOC program is still implementing the new Student Access Database, anticipated completion date of implementation and training is Spring 2011.

Contact Person: Cherryl Arnold, Director Educational Opportunity & TRIO Programs
Telephone: 404-413-1695 Fax: 404-413-1695 E-mail: carnold@gsu.edu

Finding Control Number: FA-5092-10-03

REPORTING

Required Reports Not Filed or Not Submitted on Time

We concur with the above finding.

While we continue to use a previously established reporting methodology to track our annual financial reporting deliverables to granting agencies, we are working on a process for implementing a tracking feature in our new financial system which will allow for the input of all reporting deliverables (including type, frequency, due dates, etc.) by project, a timestamp on the system for when they have been completed, and a query function which will allow us to better monitor when reports are due at a supervisory level. We expect this new tracking feature to be implemented by Fall 2011.

Contact Person: Josh M. Rosenberg, Associate Director, Research Financial Services
Telephone: 404-413-3523 Fax: 404-413-3523 E-mail: jrosenberg@gsu.edu

ALBANY STATE UNIVERSITY

Finding Control Number: FA-521-10-01

SPECIAL TESTS AND PROVISIONS

Deficiencies in Student Financial Aid Refund Process

We concur with this finding. During fiscal year 2006, Albany State University implemented policies and procedures to ensure that the Return of Title IV process is run in a timely manner by implementing the Banner Return of Title IV automated process. The Return of Title IV process is a standard Banner baseline process that is delivered with the Banner Student Information System and is used by institutions throughout the country. The process captures all students that were withdrawn prior to the time frame the query process is run and we are confident that this automated system ensures that Title IV refunds are correctly calculated. We will continue to use the Banner Return of Title IV automated process to assist and facilitate student's Return of Title IV calculations.

We will also continue to research the potential causes of this error and will consult with USG Office of Information and Instructional Technology and Sungard about what led to this calculation error. If it is determined that the error was attributable to weak internal controls over the Return of Title IV process, then we will establish additional validation controls over this process to include performing manual calculations each time the process is run.

Contact Person: Arna Albritten
Telephone: 229-430-0463 Fax: 229-430-0295 E-mail: arna.albritten@asurams.edu

ARMSTRONG ATLANTIC STATE UNIVERSITY

Finding Control Number: FS-524-10-01

CASH AND CASH EQUIVALENTS; GENERAL LEDGER

Inadequate Accounting Controls

We concur with this finding. Bank reconciliations are now performed on a regular basis. Many of the systems that feed into the cash accounts have been evaluated and changed to make the reconciliation process efficient. The process has been assigned to the Assistant Controller. The university has also awarded a new banking contract to a different bank that has more electronic services allowing access to the data in our account on a more timely and in-depth basis. Additionally, we will have the Internal Auditor review monthly bank reconciliations to determine its correctness and timeliness. Monthly, the Internal Auditor will give an update on the reconciliation to the Vice President for Business and Finance.

Contact Person: Marc Mascolo
Telephone: 912-344-3391 Fax: 912-344-3429 E-mail: marc.mascolo@armstrong.edu

Finding Control Number: FS-524-10-02

GENERAL LEDGER

Failure to Adequately Document Adjustments to Fund Sponsored Projects

We concur with this finding. We have implemented controls over the Sponsored Projects accounting area. We have a trained accountant dedicated to Sponsored Projects accounting and monitoring. We have also hired a Sponsored Program Manager reporting to the Vice President of Academic Affairs who will also be monitoring accounts. A third check and balance for the Sponsored Programs is we have added the position of Assistant Controller who will review and approve accounting transactions related to Sponsored Projects. The Assistant Controller and the Associate Vice President for Business and Finance will perform regular reviews of the Sponsored Project accounts to ensure compliance. All accounting entries will be made timely including billing and all adjustments will be properly documented.

Contact Person: Marc Mascolo
Telephone: 912-344-3391 Fax: 913-344-3429 E-mail: marc.mascolo@armstrong.edu

FORT VALLEY STATE UNIVERSITY

Finding Control Number: FA-533-10-01

ELIGIBILITY

Overpayment of Student Financial Aid

The University's management concurs with the finding. The Director of Financial Aid is responsible for developing procedures to ensure that satisfactory academic progress (SAP) is reviewed and monitored on a continuous basis. These procedures include:

1. Automating the process to identify students that are at risk of meeting SAP through the Banner Student Information System.

2. The status of "Not Making Satisfactory Academic Progress" will be posted to the student's account for all terms in the academic year which will prevent the disbursement of Title IV Financial Aid.

3. Only the initial term in which the probationary period is granted will have a status assigned of "Probation Granted" on the student's account. All students on probation will be reviewed at the end of the initial term of probation. Only students who have achieved the minimum requirements of SAP will be removed from probationary status. Students who failed to achieve the minimum requirements of SAP will have their status changes to "Financial Aid Suspension" and will be required to submit a new appeal for the term.

4. Student will be notified in writing of their SAP status prior to the beginning of the term.

Contact Person: Johnny Nimes
Telephone: 478-825-6363 Fax: 478-825-6266 E-mail: nimesj@fvsu.edu

Finding Control Number: FA-533-10-02

SPECIAL TESTS AND PROVISIONS

Failure to Reconcile the Federal Direct Loan Program

The University's management concurs with the finding. The prior year corrective action plan called for the creation of a committee to oversee all Title IV reconciliation tasks. That committee was formed, and it created process flows, high level procedures, and assigned responsibility for each reconciliation or in some cases parts of a reconciliation. Ultimate responsibility for reconciling the Federal Direct Loan Program rests with the Office of Financial Aid. The Director of Financial Aid is assigned the responsibility for drafting detail procedures to reconcile the Direct Loan Common Origination and Disbursement System (COD) and the University's Banner Student Information System. The Director of Financial Aid is assigned the responsibility for assigning staff necessary to complete tasks required by the procedures developed by the reconciliation committee. Currently, a program to date analysis has been completed which identifies discrepancies between COD and Fort Valley State University's Banner Student Information System. Those discrepancies are being researched now to identify the corrective action needed.

Contact Person: Johnny Nimes
Telephone: 478-825-6363 Fax: 478-825-6266 E-mail: nimesj@fvsu.edu

Finding Control Number: FA-533-10-03

SPECIAL TESTS AND PROVISIONS

Deficiencies in Student Financial Aid Refund Process

The University's management concurs with the finding. Procedures have been formulated and responsibility assigned for all tasks associated with the financial aid refund process. It is the responsibility of the Registrar's Office to process forms necessary to withdraw a student. It is the responsibility of the Student Financial Service's Office to correctly calculate the amount of aid to be refunded. It is the responsibility of the Financial Aid Office to reverse the aid calculated by staff in the Student Financial Service's Office. Reinforced training and agreement with calendar policy issues identified by the State Audit Staff will help eliminate problems identified in the current audit, which saw questioned costs drop from $5,775.92 in the prior year to $1,642.18 in the current year.

Contact Person: John Cagnina
Telephone: 478-825-6522 Fax: 478-825-6266 E-mail: cagninaj@fvsu.edu

Finding Control Number: FS-533-10-01

GENERAL LEDGER

Failure to Reconcile the H.O.P.E. Scholarship Program

The University's management concurs with the finding. While efforts are underway to continue the automated aspects of the H.O.P.E. reconciliation, existing procedures for completing this task were sufficient to meet program requirements in prior years. It is the assigned responsibility of the Director of Financial Aid to allocate resources necessary to complete this assignment. Currently, a discrepancy of approximately $3,600 between the Georgia State Finance Commission's system and Fort Valley State University's Banner system is being researched. Once this discrepancy is corrected, the appropriate reconciliation and reports will be filed. To ensure that this process is sustained the Director of Financial Aid has reviewed all personnel staff assignments and has designated the appropriate staff to receive adequate and technical training specific to all reconciliation activities as mandated by the program requirements.

Contact Person: Johnny Nimes
Telephone: 478-825-6363 Fax: 478-825-6266 E-mail: nimesj@fvsu.edu

Finding Control Number: FS-533-10-02

EMPLOYEE COMPENSATION

Inadequate Internal Controls

The University's management concurs with the finding. In one case, the original hire date for an employee was used as the leave accrual anniversary date rather than the re-hire date. Staff in the Office of Human Resources will be reminded to enter the re-hire date unless policy permits use of the original hire date. The other discrepancies appear to be timing issues between the way the old PeopleSoft Human Resource Information System accrued leave verses the way this is performed by Automated Data Processing (ADP), third-party human resource/payroll service provider. Research is still being conducted in the Office of Human Resources on this issue, and the results will be communicated to the Audit staff. If the research effort uncovers that corrections are needed to leave records, they will be made. Management does believe that controls in the new ADP payroll service are adequate as it relates to leave maintenance on an ongoing basis.

Contact Person: Dwayne Crew
Telephone: 478-825-6301 Fax: 478-825-6266 E-mail: crewd@fvsu.edu

GEORGIA SOUTHERN UNIVERSITY

Finding Control Number: FS-539-10-01

CAPITAL ASSETS

Inadequate Capital Asset Records

We concur with this finding. The University acknowledges that sufficient controls and procedures were not in place for preparation of the annual financial statements as related to capital asset records. The University has implemented or will implement the following to address lack of controls identified during fiscal year 2010 audit.

1. Consolidate all financial duties and functions associated with the addition and retirement of capital assets into Financial Accounting Department in order to control the proper classification and recording of assets. This reassignment of duties was completed in September, 2010.

2. Implement monthly reconciliation procedures to ensure that Asset Management subsidiary ledger and Capital Ledger are reconciled. Monthly reconciliations began in October, 2010.

3. Develop reconciliation tools and/or procedures to ensure the Asset Management subsidiary ledger system depreciation calculations are verified for reasonableness and recorded properly on a monthly basis in the Capital Ledger for material assets. Any Asset Management system errors identified during monthly reconciliations will be reported to USG Information Technology Services and the University Controller. Unresolved issues will be traced and escalated as necessary. Depreciation verification has been completed once in the first half of fiscal year 2011. Process refinement and programming are required to make monthly verification viable. Monthly verification is expected to be in place in January, 2011.

4. Monthly reconciliations and supporting documentation will be reviewed and approved by management on a monthly basis.

Contact Person: Kim H. Brown
Telephone: 912-478-5224 Fax: 912-478-0196 E-mail: kthompson@georgiasouthern.edu

SAVANNAH STATE UNIVERSITY

Finding Control Number: FA-548-10-01

SPECIAL TESTS & PROVISIONS

Deficiencies in Student Financial Aid Refund Process, Student Financial Aid Cluster Program

We concur with this finding. The University will strengthen is procedures with regard to the calculation of student financial aid refunds for students that withdraw from the institution. Furthermore, unearned funds will be timely returned to the appropriate accounts. Furthermore, the University procedures for determining the date from which to calculate timely return for unofficial withdrawal (students that leave without timely notifying the institution) will be revised to assist in the resolution of this finding.

Contact Person: Edward Jolley
Telephone: 912-358-3000 Fax: 912-353-3188 E-mail: jolleye@savannahstate.edu

Finding Control Number: FA-548-10-02

SPECIAL TESTS & PROVISIONS

Deficiencies Over the Verification Process

We concur with this finding. The financial aid office verifies 30% of the University's applicants that attend during a given year. To prevent this finding from occurirng in future years the cut off achieving the 30% requirement will be documented and any student identified for verification before the 30% is achieved that is subsequently determined to not require verification will be document with notations in the file.

This comment results from staff discontinuing the verification process on students once they determined that the University had reached the required percentage but did not document why some students verification process was stopped. Procedures will be implemented to document a clean cut-off in the verification process.

Contact Person: Edward Jolley
Telephone: 912-358-3000 Fax: 912-353-3188 E-mail: jolleye@savannahstate.edu

VALDOSTA STATE UNIVERSITY

Finding Control Number: FS-551-10-01

FINANCIAL REPORTING

Inadequate Controls over Financial Reporting

We concur with the finding. The University has implemented procedures to ensure that someone other than the preparer reviews the Financial Statement for accuracy prior to submission to any outside parties.

Contact Person: Traycee Martin
Telephone: 229-333-5708 Fax: 229-333-7408 E-mail: tmartin@valdosta.edu

ABRAHAM BALDWIN AGRICULTURAL COLLEGE

Finding Control Number: FS-557-10-01

CASH AND CASH EQUIVALENTS
REVENUES/RECEIVABLES/RECEIPTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
EMPLOYEE COMPENSATION
GENERAL LEDGER
CAPITAL ASSETS
Inadequate Accounting Procedures

The College concurs with this finding and is in the process of reviewing the established accounting controls and procedures.

The College is implementing and modifying accounting controls and procedures to address the deficiencies in each accounting function noted. Corrective actions are underway to improve controls over key areas that were noted in the finding.

The College has established procedures to ensure that cash is reviewed and reconciled to the general ledger on a monthly basis.

The College has visited and enlisted the expertise of other institutions to ensure that reconciliations are performed and reviewed between BANNER and the general ledger. A comprehensive review of payroll liabilities was performed to make sure that balances are accurate.

The College has established procedures to ensure that reconciliations are performed and variances are researched between the general ledger and ADP activity.

The College has reviewed current internal control procedures to ensure that journal entries are properly approved and documented. Each capital asset has been reviewed to verify the accuracy of the cost and accumulated depreciation.

The College is also working with OITS to correct problems that were discovered in the Capital Asset Management module.

The College will continue to review controls and procedures over accounting functions to ensure that the financial activity and results of operations will be accurate, complete, and conform to generally accepted accounting principles.

Contact Person: John Clemens, VP of Fiscal Affairs
Telephone: 229-391-4875 Fax: 229-391-5215 E-mail: jclemens@abac.edu

Finding Control Number: FS-557-10-02

REVENUES/RECEIVABLES/RECEIPTS
EXPENDITURES/LIABILITES/DISBURSEMENTS
GENERAL LEDGER
Inadequacies in Control over Restricted Funds

The College concurs with this finding. A grants and contracts accountant has been hired at the beginning of this fiscal year to strengthen the controls and procedures for restricted grant funds. The College is implementing new controls to ensure that all grant activity is properly recorded and reported in the accounting records. Grant revenue and expenditures are being verified and documented by the grant project manager and the grant accountant. The College plans to launch the grant allocation process that the GeorgiaFirst system has in place by the end of this fiscal year. Controls and procedures are also being established to ensure that reconciliations are performed for each project. The College will continue to strive to identify any and all weaknesses and design controls and procedures to address any shortcomings in the restricted grant funds.

Contact Person: John Clemens, VP of Fiscal Affairs
Telephone: 229-391-4875 Fax: 229-391-5215 E-mail: jclemens@abac.edu

GEORGIA PERIMETER COLLEGE

Finding Control Number: FS-571-10-01

ACCOUNTING CONTROLS (OVERALL)

Inadequate Accounting Procedures

We concur with this finding. The College acknowledges improvement is needed in accounting procedures and internal controls. As such, Financial Affairs will perform an organizational redesign of Accounting Services to review, determine, and implement: (1) the clear requirements for Accounting Services; (2) improved procedures and strengthened controls, and (3) processes of accountability. This review commences immediately and is scheduled to be complete by March 31, 2011. Once implemented, Financial Affairs will schedule an engagement with Georgia Perimeter College Internal Audit to assess the effectiveness.

Corrective actions that are effective immediately for the deficiencies observed in this audit are as follows:
1.The College acknowledges that cash was overstated and has implemented procedures to ensure appropriate communication between the Payroll Services and Accounting Services departments to avoid future overstatements related to payroll taxes payable.

2.The College acknowledges that documentation of reconciliations was not available for review during the audit. We have reconciled Accounts Payable and will ensure that quarterly reconciliations are completed and maintained as required by the Board of Regents' Business Procedures Manual.

3.The College has identified and corrected the year-end procedures to ensure that end of year HOPE receivable balances are correctly recorded and reported.

4.The College has identified the necessary year-end steps to correctly capture and enter construction information before the Asset Management Module closes. Immediate steps have been taken to work with our partners in Facilities to ensure this occurs earlier in the year-end closing process. The College is currently in the process of adding the Construction Work in Progress related assets to the Asset Management module which will retroactively correct the unrecorded depreciation activity.

Contact Person: Sheletha Y. Champion
Telephone: 678-891-2518 Fax: 678- 89-1231 E-mail: Sheletha.Champion@gpc.edu

WEST GEORGIA TECHNICAL COLLEGE

Finding Control Number: FS-826-10-02

REVENUES/RECEIVABLES/RECEIPTS

Inadequate internal controls over bookstore sales

We concur with this finding. The College acknowledges that proper review was not done in tracking and monitoring bookstore sales in relation to mark-up percentages. It will be established that the bookstore manager for the college can recommend mark ups for the bookstores and then must have final approval from the VPA to implement those changes. Documentation will be maintained if percentages change within the fiscal year. Also we recognize that inventory balancing was not on a regular

basis which can lead to potential errors in financial statement reporting. These inventories will be done on a monthly basis by each bookstore assistant on the respective campuses; the subsequent adjustment to inventory will be entered by the textbook manager of the college. All adjustments will be reviewed by the bookstore manager to make sure to account for any discrepancies. A report of those discrepancies will reported to the VPA on a monthly basis for review. The bookstore manager of the college will review sales, percentages and inventory on a scheduled basis. Any monthly reconciliation showing sales not reflecting established markups shall be reported to the VPA and documented to reflect all adjustments that caused the discrepancy. This will allow the bookstore to better monitor activity of this department and ensure more accurate reporting.

Contact Person: Greg Nelson, VPA
Telephone: 770-537-6079 Fax: 770-537-7966 E-mail: greg.nelson@westgatech.edu

Finding Control Number: FS-826-10-03

REVENUES/RECEIVABLES/RECEIPTS
EXPENDITURES/LIABILITIES/DISBURSEMENTS
EMPLOYEE COMPENSATION
GENERAL LEDGER
Inadequate Segregation of Duties

Revenues/Receivables/Receipts

We concur with this finding. The College acknowledges that a review procedure was not in place during the close out process. A procedure has already been developed and implemented in which a supervisor reviews each cash drawer deposit before it is processed. The procedure includes closeout of the banner session by the cashier, the deposit is reviewed and counted by the direct supervisor of the cashier or higher manager on the appropriate campus. By putting these procedures in place this allows for the review and approval of all cash drawers within the college.

Expenditures/Liabilities/Disbursements

We concur with this finding. The College acknowledges that there was not adequate separation of duties. The department is evaluating all job duties in relation to this area. Steps will be taken with the security of PeopleSoft Financials to ensure that an employee creating an accounts payable voucher will not be allowed to initiate check runs.

Employee Compensation

We concur with this finding. The College acknowledges that there were two Business Office employees with access to HR PeopleSoft with the ability to make payroll changes. The employees have had their access terminated.

General Ledger

We concur with this finding. The College acknowledges that although there are procedures in place for approving Journal Entries that controls were not in place to prevent or detect unapproved entries. A new procedure has been developed and implemented to control such entries. Moving forward journal vouchers entered into PeopleSoft Financials will be entered and verified by supervisor. This will be accomplished by running GL queries and validating that the voucher entered and approved is reconciled to the query to show that the data entry and what was recorded into PeopleSoft is reconciled to each other.

Contact Person: Greg Nelson, Vice President of Administration
Telephone: 770-537-6079 Fax: 770-537-7966 E-mail: greg.nelson@westgatech.edu

Finding Control Number: FS-826-10-05

CAPITAL ASSETS

Inadequate Control over Capital assets

We concur with this finding. The College acknowledges that although a physical inventory was conducted prior to year end that there were still numerous items included on the inventory that were missing. Policy requires that the obsolete items remain on inventory until surplused or scrapped. Adjustments were made to the current year's financial statements for variances between the merged data and the merged Colleges prior year's financial statements.

The College recognizes that maintaining appropriate control over Capital Assets is necessary to ensure its inventory records resulting in accurate financial statements. Immediate steps have been taken to hire an assistant to the Property Accounting Specialist to assist with maintaining and the tracking of assets. A full college wide physical inventory was completed in October of 2010 and another will be done prior to the close of FY 2011 to ensure that our inventory records are accurate. We are also in the process of seeking approval to State Surplus to remove the obsolete and surplus items from our inventory.

Contact Person: Greg Nelson, Vice President of Administration
Telephone: 770-537-6079 Fax: 770-537-7966 E-mail: greg.nelson@westgatech.edu

MOULTRIE TECHNICAL COLLEGE

Finding Control Number: FS-837-10-01

CASH AND CASH EQUIVALENTS

Inadequate Accounting Procedures

We concur with this finding. The college does have a system of internal controls to perform bank reconciliations on a monthly basis and record all corrections, although it was not always performed timely.

Corrective Action: The college will reconcile the bank statements in a timely manner and record all corrections in a timely manner.

Contact Person: Ken Strickland
Telephone: 229-217-4188 Fax: 229-891-7015 E-mail: kstrickland@moultrietech.edu

HIGHER EDUCATION ASSISTANCE CORPORATION, GEORGIA

Finding Control Number: FA-918-10-01

REPORTING

Failure to assign defaulted loan to the U.S. Department of Education

We concur with this finding. The Corporation agrees that on the loan identified, the paid in full status was not removed when the treasury offset payment was reversed, preventing the system from recognizing the loan as subject to assignment. We have corrected the status of the identified loan, and the loan was referred for assignment to ED as of September 13, 2010.

To ensure these errors do not occur again, the Corporation will put additional internal controls in place. We will query the servicing system to check for paid in full status loans with balances and verify that the changes are made correctly.

Contact Person: Gerlda Hines
Telephone: 770-724-9116 Fax: 770-724-9101 E-mail: gerldah@gsfc.org

Finding Control Number: FA-918-10-02

ELIGIBILITY

Failure to charge appropriate costs for default collection activities to borrowers on defaulted loans.

We concur with this finding. The Corporation agrees that on the loan identified, the borrower was charged inappropriate costs related to collection activities. Since a reversal of the Treasury Offset Program (TOP) payment associated with the collection charge TOP fee of $17 was processed in the prior year, the TOP fee should have been manually reversed by the Corporation due to a system limitation which will not automatically reverse the collection charge along with the related payment.

To ensure inappropriate collections costs are not charged to borrower's account, the Corporation has developed and implemented additional operational and internal controls procedures. When a reversal of a TOP payment occurs and no portion of this payment is re-applied to the borrower's account, then the Corporation will manually reverse the associated TOP fee. Additionally, a database query report will be provided by the Information Technology (IT) department at the beginning of each month to identify any borrower's accounts with unpaid TOP fees which indicates a reversal of a TOP payment has been processed. Each of the borrower's accounts listed on the report will be researched to determine if the TOP fee should be reversed given this should only occur if no portion of the TOP payment will be re-applied to the borrower's account. Otherwise, the TOP fee will remain in the "unpaid" field until some portion of the payment is re-applied to the borrower's account at which time the TOP fee will be reflected in the "paid" field. Once these steps have been completed, the accounting manager will review and initial the report indicating approval of the TOP fee as appropriate.

Furthermore, the borrower's account noted above has been corrected as of 09/30/2010 and now reflects the correct TOP fee of $16.

Contact Person: Gerlda Hines
Telephone: 770-724-9116 Fax: 770-724-9101 E-mail: gerldah@gsfc.org

Finding Control Number: FA-918-10-03

ELIGIBILITY

Failure to rebate default aversion fees on a loan which was subsequently paid as a default claim.

We concur with this finding. The Corporation agrees that on the loan identified, the 1% default claim payment amount was not reimbursed to ED. The Corporation has made an adjustment to this loan and reimbursed ED the total fee billed amount of $2,172 on 7/31/10.

To ensure this system error does not occur again, GHEAC has modified the system to run the Default Aversion Billing Program before the scheduled weekly Claim Purchase Program. This will resolve the timing issue. In addition, we will query the system monthly to verify there are no exceptions.

Contact Person: Gerlda Hines
Telephone: 770-724-9116 Fax: 770-724-9101 E-mail: gerldah@gsfc.org

Finding Control Number: FA-918-10-04

REPORTING

Failure to properly report loans purchased by the U.S. Department of Education

We concur with this finding. The Corporation agrees that in several instances, the 18.5% Direct Consolidation Fee (DCF) was improperly reported on line MR-27 of ED Form 2000. Due to human error in which the amount was manually calculated rather than reported as provided on the GACD444 report from GOALS, the reporting system used for ED Form 2000. Given the DCF amount was reported in the "Other Amount" column and separately from the principal and interest amounts on line MR-27 of ED Form 2000, the DCF amount had no financial impact and was not used to calculate the federal receivable balance due to the Corporation.

To ensure that all amounts are properly reported on ED Form 2000, the Corporation has developed and implemented additional operational and internal controls procedures. Amounts reported on the ED Form 2000, to include amounts for line MR-27, will be obtained from the appropriate GOALS report as provided for the ED Form 2000 reporting. Any deviation from this procedure will be brought to the attention and discussed with the accounting manager, the Corporation's service provider, Great Lakes and the Department of Education, as appropriate to determine the proper amount to report and the appropriate resources for obtaining this data. Additionally, the current month ED Form 2000 will be compared to the prior period's report line by line. Any discrepancies found will be researched and analyzed to ensure the amounts are properly reported.

Contact Person: Gerlda Hines
Telephone: 770-724-9116 Fax: 770-724-9101 E-mail: gerldah@gsfc.org

SEED DEVELOPMENT COMMISSION, GEORGIA

Finding Control Number: FS-919-10-01

ACCOUNTING CONTROLS (OVERALL)

Excessive Year-End Unreserved, Undesignated Fund Balance

We do not concur with this finding.

The Commission adopted a Reasonable Reserve Policy at the May 6, 2010 commission meeting and implemented the Policy at its 2010 Annual Meeting. The Policy established Designated, But Not Reserved Fund Balances for reserves as follows: Operating Reserve, Capital Projects Reserve and Research Reserve. The reserves assure that the Commission can effectively meet its mission by providing necessary funds for operations (without legislatively appropriated funds) according to its approved operating budget, provide a reserve for uninsurable financial losses to crops by natural disaster prior to their delivery to GSDC (coverage not available under its $4 million policy insuring against losses to crops stored in our facilities), provide for sorely needed capital expenditures (per its Five year Capital Projects Budget) on its aging Athens and Plains facilities and equipment, and provide funds to support its research and commercialization directive. The reserves are based on formulas included in the Policy and adjustments to the fiscal year end financial statements should reflect these reserves. The Commission has reported these adjustments to the Georgia Department of Agriculture and requested that the Department submit corrected fiscal year end statements to include the approved reserve fund balances.

The Commission is transitioning its accounting and many of its administrative support functions from the Georgia Department of Agriculture to "in-house" systems. It has secured accounting services to periodically review financial statements and assist in reporting financial information of the Georgia Seed Development Commission, make year-end adjustments per accepted accounting practices and actions of the Commission, and assist in reporting financial information in a timely manner to the State Accounting Office as required. Effective July 1, 2010, the Commission assumed the responsibility of handling all day to day financial transactions. These actions will facilitate timely reporting of financial information.

The Commission does not consider a reserve equal to 10% of the total expenditures of the fiscal year (just ended) sufficient to cover operating costs and crop expenditures incurred in the production, purchase and processing of the foundation seed crops. The Commission's annual operating budget indicates a substantial peak cash deficit during the year requiring adequate operating reserves to purchase its foundation seed crop in the fall from its contract producers, store and process the crop for sale in the spring and collect the proceeds from the crop in late spring. The nature of the Commission's agricultural business is off cycle to the sates' fiscal year, thus the peak cash requirements are not reflected in the yearend financial statement. The Commission will present its Reasonable Reserve Policy and supporting documentation for maintaining reserves to the State Accounting Office for review.

AUDITOR CONCLUDING REMARKS:

The Commission states that they adopted a Reasonable Reserve Policy on May 6, 2010; however, the minutes of the Annual Meeting, which was held on August 3, 2010 (fiscal year 2011), clearly states that the Reasonable Reserve Policy Five Year Plan was adopted by unanimous vote. The Commission's fiscal year 2010 financial statements as presented for review reflected an unrestricted fund balance of $4.8 million. Although the Commission's average unrestricted fund balance for the past eleven fiscal years was $ 3.7 million, no earned profits have ever been remitted to the state treasury as required by OCGA 2-4-6.

Contact Person: Terry Hollifield
Telephone: 706-542-2351 Fax: 706-542-9397 E-mail: gacrop@bellsouth.net

ENVIRONMENTAL FINANCE AUTHORITY, GEORGIA

Finding Control Number: FA-928-10-01

SUBRECIPIENT MONITORING

CCR Registration

We do not concur with this finding. The exact language of 2 CFR section 176.50(c) is as follows: Recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration (http://www.ccr.gov) at all times during which they have active federal awards funded with Recovery Act funds. A Dun and Bradstreet Data Universal Numbering System (DUNS) Number (http://www.dnb.com) is one of the requirements for registration in the Central Contractor Registration. This policy as written does not require the Authority to "document" that CCR numbers are verified. The Authority fulfulled requirements of 2 CFR section 176.50(c) by contractually stipulating subrecipients to maintain current registrations. In addition, the Authority has chosen to use an electronic reporting model for 1512 data consistent with the allowability of an electronic submission via XML. Throughout the quarter, periodic "pre-validations" are performed to verify the validity of registrations on the CCR. If it is determined a subrecipient is out of compliance, that particular subrecipient is contacted for further action.

The Authority's inadequate documentation, as reported per audit, did not prohibit it from successfully submitting the 1512 quarterly reports as required by the American Recovery and Reinvestment Act of 2009.

AUDITOR CONCLUDING REMARKS:

Management has stated they "do not agree with the finding". For the programs described in this finding, no documentation was maintained by the Authority to verify compliance with the requirement. A result of this lack of documentation was our inability to audit the compliance with the requirement and therefore resulted in the finding.

Contact Person: Jammie Z. Harden, Controller
Telephone: 404-584-1015 Fax: 404-584-1016 E-mail: jammie@gefa.ga.gov

Finding Control Number: FA-928-10-02

SUBRECIPIENT MONITORING

ARRA Contracts

We concur with this finding. The Authority has established procedures to ensure the Catalog of Federal Domestic Assistance (CFDA) number is provided at the time of subaward and at the disbursement of funds.

Contact Person: Jammie Harden, Controller
Telephone: 404-584-1015 Fax: 404-584-1016 E-mail: jammie@gefa.ga.gov

Finding Control Number: FA-928-10-03

SUBRECIPIENT MONITORING

Subrecipient Monitoring During the Award

We concur with this finding. The Authority has implemented additional procedures to ensure subrecipients that have deficient monitoring reports submit corrective action plans which are reviewed and approved as to the sufficiency of addressing identified issues based on established internal policies.

Contact Person: Jammie Harden, Controller
Telephone: 404-584-1015 Fax: 404-584-1016 E-mail: jammie@gefa.ga.gov

SOUTHWEST GEORGIA RAILROAD EXCURSION AUTHORITY

Finding Control Number: FS-984-10-01

CAPITAL ASSETS

Inadequate Capital Asset Records - Subsidiary Ledger

We concur with this finding. The Department acknowledges that subsidiary records for Personal Property did not contain a complete and detailed listing of Machinery and Equipment and that periodic reconciliations were incomplete.

The Department recognizes that maintaining accurate subsidiary records is a requirement. Additionally, we recognize that documentation of periodic reconciliations should be accurate, complete and available for audit review. Reconciliation of subsidiary records are currently underway. We will coordinate with the State Accounting Office regarding any adjustments that may be required.

Contact Person: David Howell
Telephone: 404-463-0230 Fax: 404-463-6688 E-mail: David.Howell@dnr.state.ga.us

STATEWIDE

Finding Control Number: FS-SW-10-01

FINANCIAL REPORTING AND DISCLOSURE

Audit Adjustments to the Comprehensive Annual Financial Report (CAFR)

We concur with this finding. In order to strengthen the procedures around review of financial data, the SAO reporting group will be structuring the group such that an additional level of review will occur for FY2011. Instead of the work going from preparer to manager, there will be a team lead responsible for a preliminary review. Review of consolidated data will also be a required step in the process prior to financials being submitted to DOAA rather than subsequent to submission which occurred this year. Additionally, SAO will be providing additional training, documentation and check-lists to its staff on year-end reporting and financial statement preparation in order for them to better understand the process. In addition, we offer the following information relative to item included in the findings:

> Worker's Compensation Related Entries - As a result in a change in an accounting estimate from FY 2009 to FY 2010, SAO recorded the difference as a change in FY2010 liability and current year allocation of that deficit amount to other funds. This treatment was consistent with GAAP and a change in accounting estimates. However, at the request of DOAA beginning balances were also restated.

> Analytic Review Items - Subsequent to providing DOAA with draft financial statements, SAO performed analytical procedures which identified misstatements related to capital assets ($184,826,487.09), double booking of food stamp revenue ($2,457,272,783), elimination of Allotment receivables and payables ($738,155,036.85), and revenue mapping issues ($276,442,027.64) all of which were also independently identified by DOAA. This analysis was always planned to be performed and will be executed prior to providing draft financials to DOAA in the future.

> DOE Adjustment - This last minute adjustment ($126,169,757) was identified by DOAA based on their audit of the Department of Education. The adjustment was proposed to SAO by DOAA and SAO management determined that the adjustment should be made.

Contact Person: Alan Skelton
Telephone: 404-657-4138 Fax: 404-463-5089 E-mail: askelton@sao.ga.gov

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776

Appendix "A"
Organizational Units

State of Georgia

Listing of Organizational Units Comprising
The State of Georgia Reporting Entity
For the Fiscal Year Ended June 30, 2010

ORGANIZATIONAL UNIT	CONTROL NUMBERS
Accounting Office, State	407
Administrative Services, Department of	403
Agricultural Exposition Authority, Georgia	926
Agriculture, Department of	402
Agrirama Development Authority, Georgia	940
Audits and Accounts, Department of **(*)**	404
Aviation Authority, Georgia	992
Aviation Hall of Fame, Georgia	483
Banking and Finance, Department of	406
Behavioral Health and Developmental Disabilities, Department of	441
Building Authority, Georgia **(*)**	900
Community Affairs, Department of	428
Community Health, Department of **(*)**	419
Correctional Industries Administration, Georgia	921
Corrections, Department of	467
Defense, Department of	411
Development Authority, Georgia **(*)**	914
Driver Services, Department of	475
Early Care and Learning, Department of	469
Economic Development, Department of	429
Economic Development Foundation, Inc., Georgia	989
Tourism Foundation, Georgia	990
Education, Department of	414
Environmental Finance Authority, Georgia **(*)**	928
Financing and Investment Commission, Georgia State **(*)**	409
Forestry Commission, Georgia	420
Games Commission, State	496
General Assembly, Georgia **(*)**	444
Golf Hall of Fame Authority, Georgia	975
Golf Hall of Fame Board, Georgia	958
Governor, Office of the	422
Higher Education Assistance Corporation, Georgia **(*)**	918
Higher Education Facilities Authority, Georgia **(*)**	969
Highway Authority, Georgia	924
Housing and Finance Authority, Georgia **(*)**	923
Human Services, Department of	427
Insurance, Office of the Commissioner of	408
International and Maritime Trade Center Authority, Georgia **(*)**	974
Investigation, Georgia Bureau of	471
Jekyll Island State Park Authority	910
Judicial Branch	430
Court of Appeals	432
Judicial Council	434
Juvenile Court Judges, Council of	431
Prosecuting Attorney's Council	418
Superior Courts	436
Supreme Court	438
Juvenile Justice, Department of	461
Labor, Department of	440
Lake Lanier Islands Development Authority	913

State of Georgia

Listing of Organizational Units Comprising
The State of Georgia Reporting Entity
For the Fiscal Year Ended June 30, 2010

ORGANIZATIONAL UNIT	CONTROL NUMBERS
Law, Department of	442
Lottery Corporation, Georgia **(*)**	973
Medical Center Authority, Georgia **(*)**	982
Music Hall of Fame Authority, Georgia	929
Natural Resources, Department of	462
North Georgia Mountains Authority	912
Oconee River Greenway Authority	988
OneGeorgia Authority	981
Pardons and Paroles, State Board of	465
Pension Funds	
Employees' Retirement System of Georgia **(*)**	
Regular	416
Deferred Compensation Plans	n/a
Defined Contribution Plan, Georgia	n/a
District Attorneys Retirement System	946
Judicial Retirement System, Georgia	n/a
Legislative Retirement System, Georgia	n/a
Military Pension Fund, Georgia	n/a
Public School Employees' Retirement System	468
State Employees' Assurance Department	n/a
Superior Court Judges Retirement System	945
Firefighter's Pension Fund, Georgia	950
Judges of the Probate Court Retirement Fund	949
Magistrates Retirement Fund	991
Peace Officers' Annuity and Benefit Fund of Georgia	947
Sheriffs' Retirement Fund of Georgia	951
Superior Court Clerks' Retirement Fund of Georgia (*)	948
Teachers Retirement System of Georgia **(*)**	482
Personnel Administration, State	460
Ports Authority, Georgia **(*)**	916
Properties Commission, State	410
Public Defender Standards Council, Georgia	492
Public Safety, Department of	466
Public Service Commission	470
Public Telecommunications Commission, Georgia	977
Rail Passenger Authority, Georgia	960
Regents of the University System of Georgia, Board of	472
Colleges, Universities and Foundations	
Research Universities	
Georgia Institute of Technology **(*)**	503
Georgia Tech Athletic Association **(*)**	5032
Georgia Tech Facilities, Incorporated **(*)**	5034
Georgia Tech Foundation, Incorporated **(*)**	5035
Georgia Tech Research Corporation **(*)**	5036
Georgia Tech Applied Research Corporation **(*)**	5037
Georgia State University	509
Georgia State University Foundation **(*)**	5091
Georgia State University Research Foundation (*)	5092
Medical College of Georgia	512
Medical College of Georgia Foundation, Incorporated **(*)**	5122

State of Georgia

Listing of Organizational Units Comprising
The State of Georgia Reporting Entity
For the Fiscal Year Ended June 30, 2010

ORGANIZATIONAL UNIT	CONTROL NUMBERS
Medical College of Georgia Health, Incorporated **(*)**	5124
Medical College of Georgia Physician's Practice Group Foundation (*)	5125
University of Georgia **(*)**	518
University of Georgia Athletic Association, Incorporated **(*)**	5181
University of Georgia Foundation **(*)**	5182
University of Georgia Research Foundation, Incorporated **(*)**	5184
Regional Universities	
Georgia Southern University	539
Georgia Southern University Housing Foundation, Incorporated **(*)**	5392
Valdosta State University	551
Valdosta State University Auxiliary Services Real Estate Foundation, Inc.(*)	5512
State Universities	
Albany State University	521
Armstrong Atlantic State University	524
Augusta State University	527
Clayton State University	528
Columbus State University	530
Fort Valley State University	533
Georgia College & State University	536
Georgia College and State University Foundation **(*)**	5362
Georgia Southwestern State University	542
Kennesaw State University	543
Kennesaw State University Foundation, Incorporated **(*)**	5431
North Georgia College and State University	545
Savannah State University	548
Southern Polytechnic State University	550
University of West Georgia	554
State Colleges	
Abraham Baldwin Agricultural College	557
Dalton State College	569
Gainesville State College	575
Georgia Gwinnett College	540
Gordon College	576
Macon State College	581
Middle Georgia College	584
Two-Year Colleges	
Atlanta Metropolitan College	561
Bainbridge College	562
College of Coastal Georgia	563
Darton College	570
East Georgia College	572
Georgia Highlands College	573
Georgia Perimeter College	571
South Georgia College	587
Waycross College	589
University System of Georgia Foundation, Incorporated (*)	4721
Other	
Georgia Military College	968
Skidaway Institute of Oceanography	593

State of Georgia

Listing of Organizational Units Comprising
The State of Georgia Reporting Entity
For the Fiscal Year Ended June 30, 2010

ORGANIZATIONAL UNIT	CONTROL NUMBERS
Regional Educational Service Agencies (RESA)	
Central Savannah River Area RESA	8684
Chattahoochee-Flint RESA	8724
Coastal Plains RESA	8864
First District RESA	8804
Griffin RESA	8624
Heart of Georgia RESA	8764
Metropolitan RESA	8564
Middle Georgia RESA	8644
North Georgia RESA	8524
Northeast Georgia RESA	8584
Northwest Georgia RESA	8504
Oconee RESA	8664
Okefenokee RESA	8884
Pioneer RESA	8544
Southwest Georgia RESA	8844
West Georgia RESA	8604
Regional Transportation Authority, Georgia	976
Revenue, Department of	474
Road and Tollway Authority, State **(*)**	927
Sapelo Island Heritage Authority	942
Secretary of State	478
Seed Development Commission, Georgia	919
Soil and Water Conservation Commission, State	480
Southwest Georgia Railroad Excursion Authority	984
Sports Hall of Fame Authority, Georgia	944
Stone Mountain Memorial Association **(*)**	911
Student Finance Authority, Georgia **(*)**	917
Student Finance Commission, Georgia	476
Subsequent Injury Trust Fund Board of Trustees	489
Superior Court Clerks Cooperative Authority, Georgia **(*)**	955
Technical College System of Georgia	415
State Technical Colleges	
Albany Technical College	820
Altamaha Technical College	821
Athens Technical College	822
Atlanta Technical College	823
Augusta Technical College	824
Central Georgia Technical College	835
Chattahoochee Technical College	827
Columbus Technical College	828
DeKalb Technical College	830
East Central Technical College	825
Flint River Technical College	847
Georgia Northwestern Technical College	829
Griffin Technical College	831
Gwinnett Technical College	832
Heart of Georgia Technical College	833
Lanier Technical College	834
Middle Georgia Technical College	836

State of Georgia
Listing of Organizational Units Comprising
The State of Georgia Reporting Entity
For the Fiscal Year Ended June 30, 2010

ORGANIZATIONAL UNIT	CONTROL NUMBERS
Moultrie Technical College	837
North Georgia Technical College	838
Ogeechee Technical College	844
Okefenokee Technical College	818
Sandersville Technical College	817
Savannah Technical College	841
South Georgia Technical College	842
Southeastern Technical College	843
Southwest Georgia Technical College	846
Valdosta Technical College	848
West Georgia Technical College	826
Technology Authority, Georgia	980
Transportation, Department of	484
Treasury and Fiscal Services, Office of	486
Veterans Service, State Department of	488
Workers' Compensation, State Board of	490
World Congress Center Authority, Geo. L. Smith II, Georgia	922

(*) Audits of these organizational units performed in whole or in part by other auditors.

STATE OF GEORGIA
CONSTITUTION
WIS
DOM
JUSTICE
MODER
ATION
1776