

MICHIGAN STATE
UNIVERSITY

Michigan State University

A-133 Single Audit Report: Corrective Action Plan

Year ended June 30, 2004

Finding 04-1

Grant Program/CFDA #: Research and Development Cluster/Various

Requirement: *Activities Allowed or Unallowed and Allowable Costs/Cost Principles – OMB Circular A-21, Cost Principles for Educational Institutions*, requires the maintenance of certified time and effort activity reports that support the salary costs charged to grants. These reports should be prepared each academic term and no later than every six months.

Finding: For 8 out of 30 items selected for testwork, certified time and effort activity reports were obtained, but not in a timely manner.

Questioned Costs: None

Systemic or Isolated: This instance of noncompliance is systemic.

Effect of Finding: Salary cost could be expensed to the wrong grant. The University could potentially lose federal funding due to non-compliance.

Recommendation: Time and effort reporting needs to be done in a timely manner to support all salary charges expensed to grants.



Corrective Action Plan

The MSU effort reporting system was delayed in order to improve the tracking and documentation of committed effort and to remove social security numbers. The system is now current and will be monitored closely for compliance in the future.

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Finding 04-2

Grant Program/CFDA #: Research and Development Cluster/Various

Requirement: *Subrecipient Monitoring* – The University is responsible for monitoring subrecipients' activities to provide reasonable assurance that the subrecipients administer federal awards in compliance with federal requirements. The University is also responsible for ensuring that audit reports are obtained from subrecipients and findings, if any, are subsequently resolved.

Finding: The University did not obtain audit reports for 18 out of 30 subrecipients selected for testwork.

Questioned Costs: None

Systemic or Isolated: This instance of noncompliance is systemic.

Effect of Finding: The University could potentially lose federal funding due to non-compliance.

Recommendation: A system should be maintained that ensures that all subrecipient audit reports are obtained and findings, if any, are subsequently resolved.

Corrective Action Plan

A system is in place to ensure subrecipient audit reports are obtained, and the University is now current on monitoring. Monitoring and review of the system will continue.

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Finding 04-3

Grant Program/CFDA #: Research and Development Cluster/Various

Requirement: *Procurement.* Documentation needs to be maintained providing evidence that contractors receiving awards greater than \$100,000 are certified as not suspended or debarred. Effective November 26, 2003, verification of non-suspension or debarment needs to be obtained for contractors receiving awards greater than \$25,000. Checking the *Excluded Parties List System*, collecting a certification from the contractor, or adding a clause or condition to the transaction with the contractor may accomplish verification.

Finding: The University could not provide documented evidence whether contractors are certified as not being suspended or debarred for 6 out of 32 items selected for testwork.

Questioned Costs: None

Systemic or Isolated: This instance of noncompliance is systemic.

Effect of Finding: The University might have a business relationship with a contractor that is suspended or debarred and could potentially lose federal funding due to non-compliance.

Recommendation: Documentation should be maintained regarding suspended and debarred contractors.

Corrective Action Plan

Such documentation will be collected on University contractors. Improved monitoring and review of the documentation is now current and will be closely monitored in the future.

MICHIGAN STATE UNIVERSITY

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