

Grand Valley State University

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

Grand Valley State University

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Plante & Moran, PLLC

Suite 300

750 Trade Centre Way

Portage, MI 49002

Tel: 269.567.4500

Fax: 269.567.4501

plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Grand Valley State University

We have audited the basic financial statements of Grand Valley State University for the year ended June 30, 2007 and have issued our report thereon dated October 1, 2007. Those basic financial statements are the responsibility of the management of Grand Valley State University. Our responsibility was to express an opinion on those basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Grand Valley State University taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The information in this schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

October 1, 2007

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

To the Board of Trustees
Grand Valley State University

We have audited the financial statements of Grand Valley State University as of and for the year ended June 30, 2007 and have issued our report thereon dated October 1, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the control deficiency described in the accompanying schedule of findings and questioned costs as item 2007-01 to be a significant deficiency in internal control over financial reporting.

To the Board of Trustees
Grand Valley State University

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

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

Compliance and Other Matters

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

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

This report is intended solely for the information and use of management, the finance and audit committee, the board of trustees, others within the University, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

October 1, 2007

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

To the Board of Trustees
Grand Valley State University

Compliance

We have audited the compliance of Grand Valley State University with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. The major federal programs of Grand Valley State University are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Grand Valley State University's management. Our responsibility is to express an opinion on Grand Valley State University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Grand Valley State University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Grand Valley State University's compliance with those requirements.

In our opinion, Grand Valley State University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2007-02.

To the Board of Trustees
Grand Valley State University

Internal Control Over Compliance

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

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal controls. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-02 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

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

To the Board of Trustees
Grand Valley State University

This report is intended solely for the information and use of management, the finance and audit committee, the board of trustees, others within the University, federal awarding agencies, and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

January 9, 2008

Grand Valley State University

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

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Clusters:			
Student Financial Aid Cluster:			
U.S. Department of Education - Direct Programs:			
William D. Ford Direct Loan Program	84.268	P268K011378	\$ 74,754,458
Federal Supplemental Education Opportunity Grant Program (Note 3)	84.007	P007A42012	1,303,322
Federal Work Study Program (Note 3)	84.033	P033A42012	1,046,902
Federal Pell Grant Program	84.063	P063P33265/43265	10,577,000
Federal Academic Competitive Grants	84.375	P375A060226	553,776
Federal SMART Grants	84.376	P3765060226	<u>362,747</u>
Total Student Financial Aid Cluster			88,598,205
TRIO Cluster:			
U.S. Department of Education - Direct Programs:			
TRIO - Upward Bound	84.047	P047A20464	418,711
TRIO - Upward Bound Math/Science	84.047	P047M20031	326,129
TRIO - Student Support Services	84.042	P044A10252/40497	318,021
TRIO - Educational Connections	84.044	P042A30792	340,819
TRIO - Ronald E. McNair Post-Baccalaureate Achievement Program	84.217	P217A50004	<u>263,014</u>
Total TRIO Cluster			1,666,694
Research and Development Cluster:			
Environmental Protection Agency - Direct Programs:			
Lower Grand River Wetland Initiative	66.436		3,354
Develop Delisting Targets	66.469		349
Lake Michigan Tour	66.469		21,485
West Michigan Strategic Alliance Regional Sustainable Manufacturing Initiative (GVSU is fiscal agent for West Michigan Strategic Alliance)	66.716		73,101

Grand Valley State University

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

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Clusters (Continued):			
Research and Development Cluster (Continued):			
Environmental Protection Agency - Direct Programs (Continued):			
Passed through Michigan Department of Environmental Quality -			
Preparation of Manuals and Guidance for Wetland			
Bioassessment in Michigan	66.461		\$ 2,213
Passed through National Fish and Wildlife			
Foundation/Timberland:			
Developing Targets for Fish Habitat and Fish			
Population in the Muskegon Lake AOCs	66.unknown		6,025
Macrophyte Study	66.unknown		12,164
Passed through Grand Valley Metro Council - Lower			
Grand River Implementation Project (Buck Creek)	66.460		15,789
Passed through Great Lakes Commission - Mona			
Lake 319	66.460		3,221
Passed through the Cadmus Group - Bear Lake			
Nutrient Study	66.unknown		27,784
Passed through Michigan Department of Environmental			
Quality/Land Conservancy of West Michigan -			
Rogue River Watershed Update and Easement	66.unknown		4,778
Passed through the Department of Environmental			
Quality/Michigan Coastal Management Program -			
Development of an Index of Coastal Wetland			
Susceptibility	66.unknown		487
Passed through State of Indiana - Hammond Cruises			
	66.unknown		7,600
Passed through Michigan Department of Environmental			
Quality/Macatawa Area Coordinating Council -			
Macatawa Watershed Project 319	66.unknown		<u>7,956</u>
Total Environmental Protection Agency			186,306

Grand Valley State University

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

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Clusters (Continued):			
Research and Development Cluster (Continued):			
National Aeronautics and Space Administration:			
Passed through Michigan Space Grant Consortium:			
NASA/MSGC:06 Zeman	43.unknown		\$ 2,169
NASA/MSGC:06 Brusnahan	43.unknown		847
NASA/MSGC: 06 Siladke	43.unknown		1,385
NASA/MSGC:06 Boadway	43.unknown		1,500
NASA/MSGC:06 Dill	43.unknown		3,525
NASA/MSGC:06 Peterman	43.unknown		4,145
NASA/MSGC:06 Joseph	43.unknown		9,995
NASA/MSGC:GLOBE 2006	43.unknown		2,644
NASA/MSGC:Movement of Round Goby	43.unknown		4,452
NASA/RMSC:Management 06-07	43.unknown		2,604
NASA/MSGC:04 Seed Furton	43.unknown		6
NASA/MSGC:05 PC/SA Dill - Steps	43.unknown		443
NASA/MSGC:07 Dill	43.unknown		4,572
NASA/MSGC:07 Joseph	43.unknown		1,576
NASA/MSGC:07 Meyers	43.unknown		150
NASA/MSGC:07 Peterman & Posada	43.unknown		220
NASA/MSGC:07 Nikitin	43.unknown		1,890
NASA/MSGC:Zeman Graduate Fellowship	43.unknown		2,058
NASA/UMD:Knowledge-based Expert System for Mapping Plant Functional Types	43.unknown		26,366
Passed through South Dakota State University -			
Evaluating the Effect of Institutional Change on Regional Hydrometeorology - Assessing the Vulnerability of the Eurasian Semi Arid Grain Belt - Year 1	43.001		(3,773)
NASA/SDSU - Evaluating the Effect of Institutional Change on Regional Hydrometeorology - Assessing the Vulnerability of the Eurasian Semi Arid Grain Belt - Year 2	43.001		<u>31,305</u>
Total National Aeronautics and Space Administration			98,079

Grand Valley State University

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

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Clusters (Continued):			
Research and Development Cluster (Continued):			
National Science Foundation:			
Grand Valley Summer Undergraduate Research Program in Mathematics (REU)	47.049		\$ 68,675
NSF Ambrose - Tutor in Intermediate Mechanics	47.unknown		1,779
NSF Multiple Mating	47.074		16,291
NSF RUI: Quantifying Calcite Flux and the Organic Carbon to Calcite Flux Ratio in the Tropical and Subtropical World Ocean	47.050		22,084
NSF Due Grissom 2004-06	47.076		39,303
NSF Target Inquiry - Investigating the Teacher and Student Effects of a New Model in Chemistry Teacher Professional Development	47.076		241,707
NSF Controlled P2P Overland Flow Mechanism Year I	47.050		37,937
NSF Collaborative Research Study of Arctic Ecosystem Changes in the IPY Using the International Tundra Experiment	47.078		24,603
NSF Lake Huron Sinkholes	47.074		52,054
NSF Support for Dynamic Students in Math, Science, Engineering, and Computing	47.076		7,509
Passed through Michigan State University - Mathematicians and Mathematic Educators Collaborating on Capstone Courses for Secondary Mathematic Teachers	47.076		11,345
Passed through University of Michigan - NSF: GVSU-UM Partnership for Advancing Women in Science and Engineering	47.075		68,921
Passed through Kettering University - Multidisciplinary Integration of Interdepartmental Courses	47.unknown		941
Passed through University of Minnesota - UV-DOM Interactions	47.050		1,633
Passed through Ohio State University Foundation - Relational Concepts	47.076		1,910

Grand Valley State University

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

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Clusters (Continued):			
Research and Development Cluster (Continued):			
National Science Foundation (Continued):			
Passed through Western Michigan University - Math GVSU/WMU - Walker	47.076		\$ 47,715
Passed through The University of California - Davis Function of the Arabidopsis Gene TORMOZ in Cell Division and Development	47.074		13,221
Passed through The University of Kansas:			
NSF Menon	47.074		1,468
NSF Trefftz	47.070		4,089
			<u>663,185</u>
Total National Science Foundation			
U.S. Department of Energy - Passed through Central Washington University - Restoration of the Wapato Floodplain: A Template for the Preservation, Restoration, and Monitoring of Critical Habitat within the Wapato Floodplain of the Yakima River basin, Washington Phase II	81.unknown		6,139
U.S. Department of Agriculture - Passed through Michigan Department of Natural Resources - Forestland Evaluation Pilot Project	10.664		6,612
Department of Natural Resources - Wildlife Division - Passed through Michigan Department of Natural Resources - Management and Monitoring Techniques for the Karner Blue Butterfly	15.634		7,058
U.S. Department of Commerce:			
Public Telecommunications Facilities Program - Digital	11.550	26-02-04068	(5,599)
Public Telecommunications Facilities Program - Digital	11.550	26-01-N05060	46,476
			<u>40,877</u>
Total U.S. Department of Commerce			<u>40,877</u>
Total Research and Development Cluster			1,008,256

Grand Valley State University

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

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Clusters (Continued):			
Special Education Cluster - Passed through the State of Michigan - Department of Education:			
Autism START Project 05-06	84.027		\$ 624,193
Autism START Project 06-07	84.027		<u>855,268</u>
Total Special Education Cluster			1,479,461
Other Federal Awards:			
U.S. Small Business Administration - Michigan Small Business and Technology Development Center:			
SBTDC 2006 Project	59.037		2,007,870
SBTDC 2007 Project	59.037		<u>1,257,671</u>
Total U.S. Small Business Administration			3,265,541
U.S. Department of Education:			
I-Team 2003-2005	84.153		452
Access India/China	84.153		61,293
Fund for the Improvement of Education (FIE)	84.215		118,081
Passed through National Writing Project Corporation:			
National Writing Project	84.928		50,000
U of M Writing School Project	84.928		500
Passed through the State of Michigan - Department of Education:			
NCLB Teacher Enhancement Grant for 9th Grade Civics Project	84.367	060290-671	108,204
A Sustainable Collaboration to Improve Content, Assessment, Reflection and Efficacy of Science Teachers, MDE Title II: Improving Teacher Quality	84.367	070290-136	60,459
Passed through State of Michigan Department of Education/Saginaw Valley State University -			
SVSU Mathematics and Science Partnership	84.366		122,853
Passed through Michigan Department of Labor and			
Economic Growth - Michigan GEAR UP/College Day Program	84.334		<u>8,964</u>
Total U.S. Department of Education			530,806

Grand Valley State University

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

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Other federal awards (Continued):			
U.S. Department of Health and Human Services:			
Advance Nursing Traineeship 06	93.358		\$ 31,062
Federal Disadvantaged Students	93.342		105,539
Passed through Department of Human Services - MSW Child Welfare Specialty Field Supervision Services	93.648		43,373
Passed through Michigan Department of Community Health: MDCH 05-06 NICU Regionalization Analysis	93.778		12,105
MDCH 06-07 NICU Regionalization Analysis	93.778		14,189
Passed through Michigan State University - Michigan Families Medicaid Project	93.778		7,437
Passed through the Area Agency on Aging of West Michigan, Inc. - Chronic Disease Self Management/Aging	93.048		3,545
Passed through Network 180 - Making Sobriety Attractive	93.276		84,581
Passed through Spectrum Health Hospital - Accelerated Healthcare Training Initiative	93.137		<u>657,003</u>
Total U.S. Department of Health and Human Services			958,834
U.S. Department of Agriculture:			
TRIO Food Service	10.608		12,002
Child Care Food Service	10.608		<u>6,709</u>
Total U.S. Department of Agriculture			18,711
U.S. Department of Transportation:			
Passed through the MI Office of Highway - Safety Planning: JJ-06-02 "Youth Alcohol Enforcement"	20.600		1,131
JJ-07-02 "Youth Alcohol Enforcement"	20.600		2,367
Passed through the MI-Ohio University Transportation Center - Congestion Relief by Travel Time Minimization in Near Real Time Study	20.931		33,389
Passed through Michigan Department of Transportation - A Study of Surface Run-off from U.S. 31/Seaway on Little Black Creek - Yr 1	20.931		<u>8</u>
Total U.S. Department of Transportation			36,895

Grand Valley State University

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

Program Title/Project Number/Subrecipient Name	CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
Other federal awards (Continued):			
U.S. Department of Commerce (DOC-NOAA):			
Passed through National Oceanic and Atmospheric Administration - Microcystis in Lakes Erie and Huron: Environmental and Genetic Factors Affecting Microcystin Production and Cell Quota: A Cooperative Agreement in OHH Studies	11.460		\$ 23,693
Passed through Michigan Sea Grant - Alternative Stormwater Management Practices that Address the Environmental, Social and Economic Aspects of Water Resources in Spring Lake Township and Village	11.417		<u>894</u>
Total U.S. Department of Commerce			24,587
U.S. Department of Justice:			
Project Safe Neighborhood	16.609	2003-GP-CX-0561	213,199
Central City Weed & Seed	16.unknown	2006-WS-Q6-0010	151,014
Passed through Michigan Council and Delinquency and Public Broadcast System - Project Safe Neighborhoods Media Consultant Grant	16.unknown	2003-GP-CX-0018	<u>13,368</u>
Total U.S. Department of Justice			377,581
U.S. Department of Homeland Security - Passed through the Michigan State University - Disaster Preparedness/Planning Services - Intelligence Fusion Center			
	97.067		22,465
U.S. Department of Labor - Passed through the Michigan Department of Labor and Economic Growth West Michigan WIRED (GVSU is fiscal agent for West Michigan Strategic Alliance)			
	17.261		4,182,404
U.S. Department of Housing and Urban Development - Renovations of a Research Facility, Training and Education Space			
	14.246		237,405
U.S. Department of Housing and Urban Development - Continuation of Renovations to a Research and Education Facility			
	14.246		<u>7,135</u>
Total federal awards			<u>\$ 102,414,980</u>

Grand Valley State University

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

Note 1 - Significant Accounting Policies

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

Note 2 - Loans Outstanding

The Federal Perkins Loans (CFDA #84.038) balance represents loans outstanding of \$10,591,001. This amount includes current year loan issues of \$2,973,745 which are not included in the schedule of expenditures of federal awards. There were no federal contributions during the year ended June 30, 2007.

Outstanding loans under the Nursing Student Loan Program (CFDA #93.364) were \$143,585 at June 30, 2007. There were no federal contributions for this program during the year ended June 30, 2007.

The University originates but does not provide the funding for Federal Direct Loans (FDLs). The amount presented represents the value of the new FDLs awarded by financial institutions during the year.

Note 3 - Federal Work Study

As allowable and in accordance with federal regulations issued by the Department of Education, the University spent Federal Work Study dollars of \$1,046,902, net of \$70,413 for prior year funds expended in the current fiscal year, based on the current year award. The amounts expended have been adjusted from amounts spent in prior award years and amounts transferred to the Federal Supplemental Employment Opportunity Grant spending. The Federal Work Study expenditures for the year ended June 30, 2007 are adjusted for \$174,285 transferred to and spent in the Federal Supplemental Opportunity Grants.

Grand Valley State University

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

Note 4 - Subrecipient Awards

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

<u>Program Title/Project Number/Subrecipient Name</u>	<u>CFDA Number</u>	<u>Current Year Cash Transferred to Subrecipient</u>
U.S. Department of Justice:		
Project Safe Neighborhood	16.609	\$ 182,069
Central Weed and Seed	16.unknown	<u>99,439</u>
Total U.S. Department of Justice		281,508
National Science Foundation - DUE Grissom	47.076	30,000
U.S. Department of Education:		
Autism START Project 05-06	84.027A	354,371
Autism START Project 06-07	84.027A	<u>156,582</u>
Total U.S. Department of Education		510,953
U.S. Small Business Administration:		
Michigan Small Business and Technology Development Center Headquarters - 2006	59.037	993,367
Michigan Small Business and Technology Development Center Headquarters - 2007	59.037	<u>724,128</u>
Total U.S. Small Business Administration		1,717,495
U.S. Department of Labor - West Michigan WIRED	17.261	<u>4,063,119</u>
Total federal awards provided to subrecipients		<u>\$ 6,603,075</u>

Grand Valley State University

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major program(s):

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

Type of auditor's report issued on compliance for major program(s): Unqualified

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

Identification of major program(s):

CFDA Numbers	Name of Federal Program or Cluster
84.063, 84.268, 84.038, 84.033, 84.007, 84.375, 84.376, and 93.364 17.261 59.037	Student Financial Aid Cluster WIRED SBTDC

Dollar threshold used to distinguish between type A and type B programs: \$919,028

Auditee qualified as low-risk auditee? Yes No

Grand Valley State University

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

Section II - Financial Statement Audit Findings

Reference Number	Findings
2007-01	<p>Finding Type - Significant deficiency</p> <p>Criteria - Under GASB 34 reporting, the University may not report a negative restricted net asset balance and must transfer unrestricted net assets to cover the deficit.</p> <p>Condition - The University moved forward with a construction project prior to issuance of bonds funding the project. The amount spent on the project through June 30, 2007 was approximately \$9 million, which resulted in a deficit in the overall restricted expendable net assets of approximately \$6 million at June 30, 2007.</p> <p>Context - The University has total net assets of over \$465 million; the amount of the deficit (\$6 million) was just over 1 percent of the total net assets.</p> <p>Effect - The University showed a deficit in the expendable capital projects net assets of approximately \$6 million at June 30, 2007 on the University's audited statement of net assets.</p> <p>Cause - The University proceeded with a construction project prior to issuance of bonds funding the project, which resulted in expenditures exceeding revenues in a restricted net asset category.</p> <p>Recommendation - We recommend that the University reimburse the negative restricted balance upon receipt of the bond proceeds in September 2007.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The University funded the deficit in September 2007 when the bond proceeds were received and full funding for the project was received.</p>

Grand Valley State University

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

Section III - Federal Program Audit Findings

Reference Number	Findings
2007-02	<p>Program Name - U.S. Small Business Administration - Direct #59.037, 2006 and 2007 Projects</p> <p>Finding Type - Noncompliance/Significant deficiency</p> <p>Criteria - Procurement. OMB Circular A-110, section .13, requires federal awarding agencies and recipients to comply with the procurement and non-procurement debarment and suspension common rule implementing Executive Orders 12549 and 12689, "Debarment and Suspension." This common rule restricts sub awards and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in federal assistance programs or activities. Documentation needs to be maintained providing evidence that those parties receiving awards greater than \$100,000 are certified as not suspended or debarred and verification of nonsuspension or debarment needs to be obtained for contractors receiving awards greater than \$25,000. Checking the Excluded Parties List System and obtaining a certification from the contractor would accomplish verification.</p> <p>Condition - Of the 25 expenditures tested, 13 of them required certification that the recipient was not suspended or debarred. A total of seven out of 13 selections did not have the proper certification support. Based on a review of the Excluded Parties List System, none of the contractors noted above were suspended or debarred.</p> <p>Questioned Costs - None</p> <p>Context - This instance is a result of not having controls in place to review for excluded parties.</p> <p>Cause and Effect - The University might have a business relationship with a contractor that is suspended or debarred and could potentially lose federal funding due to noncompliance.</p>

Grand Valley State University

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

Section III - Federal Program Audit Finding (Continued)

Reference Number	Findings
2007-02 (Continued)	<p>Recommendation - Documentation should be maintained regarding certification of whether contractors are suspended or debarred.</p> <p>Views of Responsible Officials and Planned Corrective Actions - The University agrees that it needs to bolster its procedures regarding debarment and suspension. The following procedures will be implemented for grants effective January 1, 2008:</p> <ol style="list-style-type: none">1. For contracts between \$25,000 and \$100,000, the purchasing department will check the Excluded Parties List System (www.epls.gov) and document that the contractor is not excluded from participation in federal activities.2. For all contracts over \$100,000, the purchasing department will require a completed certification form from the contractor prior to issuing the contract.3. The grant accountants will review the debarment and suspension requirement with the principal investigator in their initial meeting, which is held to go through all of the various grant requirements. Discussion of this requirement will be documented on the initial check list.



Schedule of Findings and Questioned Costs

Year Ended June 30, 2007

Section II – Financial Statement Audit Findings

<u>Reference Number</u>	<u>Corrective Action Plan</u>
2007-01	This year-end timing difference was corrected in September 2007 when the bond proceeds for the project were received.

Section III – Federal Program Audit Findings

<u>Reference Number</u>	<u>Corrective Action Plan</u>
2007-02	<p>The university agrees that it needs to bolster its procedures regarding debarment and suspension. The following procedures will be implemented for grants effective January 1, 2008:</p> <ol style="list-style-type: none"> 1. For contracts between \$25,000 and \$100,000, the Purchasing department will check the Excluded Parties List System (www.epls.gov) and document that the contractor is not excluded from participation in federal activities. 2. For all contracts over \$100,000, the Purchasing Department will require a completed certification form from the contractor prior to issuing the contract. 3. The Grant Accountants will review the debarment and suspension requirement with the Principal Investigator in their initial meeting, which is held to go through all of the various grant requirements. Discussion of this requirement will be documented on the initial check list.

The contact regarding this plan is Brian Copeland, Assistant Vice President for Business and Finance.