Policy and Oversight

Financial and Performance Audit Directorate

Quality Control Review

Price Waterhouse LLP
Shaw University
Fiscal Years Ended June 30, 1993, through 1995

Report Number PO 97-033

June 27, 1997

Office of the Inspector General
Department of Defense

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Acronyms

OMB Office of Management and Budget
R&D Research and Development
GAS Government Auditing Standards
June 27, 1997

Price Waterhouse LLP
1251 Avenue of the Americas
New York, New York 10020

SUBJECT: Quality Control Review of Price Waterhouse LLP
Shaw University
Fiscal Years Ended June 30, 1993, Through 1995
Report No. PO97-033

Introduction

We are providing this report for your information and response. Your Raleigh, North Carolina, office performed the single audits for Shaw University, Raleigh, North Carolina, a nonprofit educational institution. The audits are required by Office of Management and Budget (OMB) Circular A-133, "Audits of Institutions of Higher Education and Other Nonprofit Institutions." The University reported total Federal award expenditures for fiscal years ended June 30, 1993, through 1995 as indicated in Table 1.

Table 1. Shaw University Federal Award Expenditures

<table>
<thead>
<tr>
<th></th>
<th>FY 1993</th>
<th>FY 1994</th>
<th>FY 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Defense(^1)</td>
<td>$ 66,430</td>
<td>$ 86,843</td>
<td>$ 79,137</td>
</tr>
<tr>
<td>Other Federal Agencies</td>
<td>10,964,750</td>
<td>11,004,479</td>
<td>11,290,476</td>
</tr>
<tr>
<td>Total Federal Expenditures(^1)</td>
<td>$11,031,180</td>
<td>$11,091,322</td>
<td>$11,369,613</td>
</tr>
</tbody>
</table>

\(^1\)Excludes the Department of Defense Buffalo Soldiers Award. See “Material Findings” section of the report.

Table 2. Shaw University Federal Award Expenditures Corrected

<table>
<thead>
<tr>
<th></th>
<th>FY 1993</th>
<th>FY 1994</th>
<th>FY 1995</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Defense(^2)</td>
<td>$ 66,430</td>
<td>$ 215,099</td>
<td>$ 271,466</td>
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<tr>
<td>Other Federal Agencies</td>
<td>10,964,750</td>
<td>11,004,479</td>
<td>11,290,476</td>
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<tr>
<td>Total Federal Expenditures(^2)</td>
<td>$11,031,180</td>
<td>$11,219,578</td>
<td>$11,561,942</td>
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</table>

\(^2\)Includes the Department of Defense Buffalo Soldiers Award. See “Material Findings” section of the report.
Price Waterhouse LLP audit reports dated October 8, 1993 (FY 1993), November 4, 1994 (FY 1994), and September 29, 1995 (FY 1995), report questioned costs related to the Student Financial Aid program of $0, $17,588, and $27,401, respectively. The auditors also issued unqualified opinions on the financial statements, Schedule of Federal and State Financial Assistance, and compliance with specific requirements applicable to major programs. They issued positive and negative assurance statements on compliance with general requirements. Positive assurance states that, with respect to the items tested, the results of the auditors' procedures disclosed no material instances of noncompliance. Negative assurance states that, with respect to the items not tested, nothing came to the auditors' attention that caused them to believe that the University has not complied, in all material respects. In addition, the auditors also obtained an understanding of the internal controls related to the financial statements and Federal awards. The audit reports describe the auditors' scope of work in obtaining that understanding and assessing control risk. The report on Federal awards further describes the significant internal controls or control structure including the controls established that provide reasonable assurance that Federal awards are being managed in compliance with applicable laws and regulations.

Quality Control Review Results: Material Findings

The audit work performed and related working papers supporting the OMB Circular A-133 audit did not meet the applicable guidance and regulatory requirements in the OMB Circular A-133 and its related compliance supplement, which incorporate the Government Auditing Standards (GAS) and Generally Accepted Auditing Standards. We advised the recipient of our findings in a letter dated September 17, 1996, in accordance with Section 3e of the Attachment to OMB Circular A-133. We were informed that the deficiencies would not be corrected until the new audit firm completed its work on fiscal year 1996 and issued a letter to Price Waterhouse LLP regarding events that happened subsequent to the date of the fiscal year 1995 audit report. Below are the deficiencies noted during the quality control review that we will refer to the North Carolina State Board of Certified Public Accountant Examiners and the American Institute of Certified Public Accountants.

All Major Programs Not Tested and Reported

The Price Waterhouse LLP auditors did not test compliance and internal controls for all major programs at Shaw University for fiscal years ended June 30, 1994, and June 30, 1995, and did not identify them as major programs on the "Schedule of Federal and State Financial Assistance." Research and Development (R&D), Upward Bound, and the Environmental Protection Agency programs were incorrectly identified as nonmajor programs and, therefore, not tested. State and private expenditures were inappropriately included in the major program threshold calculation, thereby raising the threshold that excluded certain Federal programs. In addition, the auditors did not identify or have the University identify all R&D awards for consideration as a major program. Finally, the erroneous major program calculation format from prior years' working papers were
the erroneous major program calculation format from prior years' working papers were used in subsequent years to calculate major program thresholds. Paragraph 1.ii., "Major Program," of the Attachment to OMB Circular A-133 states that if the expenditures for a category of Federal assistance exceeds the greater of 3 percent of total expenditures or $100,000, the program will be audited as a major program. R&D and Student Financial Aid are specifically defined in the Circular as major programs. Paragraph 15.c.(1), "Audit Reports," further states that the Schedule of Federal Awards should identify major programs and total expenditures for each major program. OMB Circular A-133 requires the auditor to perform enough transaction testing over major programs to issue an opinion on compliance with specific requirements. However, transaction testing is not a requirement for nonmajor programs, unless the major programs do not comprise at least 50 percent of the total Federal award expenditures. In addition, nonmajor program transactions selected during the audit of the financial statements and the evaluation of internal controls are also tested for compliance with specific requirements related to that transaction. As a result, major programs identified as nonmajor do not receive the audit coverage required by OMB Circular A-133 and therefore, there is only limited assurance that the expenditures are allowable, allocable, and reasonable.

Recommendation 1: We recommend that Price Waterhouse LLP audit all major programs for fiscal years 1994 and 1995 in accordance with the requirements of Office of Management and Budget Circular A-133 and re-issue the related audit reports.

Army Award Not Audited Or Reported

The auditor's working papers incorrectly identified Army Contract Number MDA903-93-C-0260, Buffalo Soldiers Award, awarded to Shaw University in 1993 for $320,585 as a private award. Therefore, the auditor did not include the Buffalo Soldiers Award as part of the audit and the Buffalo Soldiers Award expenditures for fiscal years 1994 and 1995 are not in the respective Schedules of Federal and State Financial Assistance. OMB Circular A-133, Attachment paragraph 12.b.(3), states that the auditor will determine whether the University complied with laws and regulations that have a material effect on each major Federal program. Paragraph 13.c.(2) of the Attachment further states that the "recipients shall identify, in their accounts, all Federal funds received and expended and the programs under which they were received." The Price Waterhouse LLP working papers and the 1995 management representation letter from Shaw University state that the Army Buffalo Soldiers Award is not Federal money. The Price Waterhouse LLP working papers documented an adjusting journal entry to place the award into the private grants section of the financial statements based on the information in the management representation letter. The Buffalo Soldiers Award did not receive the audit coverage required by OMB Circular A-133. It was not audited for compliance with specific laws and regulations related to R&D programs and was not considered in the universe for testing the internal controls over Federal awards. As the administrative agency, the Department of the Navy, Office of Naval Research, cannot
close out this award as planned because the expenditures were not audited. Also, there is limited assurance that the expenditures are allowable, allocable, and reasonable.

Recommendation 2: We recommend that Price Waterhouse LLP include the Army Buffalo Soldiers Award in the audit of major programs (See Recommendation 1) in accordance with the requirements of the Office of Management and Budget Circular A-133.

Recommendation 3: We recommend that Price Waterhouse LLP re-evaluate the opinions and assurances expressed on the financial statements, internal controls, and compliance reports to determine whether they have materially changed based on correcting the cited auditing deficiencies.

Recommendation 4: We recommend that Shaw University re-issue the following reports, opinions, and schedules for fiscal years 1994 and 1995:

a. financial statements and related opinion after Price Waterhouse LLP has considered the effect of re-classifying the Buffalo Soldiers Award as Federal revenue and expenditures;

b. report on internal controls over Federal awards;

c. report on general requirements;

d. report on specific requirements over major programs and the related opinion; and


Insufficient Knowledge, Training, and Supervision

The Price Waterhouse LLP staff did not possess the proficiency required by the Government Auditing Standards (GAS) to perform the OMB Circular A-133 audits. The audits for the 3 fiscal years 1993 through 1995 were overseen by the same Audit Partner, a different Audit Manager for each fiscal year audited, the same Audit Senior for the first 2 fiscal years, and no Audit Senior for the last fiscal year. During the 3 years, only the Audit Partner met the 24 hours of continuing professional education and training requirements related to Government auditing, and only for 1994. In addition, none of the documented training related to subjects directly related to the Government environment and to Government auditing. Paragraph 12a of the Attachment to OMB Circular A-133 states that independent auditors will perform the audit. Paragraph 1g defines independent auditor as one who meets the standards specified in GAS. GAS paragraphs 3.3 through 3.8 require that the staff assigned to conduct an audit in accordance with GAS collectively possess the knowledge and skills
necessary for that audit. Although the requirements apply to the organization as a whole, those individuals responsible for planning, directing, conducting, or reporting substantial portions of an audit conducted in accordance with GAS are required to complete at least 24 of the 80 continuing professional education and training hours in subjects directly related to the Government environment and to Government auditing. The Price Waterhouse LLP working papers supporting the fiscal years 1994 and 1995 audit reports show that the auditors performed deficient audits. As previously discussed, the auditors did not understand the definition of major programs. We consider this finding to be indicative of the lack of relevant training in Government auditing. Because of the lack of proper training, the Partner approved, the Audit Managers oversaw, and the Audit Senior performed work that did not meet the auditing requirements of OMB Circular A-133. These reports cannot be relied upon by Federal Agencies to administer their awards.

Recommendation 5: We recommend that Price Waterhouse LLP auditors whose engagements include Office of Management and Budget Circular A-133 entities take training specific to the auditing and reporting requirements of the Circular.

Recommendation 6: We recommend that Price Waterhouse LLP establish a program to ensure that the 24 hours of required governmental related continuing professional education is obtained by those auditors conducting audits in accordance with Government Auditing Standards.

Quality Control Review Results: Immaterial Findings

Although not considered significant, we also found the following deficiencies: the engagement letter did not state that the audit should be conducted in accordance with Government Auditing Standards, issued by the Comptroller General of the United States; and the Schedule of Federal and State Financial Assistance did not identify each Federal assistance program as direct or indirect and total Federal award expenditures for fiscal years 1993 through 1995.

Quality Control Review Objective

The objective of a quality control review is to assure that the audit was conducted in accordance with applicable standards and meets the auditing requirements of the OMB Circular A-133. As a Federal funding agency for the University, we conducted a quality control review of the audit working papers. We focused our review on the following qualitative aspects of the audit: due professional care, planning, supervision, independence, quality control, internal controls, substantive testing, general and specific compliance testing, and the Schedule of Federal Awards.

We reviewed the most recent peer review dated October 26, 1993, performed by Deloitte & Touche that found that Price Waterhouse LLP met the objectives of the quality control review standards established by the American Institute of Certified
Public Accountants and the standards were being complied with during the fiscal year ended June 30, 1993.

Scope and Methodology

We used the 1991 edition of the Uniform Quality Control Guide for Single Audits (the Guide) issued by the President’s Council on Integrity and Efficiency as guidance for performing the quality control review procedures. The Guide is organized by the general and field work audit standards and the required elements of a single audit. It is further divided into the substantive work performed during the audit of the financial statements and the specific program compliance testing for major programs. In addition, we expanded our review to test the Schedule of Federal and State Financial Assistance for disclosure and completeness by reviewing the Shaw University fiscal years 1993 through 1995 general ledger entries related to Federal awards.

We limited the scope of the fiscal years ended June 30, 1993 and 1994 quality control reviews to the audit contract, general standards for auditor qualifications and independence, and the Schedule of Federal and State Financial Assistance. We reviewed the fiscal year ended June 30, 1995 working papers for all elements of the Guide.

We reviewed the Price Waterhouse LLP audit working papers covering areas related to the Department of Defense expenditures: the financial statements and the R&D program. The R&D program expenditures for the 3 fiscal years are shown in Table 3.

<table>
<thead>
<tr>
<th>Table 3. R&amp;D Program Expenditures</th>
</tr>
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<tbody>
<tr>
<td>Research &amp; Development¹</td>
</tr>
<tr>
<td>Research &amp; Development %</td>
</tr>
<tr>
<td>Total Federal Expenditures</td>
</tr>
</tbody>
</table>

¹Excludes the Department of Defense Buffalo Soldiers Award. See “Material Findings” section of the report.

<table>
<thead>
<tr>
<th>Table 4. R&amp;D Program Expenditures Corrected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research &amp; Development %</td>
</tr>
<tr>
<td>Total Federal Expenditures</td>
</tr>
</tbody>
</table>

²Includes the Department of Defense Buffalo Soldiers Award. See “Material Findings” section of the report.
Results of Prior Quality Control Reviews

We have not performed quality control reviews at other Price Waterhouse LLP offices.

Background

The Inspector General Act of 1978, Public Law 95-452, prescribes the duties and responsibilities of that office. In implementing these responsibilities, the Inspector General is required to "take appropriate steps to assure that any work performed by non-Federal auditors complies with the standards established by the Comptroller General."

The Single Audit Act of 1984 (Public Law 98-502) was intended to improve the financial management of state and local governments whose total annual expenditures are $100,000 or more with respect to Federal financial assistance programs; establish uniform requirements for audits of Federal financial assistance; promote efficient and effective use of audit resources; and ensure that Federal departments and agencies rely on and use the audit work done under the Act, to the maximum extent practicable.

The Single Audit Act Amendments of 1996, based on 12 years of experience under the 1984 Act, are intended to strengthen the usefulness of single audits by increasing the audit threshold from $100,000 to $300,000, selecting programs to be audited on the basis of risk assessment rather than the amount of dollars involved, and improving the controls and timelines of single audits. The Amendments also bring nonprofit organizations, previously covered by similar requirements under the OMB Circular A-133, under the Single Audit Act provisions.

The OMB Circular A-133 establishes the Federal audit and reporting requirements for nonprofit and educational institutions whose Federal awards are or exceed $100,000. It provides that an audit made in accordance with the Circular shall be in lieu of any financial audit required under individual Federal awards. An agency must rely on the audit to the extent that it provides the information and assurances that an agency needs to carry out its overall responsibilities. The coordinated audit approach provides for the independent public accountant, Federal auditor, and other non-Federal auditors to consider each other's work in determining the nature, timing, and extent of their respective audit procedures. It also requires that the cognizant agency obtain or conduct quality control reviews of selected audits made by non-Federal auditors and provide the results, when appropriate, to other interested organizations. The Circular is currently being revised to incorporate the changes in the Single Audit Act Amendments of 1996.
Discussion of Results: Accepted Reports

During our quality control review, we reviewed and took no exception to the working papers supporting the following reports and schedules:

Report of Independent Accountants on the Internal Control Structure Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards. The auditor is required to obtain an understanding of the internal control structure that is sufficient to plan the audit and assess control risk for the assertions embodied in the financial statements. We reviewed the audit program for the appropriate procedures, the working paper documentation, and the substantive testing performed.

Report of Independent Accountants Compliance with Laws, Regulations, Contracts, and Grants Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards When the Auditor's Procedures Disclose No Material Instances of Noncompliance. The auditor is required to determine whether the recipient has complied with laws and regulations that may have a direct and material effect on the determination of financial statement amounts. We reviewed the audit program for the appropriate procedures, the working paper documentation, its support, and the compliance tests performed.

Discussion of Results: Deficient Reports and Schedules

During our quality control review, we took no exception to the remaining reports and schedules for fiscal year 1993, except for the report on general requirements. Our review showed that, although Shaw University charges all costs direct, the allowable costs/cost principles general requirement still applies for the audit of direct costs. Price Waterhouse LLP auditors tested direct costs but did not identify this requirement in the “Single Audit Report of Independent Accountants Compliance With General Requirements Applicable to Federal and State Financial Assistance Programs.” The report must be corrected to state that this was tested as part of the audit scope.

We reviewed and took exception to the working papers supporting fiscal years 1994 and 1995 reports and schedules. We consider these reports deficient because they do not represent all audit and reporting requirements of OMB Circular A-133 (see “Quality Control Review Results” section of this report). The Price Waterhouse LLP working papers show that, based on the management representation letter, the Army Buffalo Soldiers Award was reclassified as a private award through an adjusting journal entry. The auditors must determine the effect on the financial statements and the opinion of reclassifying the Defense award as a Federal award. Therefore, the financial statement opinion, internal controls, and compliance reports and related schedules must be modified or re-issued to reflect the OMB Circular A-133 reporting requirements.
Report of Independent Accountants. The auditor is required to obtain reasonable assurance about whether the financial statements are free of material misstatement in order to express an opinion on its financial position as of the fiscal year end. We reviewed the audit program and the testing of evidential matter to determine whether testing was sufficient based on assessment of control risk to warrant the conclusion reached and whether the working papers supported the conclusion.

Report of Independent Accountants (Opinion on Schedule of Federal and State Financial Assistance). The auditor is required to subject the schedule to the auditing procedures applicable to the audit of the financial statements and to ensure that the amounts are fairly stated in relation to the basic financial statements. Our review was included in the steps of evaluation of the audit working papers related to the “Report of Independent Accountants.”

The recipient is responsible for creating the Schedule of Federal and State Financial Assistance. The auditor is required to audit the information in the Schedule and to ensure that it identifies major programs as defined by OMB Circular A-133 and total expenditures for each program. We reviewed the Shaw University general ledger for fiscal years 1993 through 1995 to identify all Federal awards in process during each fiscal year. We compared our list to the Federal awards audited by Price Waterhouse LLP and verified that the Army Buffalo Soldiers Award was missing from the audit scope and that the Schedule included other than Federal awards.

Schedule of Federal and State Financial Assistance. The recipient is responsible for creating the Schedule. The auditor is required to audit the information in the Schedule and to ensure that it identifies major programs as defined by OMB Circular A-133 and total expenditures for each program. We reviewed the audit program for the appropriate procedures, reviewed a selected number of footings/cross-footings, and traced some of the amounts to the Subsidiary Ledger and/or Trial Balance. We also expanded our review to test the Schedule for disclosure and completeness by reviewing the Shaw University fiscal years 1993 through 1995 general ledger entries related to Federal awards.

Single Audit Report of Independent Accountants on the Internal Control Structure Used in Administering Federal and State Awards. The auditor is required to obtain an understanding of the internal control structure and assess control risk to determine whether the auditor intends to place reliance on the internal control structure. The auditor must perform tests of controls to evaluate the effectiveness of the design and operation of the policies and procedures in preventing or detecting material non-compliance, review the system for monitoring subrecipients and obtaining and acting on subrecipient audit reports, and determine whether controls are effective to ensure direct and indirect costs are computed and billed in accordance with the general requirements in the compliance supplement. We reviewed the Price Waterhouse LLP audit program for the appropriate procedures, the working paper documentation, and the test of controls performed.
Single Audit Report of Independent Accountants on Compliance With Specific Requirements Applicable to Major Federal and State Assistance Programs. The auditor is required to determine whether the recipient has complied with laws and regulations that may have a direct and material effect on any of its major Federal programs. They include Types of Services Allowed or Unallowed; Eligibility; Matching, Level of Effort, and/or Earmarking Requirements; Special Reporting Requirements; and Special Tests and Provisions. We reviewed the audit program for the appropriate procedures, checked the audit programs steps to those in the Compliance Supplement to make sure all areas are audited, reviewed the working paper documentation and its support, and reviewed the compliance tests performed.

Single Audit Report of Independent Accountants on Compliance With General Requirements Applicable to Federal and State Financial Assistance Programs. The auditor is required to determine whether the recipient has complied with laws and regulations that may have a direct and material effect on any of its major Federal programs. General requirements are those that, if not observed, could have a material effect on the recipient’s financial statements including those prepared for Federal programs. The auditor’s procedures were limited to those prescribed in the OMB Compliance Supplement for “Audits of Universities of Higher Learning and Other Non-Profit Institutions.” We reviewed the audit programs for the appropriate procedures, compared the audit program steps to those in the Compliance Supplement to make sure all areas are audited, reviewed the working paper documentation and its support, and reviewed the compliance tests performed.

Schedule of Findings and Questioned Costs. The auditor is required to report material findings of noncompliance in the audit report in their proper perspective: the size of the universe in number of items and dollars, the number and dollar amount of transactions tested by the auditors, and the number and corresponding dollar amount of instances of noncompliance. We traced the fiscal year 1995 questioned costs of $27,401 in the working papers to the audit report to make sure that the report includes all current year findings identified in the working papers and that the findings are properly supported. We also traced the prior year’s findings in the working papers to the audit report and noted that all findings from fiscal years 1993 and 1994 had been resolved.

Management Report. The auditor is required to identify in the audit report the reportable conditions, including material weaknesses, found as a result of the auditor’s work in understanding and assessing the control risk. The auditor uses the management letter to inform top level management about other concerns raised during the audit. Price Waterhouse LLP identified the reportable conditions found during the review of internal controls in the management report (see Enclosure 1). We traced the reportable conditions in the working papers to the audit report to make sure that the report includes all reportable conditions identified in the working papers and that the reportable conditions are properly supported.
Comments

Since this report contains findings and recommendations, written comments are required within 60 days of the date of this report. We consider the deficiencies identified as substandard audit work and will refer the audit firm to the American Institute of Certified Public Accountants and the North Carolina State Board of Certified Public Accountant Examiners in accordance with the President’s Council on Integrity and Efficiency Standards Subcommittee Position Statement Number 4, dated December 5, 1988. Your comments to this report will be provided as an enclosure to our referral. We appreciate the courtesies extended during the review. See Enclosure 2 for the Distribution List. If you have questions on this report, please contact Mr. Donald Steele, Project Manager, at (703) 604-8705 or Ms. Vera Garrant at (703) 604-8743.

Russell A. Rau
Assistant Inspector General
Policy and Oversight

Enclosures
<table>
<thead>
<tr>
<th>Page</th>
<th>Title</th>
<th>Agency</th>
</tr>
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<tr>
<td>18</td>
<td>Perkins Loans Exit Interviews</td>
<td>DoEd</td>
</tr>
<tr>
<td>25</td>
<td>Update/Replace Computer Software</td>
<td>HHS</td>
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<td>25</td>
<td>Monthly Cash Account Bank Reconciliations</td>
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<td>25</td>
<td>Unused Check Controls</td>
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<tr>
<td>26</td>
<td>Student Accounts Receivable Report</td>
<td>HHS</td>
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<tr>
<td>26</td>
<td>Investment Procedures for Reconciliations and Market Value Comparisons</td>
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<td>Enhance Purchase Order Procedures</td>
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<td>Monthly Reconciliation of Gifts</td>
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<td>Restricted &amp; Unrestricted Scholarship Subsidiary Ledger</td>
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<td>Fixed Asset Depreciation System Development</td>
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<td>28</td>
<td>Endowment, Quasi-Endowment, and Associated Earnings Subsidiary Ledger</td>
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<td>28</td>
<td>Proper Recording &amp; Reporting of Fiscal Operations Report and Application to Participate Transactions</td>
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</tr>
<tr>
<td>28</td>
<td>Monthly Review of College Work Study Expenditure Reports</td>
<td>DoEd</td>
</tr>
</tbody>
</table>

**June 30, 1994, Schedule of Findings & Questioned Costs:**

27  | Student Eligibility-Unacceptable Academic Progress ($5,500 questioned) | DoEd    |

27  | Student Refunds                                                     | DoEd    |
Shaw University  
Fiscal Years Ended June 30, 1993 through 1995  

Schedule of Findings, Reportable Conditions  
and Material Weaknesses

<table>
<thead>
<tr>
<th>Page</th>
<th>Title</th>
<th>Agency</th>
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<td><strong>June 30, 1994, Schedule of Findings &amp; Questioned Costs (Cont.):</strong></td>
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<tr>
<td>28</td>
<td>Federal Financial Reporting-Pell Grants ($5,826 questioned)³</td>
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<tr>
<td>28</td>
<td>Student Eligibility-Missing High School Transcripts ($14,065 questioned)³</td>
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<td>29</td>
<td>Student Eligibility-Withdrawals ($2,010 questioned)³</td>
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<td><strong>June 30, 1994, Management Report:</strong></td>
<td></td>
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<tr>
<td>30</td>
<td>Recording &amp; Review Procedures for Recurring Journal Entries²</td>
<td>HHS</td>
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<tr>
<td>30</td>
<td>Reconcile Grant Accounts &amp; Amounts to Detailed General Ledger²</td>
<td>HHS</td>
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<td>31</td>
<td>College Work Study Payroll System Controls²</td>
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<td>Refund Procedures⁴</td>
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<td>Student Eligibility-Missing High School Transcripts ($17,588 questioned)⁴</td>
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<td><strong>June 30, 1995, Management Report:</strong></td>
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<tr>
<td>28</td>
<td>Withdrawal Notification to Student Financial Aid Office²</td>
<td>DoEd</td>
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</tbody>
</table>

¹Finding corrected per subsequent year audit report.  
²Reportable condition also considered a material weakness.  
³Reportable condition not considered a material weakness.  
⁴Recurring findings.

DoEd      Department of Education  
HHS       Department of Health and Human Services  

Enclosure 1  
Page 2 of 2
SHAW UNIVERSITY
FISCAL YEARS ENDED JUNE 30, 1993-1995

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Enclosure 2
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INTERNET DOCUMENT INFORMATION FORM

A. Report Title  Price Waterhouse LLP Shaw University Fiscal Years Ended 30, 1993, through 1995

B. DATE Report Downloaded From the Internet:  02/28/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #):  
   OAIG-AUD (ATTN: AFTS Audit Suggestions)  
   Inspector General, Department of Defense  
   400 Army Navy Drive (Room 801)  
   Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:  
   DTIC-OCA, Initials: __VM__ Preparation Date 02/28/99

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