

MICHIGAN STATE  
UNIVERSITY

Michigan State University

A-133 Single Audit Report: Corrective Action Plan

Year ended June 30, 2005

**Finding 05-1**

**Grant Program/CFDA #:** Research and Development Cluster/Variou

**Federal Agency/Pass-Through Entity:** Various

**Federal Award#:** Various

**Requirement:** *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 subawards 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 those parties 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 and obtaining a certification from the contractor would accomplish verification.

**Finding:** The University could not provide documented evidence whether contractors are certified as not being suspended or debarred for 9 out of 60 items selected for testwork. Based on a review of the Excluded Parties List System, none of the contractors noted above were suspended or debarred. 30 of the 60 items sampled represent sub-awards to subrecipients of which no exceptions were noted.

**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**

MSU has updated our written procedures and notified appropriate staff. Management will monitor this issue regularly during the year to ensure compliance.



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**Michigan State University**

**A-133 Single Audit Report: Corrective Action Plan**

**Year ended June 30, 2005**

***Finding 05-2***

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

**Federal Agency/Pass-Through Entity:** Various

**Federal Award#:** Various

**Requirement:** *Subrecipient Monitoring.* OMB Circular A-133, Section .400(d), requires that pass-through entities ensure the following:

- (1) Subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year;
- (2) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action; and
- (3) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.

**Finding:** The University did not obtain the most current audit reports or maintain any other communication to verify that a review of the audit reports was performed for 10 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**

MSU has updated our written procedures and notified appropriate staff. Management will monitor this issue regularly during the year to ensure compliance.

**MICHIGAN STATE UNIVERSITY**

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