



OMB CIRCULAR A-133 REPORT ON
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

University of Puerto Rico
Year Ended June 30, 2011

Ernst & Young LLP

 **ERNST & YOUNG**

University of Puerto Rico
OMB Circular A-133 Report on
Federal Financial Assistance Programs
Year Ended June 30, 2011

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Report of Independent Auditors on Compliance with Requirements
That Could Have a Material Effect on Each Major Program and on
Internal Control Over Compliance in Accordance with
OMB Circular A-133 and on the
Schedule of Expenditures of Federal Awards

Board of Trustees
University of Puerto Rico

Compliance

We have audited University of Puerto Rico (the University)'s compliance of the with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2011. The University'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 University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 the 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 of the University's compliance with those requirements.

In our opinion the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed 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 accompanying schedule of findings and questioned costs as items 11-03 through 11-08.

Internal Control Over Compliance

The management of the 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 the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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 on the effectiveness of the University'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 identified certain deficiencies in internal control over compliance that we consider 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 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 a 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 consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-03, 11-04, 11-05, and 11-06 to be material weaknesses.

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 a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-07 and 11-08 to be significant deficiencies.

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University as of and for the year ended June 30, 2011, and have issued our report thereon dated March 28, 2012. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information 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.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, and 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.

Ernst & Young LLP

September 11, 2012

Stamp No. 2659079
affixed to
original of
this report.

University of Puerto Rico
Schedule of Federal Assistance
Year Ended June 30, 2011

CFDA NO.	FEDERAL GRANTOR / PROGRAM OR CLUSTER TITLE / CFDA NUMBER	DIRECT AWARDS	INDIRECT AWARDS - PASS-THROUGH ENTITY			TOTAL FEDERAL AWARDS
			COMMONWEALTH OF PUERTO RICO	PUERTO RICO DEPARTMENT OF EDUCATION	PUERTO RICO OFFICE OF THE GOVERNOR	
STUDENT FINANCIAL ASSISTANCE CLUSTER:						
UNITED STATES DEPARTMENT OF EDUCATION (ED)						
	84.007 FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	\$ 1,969,134	\$ -	\$ -	\$ -	\$ 1,969,134
	84.033 FEDERAL WORK-STUDY PROGRAM	3,578,259	-	-	-	3,578,259
	84.037 PERKINS LOAN CANCELLATIONS	15,979	-	-	-	15,979
	84.063 FEDERAL PELL GRANT PROGRAM	179,074,441	-	-	-	179,074,441
	84.268 FEDERAL DIRECT STUDENT LOANS	46,719,031	-	-	-	46,719,031
	84.375 ACADEMIC COMPETITIVENESS GRANTS	6,565,290	-	-	-	6,565,290
	84.376 NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN TALENT (SMART) GRANTS	8,314,526	-	-	-	8,314,526
	TOTAL UNITED STATES DEPARTMENT OF EDUCATION (ED)	246,236,660	-	-	-	246,236,660
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)						
	ARRA 93.407 ARRA SCHOLARSHIPS FOR DISADVANTAGED STUDENTS	403,363	-	-	-	403,363
	93.925 SCHOLARSHIPS FOR HEALTH PROFESSIONS STUDENTS FROM DISADVANTAGED BACKGROUNDS	664,316	-	-	-	664,316
	TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)	1,067,679	-	-	-	1,067,679
	TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER	247,304,339	-	-	-	247,304,339
RESEARCH AND DEVELOPMENT CLUSTER:						
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)						
	10.001 AGRICULTURAL RESEARCH BASIC AND APPLIED RESEARCH	20,786	-	-	-	20,786
	10.200 GRANTS FOR AGRICULTURAL RESEARCH SPECIAL RESEARCH GRANTS	545,219	74,752	-	-	619,971
	10.202 COOPERATIVE FORESTRY RESEARCH	106,669	-	-	-	106,669
	10.203 PAYMENTS TO AGRICULTURAL EXPERIMENT STATIONS UNDER THE HATCH ACT	3,835,277	-	-	-	3,835,277
	10.215 SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION	40,253	8,756	-	-	49,009
	10.223 HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS	740,427	26,076	-	-	766,503
	10.250 AGRICULTURAL AND RURAL ECONOMIC RESEARCH COOPERATIVE AGREEMENTS AND COLLABORATIONS	513,567	-	-	-	513,567
	10.303 INTEGRATED PROGRAMS	2,806	86,695	-	-	89,501
	10.310 AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	52,307	3,288	-	-	55,595
	10.479 FOOD SAFETY COOPERATIVE AGREEMENTS	24,985	-	-	-	24,985
	10.500 COOPERATIVE EXTENSION SERVICE	6,262,959	31,828	-	-	6,294,787
	10.652 FORESTRY RESEARCH	34,992	-	-	-	34,992
	10.664 COOPERATIVE FORESTRY ASSISTANCE	15,527	-	-	-	15,527
	10.771 RURAL COOPERATIVE DEVELOPMENT GRANTS	-	10,904	-	-	10,904
	10.901 RESOURCE CONSERVATION AND DEVELOPMENT	119,018	-	-	-	119,018
	10.903 SOIL SURVEY	24,541	-	-	-	24,541
	TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)	12,339,333	242,299	-	-	12,581,632
UNITED STATES DEPARTMENT OF COMMERCE (DOC)						
	11.UNKNOWN OTHER UNSPECIFIED GRANTS AND CONTRACTS	334,682	-	-	-	334,682
	11.417 SEA GRANT SUPPORT	1,195,250	-	-	-	1,195,250
	11.419 COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS	-	5,807	-	-	5,807
	11.426 FINANCIAL ASSISTANCE FOR NATIONAL CENTERS FOR COASTAL OCEAN SCIENCE	715,046	-	-	-	715,046
	11.432 NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA) COOPERATIVE INSTITUTES	710	4,415	-	-	5,125
	11.467 METEOROLOGIC AND HYDROLOGIC MODERNIZATION DEVELOPMENT	1,141,035	-	-	-	1,141,035
	11.468 APPLIED METEOROLOGICAL RESEARCH	187,788	-	-	-	187,788
	11.478 CENTER FOR SPONSORED COASTAL OCEAN RESEARCH COASTAL OCEAN PROGRAM	302,538	-	-	-	302,538
	ARRA11.609 MEASUREMENT AND ENGINEERING RESEARCH AND STANDARDS	14,650	-	-	-	14,650
	TOTAL UNITED STATES DEPARTMENT OF COMMERCE (DOC)	3,891,699	10,222	-	-	3,901,921
UNITED STATES DEPARTMENT OF DEFENSE (DOD)						
	12.UNKNOWN OTHER UNSPECIFIED GRANTS AND CONTRACTS	288,412	-	-	-	288,412
	12.107 NAVIGATION PROJECTS	80	-	-	-	80
	12.300 BASIC AND APPLIED SCIENTIFIC RESEARCH	36,372	-	-	-	36,372
	12.420 MILITARY MEDICAL RESEARCH AND DEVELOPMENT	283,687	-	-	-	283,687
	12.431 BASIC SCIENTIFIC RESEARCH	291,827	-	-	-	291,827
	12.630 BASIC APPLIED AND ADVANCED RESEARCH IN SCIENCE AND ENGINEERING	55,815	-	-	-	55,815
	12.910 RESEARCH AND TECHNOLOGY DEVELOPMENT	(799)	-	-	-	(799)
	TOTAL UNITED STATES DEPARTMENT OF DEFENSE (DOD)	955,394	-	-	-	955,394

University of Puerto Rico
Schedule of Federal Assistance (continued)

CFDA NO.	FEDERAL GRANTOR / PROGRAM OR CLUSTER TITLE / CFDA NUMBER	INDIRECT AWARDS - PASS-THROUGH ENTITY				TOTAL FEDERAL AWARDS
		DIRECT AWARDS	COMMONWEALTH OF PUERTO RICO	PUERTO RICO DEPARTMENT OF EDUCATION	PUERTO RICO OFFICE OF THE GOVERNOR	
UNITED STATES DEPARTMENT OF INTERIOR (DOI)						
	15.UNKNOWN OTHER UNSPECIFIED GRANTS AND CONTRACTS	3,074	-	-	-	3,074
	15.630 COASTAL PROGRAM	3,887	-	-	-	3,887
	15.657 ENDANGERED SPECIES CONSERVATION - RECOVERY IMPLEMENTATION FUNDS	27,370	-	-	-	27,370
	15.805 ASSISTANCE TO STATE WATER RESOURCES RESEARCH INSTITUTES	87,531	19,078	-	-	106,609
	15.807 EARTHQUAKE HAZARDS REDUCTION PROGRAM	18,794	-	-	-	18,794
	TOTAL UNITED STATES DEPARTMENT OF INTERIOR (DOI)	140,656	19,078	-	-	159,734
UNITED STATES DEPARTMENT OF LABOR (DOL)						
	17.201 REGISTERED APPRENTICESHIP AND OTHER TRAINING	23	-	-	-	23
	TOTAL UNITED STATES DEPARTMENT OF LABOR (DOL)	23	-	-	-	23
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)						
	20.UNKNOWN OTHER UNSPECIFIED GRANTS AND CONTRACTS	332	-	-	-	332
	TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)	332	-	-	-	332
UNITED STATES NATIONAL AERONAUTICS AND SPACE AD (NASA)						
	43.UNKNOWN OTHER UNSPECIFIED GRANTS AND CONTRACTS	481	-	-	-	481
	43.001 SCIENCE	2,585,515	-	-	-	2,585,515
	43.008 EDUCATION	33,413	-	-	-	33,413
	TOTAL UNITED STATES NATIONAL AERONAUTICS AND SPACE AD (NASA)	2,619,409	-	-	-	2,619,409
UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)						
	45.129 PROMOTION OF THE HUMANITIES FEDERAL/STATE PARTNERSHIP	-	13,624	-	-	13,624
	TOTAL UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)	-	13,624	-	-	13,624
UNITED STATES NATIONAL SCIENCE FOUNDATION (NSF)						
	47.041 ENGINEERING GRANTS	1,578,137	197,328	-	-	1,775,465
	47.050 GEOSCIENCES	312,561	30,013	-	-	342,574
	47.070 COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	436,564	123,824	-	-	560,388
	47.074 BIOLOGICAL SCIENCES	3,186,302	31,902	-	-	3,218,204
	47.076 EDUCATION AND HUMAN RESOURCES	6,844,232	53,920	-	-	6,898,152
	47.079 INTERNATIONAL SCIENCE AND ENGINEERING (OISE)	51,567	-	-	-	51,567
	47.081 OFFICE OF EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH	316,287	71,664	-	-	387,951
	ARRA47.082 TRANS-NSF RECOVERY ACT RESEARCH SUPPORT	3,194,718	41,515	-	-	3,236,233
	UNITED STATES NATIONAL SCIENCE FOUNDATION (NSF)	15,920,368	550,166	-	-	16,470,534
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)						
	66.034 SURVEYS STUDIES RESEARCH INVESTIGATIONS DEMONSTRATIONS AND SPECIAL PURPOSE ACTIVITIES RELATING TO THE CLEAN AIR ACT	13,183	-	-	-	13,183
	66.509 SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM	-	12,364	-	-	12,364
	66.714 REGIONAL AGRICULTURAL IPM GRANTS	115	-	-	-	115
	TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)	13,298	12,364	-	-	25,662
UNITED STATES NUCLEAR REGULATORY COMMISSION (NRC)						
	77.006 U. S. NUCLEAR REGULATORY COMMISSION NUCLEAR EDUCATION GRANT PROGRAM	32,960	-	-	-	32,960
	77.008 U.S. NUCLEAR REGULATORY COMMISSION SCHOLARSHIP AND FELLOWSHIP PROGRAM	39,554	-	-	-	39,554
	TOTAL UNITED STATES NUCLEAR REGULATORY COMMISSION (NRC)	72,514	-	-	-	72,514
UNITED STATES DEPARTMENT OF ENERGY (DOE)						
	81.UNKNOWN OTHER UNSPECIFIED GRANTS AND CONTRACTS	10,387	-	-	-	10,387
	81.041 STATE ENERGY PROGRAM	325,416	303,330	-	-	628,746
	81.089 FOSSIL ENERGY RESEARCH AND DEVELOPMENT	249,883	-	-	-	249,883
	81.119 STATE ENERGY PROGRAM SPECIAL PROJECTS	-	14,564	-	-	14,564
	TOTAL UNITED STATES DEPARTMENT OF ENERGY (DOE)	585,686	317,894	-	-	903,580

University of Puerto Rico
Schedule of Federal Assistance (continued)

CFDA NO.	FEDERAL GRANTOR / PROGRAM OR CLUSTER TITLE / CFDA NUMBER	DIRECT AWARDS	INDIRECT AWARDS - PASS-THROUGH ENTITY				TOTAL FEDERAL AWARDS
			COMMONWEALTH OF PUERTO RICO	PUERTO RICO DEPARTMENT OF EDUCATION	PUERTO RICO OFFICE OF THE GOVERNOR	PUERTO RICO DEPARTMENT OF HEALTH	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)							
93	UNKNOWN OTHER UNSPECIFIED GRANTS AND CONTRACTS	340,594	-	-	-	(1,200)	339,394
93.121	ORAL DISEASES AND DISORDERS RESEARCH	857,731	-	-	-	164,781	1,022,512
93.143	NIEHS SUPERFUND HAZARDOUS SUBSTANCES BASIC RESEARCH AND EDUCATION	-	-	-	-	463,266	463,266
93.173	RESEARCH RELATED TO DEAFNESS AND COMMUNICATION DISORDERS	5,267	-	-	-	-	5,267
93.226	RESEARCH ON HEALTHCARE COSTS QUALITY AND OUTCOMES	24,851	-	-	-	-	24,851
93.242	MENTAL HEALTH RESEARCH GRANTS	2,454,132	-	-	-	293,824	2,747,956
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	306	-	-	-	12,369	12,675
93.249	PUBLIC HEALTH TRAINING CENTERS GRANT PROGRAM	177,489	-	-	-	-	177,489
93.262	OCCUPATIONAL SAFETY AND HEALTH PROGRAM	3,508	-	-	-	32,812	36,320
93.273	ALCOHOL RESEARCH PROGRAMS	570,496	-	-	-	71,184	641,680
93.276	DRUG-FREE COMMUNITIES SUPPORT PROGRAM GRANTS	71,692	-	-	-	-	71,692
93.279	DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	466,697	-	-	-	55,717	522,414
93.281	MENTAL HEALTH RESEARCH CAREER/SCIENTIST DEVELOPMENT AWARDS	156,923	-	-	-	-	156,923
93.283	THE AFFORDABLE CARE ACT: CENTERS FOR DISEASE CONTROL AND PREVENTION INVESTIGATIONS AND TECHNICAL ASSISTANCE	659,543	-	-	-	30,594	690,137
93.286	DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGICAL INNOVATIONS TO IMPROVE HUMAN HEALTH	100,941	-	-	-	-	100,941
93.307	MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	2,249,209	-	-	-	(782)	2,248,427
93.361	NURSING RESEARCH	41,254	-	-	-	156,216	197,470
93.375	MINORITY BIOMEDICAL RESEARCH SUPPORT	8,195	-	-	-	-	8,195
93.389	NATIONAL CENTER FOR RESEARCH RESOURCES	13,514,178	-	-	-	239,763	13,753,941
93.393	CANCER CAUSE AND PREVENTION RESEARCH	(365)	-	-	-	152,387	152,022
93.397	CANCER CENTERS SUPPORT GRANTS	2,013,873	-	-	-	88,208	2,102,081
93.398	CANCER RESEARCH MANPOWER	26,350	-	-	-	36,162	62,512
ARRA 93.411	ARRA - EQUIPMENT TO ENHANCE TRAINING FOR HEALTH PROFESSIONALS	298,420	-	-	-	-	298,420
93.632	UNIVERSITY CENTERS FOR EXCELLENCE IN DEVELOPMENTAL DISABILITIES EDUCATION RESEARCH AND SERVICE	532,666	-	-	-	-	532,666
93.701	TRANS-NIH RECOVERY ACT RESEARCH SUPPORT	5,127,579	-	-	-	1,212,605	6,340,184
93.837	CARDIOVASCULAR DISEASES RESEARCH	169,642	-	-	-	-	169,642
93.838	LUNG DISEASES RESEARCH	-	-	-	-	232,097	232,097
93.846	ARTHRITIS MUSCULOSKELETAL AND SKIN DISEASES RESEARCH	-	-	-	-	88,834	88,834
93.853	EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	2,196,028	-	-	-	(38,770)	2,157,258
93.855	ALLERGY IMMUNOLOGY AND TRANSPLANTATION RESEARCH	2,434,089	-	-	-	557,244	2,991,333
93.859	BIOMEDICAL RESEARCH AND RESEARCH TRAINING	11,385,333	-	-	-	(590)	11,384,743
93.865	CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	798,674	-	-	-	434,729	1,233,403
93.866	AGING RESEARCH	48,808	-	-	-	-	48,808
93.880	MINORITY ACCESS TO RESEARCH CAREERS	(4,603)	-	-	-	-	(4,603)
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	-	-	-	-	358,337	358,337
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)		46,729,500	-	-	-	4,639,787	51,369,287
UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)							
97	061 CENTERS FOR HOMELAND SECURITY	-	543,364	-	-	-	543,364
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)		-	543,364	-	-	-	543,364
TOTAL RESEARCH AND DEVELOPMENT CLUSTER		83,268,212	1,709,011	-	-	4,639,787	89,617,010
TRIO CLUSTER:							
UNITED STATES DEPARTMENT OF EDUCATION (ED)							
84	042 TRIO_STUDENT SUPPORT SERVICES	2,580,095	-	-	-	-	2,580,095
84	044 TRIO_TALENT SEARCH	775,936	-	-	-	-	775,936
84	047 TRIO_UPWARD BOUND	1,263,579	-	-	-	-	1,263,579
84	217 TRIO_MCNAIR POST-BACCALAUREATE ACHIEVEMENT	254,669	-	-	-	-	254,669
TOTAL UNITED STATES DEPARTMENT OF EDUCATION (ED)		4,874,279	-	-	-	-	4,874,279
TOTAL TRIO CLUSTER		4,874,279	-	-	-	-	4,874,279
CCDF CLUSTER:							

University of Puerto Rico
Schedule of Federal Assistance (continued)

CFDA NO.	FEDERAL GRANTOR / PROGRAM OR CLUSTER TITLE / CFDA NUMBER	INDIRECT AWARDS - PASS-THROUGH ENTITY				TOTAL FEDERAL AWARDS
		DIRECT AWARDS	COMMONWEALTH OF PUERTO RICO	PUERTO RICO DEPARTMENT OF EDUCATION	PUERTO RICO OFFICE OF THE GOVERNOR	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)						
	93.575 CHILD CARE AND DEVELOPMENT BLOCK GRANT	-	-	-	-	1,806,100
	ARRA 93.713 ARRA - CHILD CARE AND DEVELOPMENT BLOCK GRANT	76,923	-	-	-	76,923
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)		76,923	-	-	-	1,806,100
TOTAL CCDF CLUSTER		76,923	-	-	-	1,806,100
OTHER PROGRAMS:						
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)						
	10.025 PLANT AND ANIMAL DISEASE PEST CONTROL AND ANIMAL CARE	107,707	-	-	-	107,707
	10.304 HOMELAND SECURITY_AGRICULTURAL	118	42,615	-	-	42,733
	10.443 OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS	262,556	-	-	-	262,556
	10.558 CHILD AND ADULT CARE FOOD PROGRAM	17,312	16,047	-	-	33,359
	10.675 URBAN AND COMMUNITY FORESTRY PROGRAM	14,959	4,099	-	-	19,058
	10.680 FOREST HEALTH PROTECTION	13,621	-	-	-	13,621
	10.769 RURAL BUSINESS ENTERPRISE GRANTS	9,708	-	-	-	9,708
	10.773 RURAL BUSINESS OPPORTUNITY GRANTS	30,994	9,098	-	-	40,092
	10.902 SOIL AND WATER CONSERVATION	8,761	3,168	-	-	11,929
	10.912 ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	5,739	-	-	-	5,739
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)		471,475	75,027	-	-	546,502
UNITED STATES DEPARTMENT OF COMMERCE (DOC)						
	11.303 ECONOMIC DEVELOPMENT_TECHNICAL ASSISTANCE	232,486	-	-	-	232,486
	11.435 SOUTHEAST AREA MONITORING AND ASSESSMENT PROGRAM	73,186	-	-	-	73,186
	11.463 HABITAT CONSERVATION	19,001	11,214	-	-	30,215
	11.473 COASTAL SERVICES CENTER	1,486,659	-	-	-	1,486,659
TOTAL UNITED STATES DEPARTMENT OF COMMERCE (DOC)		1,811,332	11,214	-	-	1,822,546
UNITED STATES DEPARTMENT OF DEFENSE (DOD)						
	12.109 PROTECTION CLEARING AND STRAIGHTENING CHANNELS	11	-	-	-	11
	12.609 SELECTED RESERVE EDUCATIONAL ASSISTANCE	4,178	-	-	-	4,178
	12.901 MATHEMATICAL SCIENCES GRANTS PROGRAM	8,131	7,414	-	-	15,545
TOTAL UNITED STATES DEPARTMENT OF DEFENSE (DOD)		12,320	7,414	-	-	19,734
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)						
	14.231 EMERGENCY SOLUTIONS GRANT PROGRAM	-	51,467	-	-	51,467
	ARRA 14.257 ARRA-HUD HOMELESSNESS PREVENTION AND RAPID REHOUSING PROGRAM	76,570	-	-	-	76,570
	14.262 HOMELESS PREVENTION AND RAPID REHOUSING PROGRAM TECHNICAL ASSISTANCE	21,376	-	-	-	21,376
	14.511 COMMUNITY OUTREACH PARTNERSHIP CENTER PROGRAM	(229)	-	-	-	(229)
	14.514 HISPANIC-SERVING INSTITUTIONS ASSISTING COMMUNITIES	125,472	88,033	-	-	213,505
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)		223,189	139,500	-	-	362,689
UNITED STATES DEPARTMENT OF INTERIOR (DOI)						
	15.615 COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	1,338	-	-	-	1,338
TOTAL UNITED STATES DEPARTMENT OF INTERIOR (DOI)		1,338	-	-	-	1,338
UNITED STATES DEPARTMENT OF JUSTICE (DOJ)						
	16.525 GRANTS TO REDUCE DOMESTIC VIOLENCE DATING VIOLENCE SEXUAL ASSAULT AND STALKING ON CAMPUS	301,810	22,302	-	-	324,112
	16.541 PART E DEVELOPING TESTING AND DEMONSTRATING PROMISING NEW PROGRAMS	-	136,957	-	-	136,957
	16.588 VIOLENCE AGAINST WOMEN FORMULA GRANTS	23,422	-	-	-	23,422
TOTAL UNITED STATES DEPARTMENT OF JUSTICE (DOJ)		325,232	159,259	-	-	484,491
UNITED STATES DEPARTMENT OF LABOR (DOL)						
	17.502 OCCUPATIONAL SAFETY AND HEALTH SUSAN HARWOOD TRAINING GRANTS	85,594	-	-	-	85,594
TOTAL UNITED STATES DEPARTMENT OF LABOR (DOL)		85,594	-	-	-	85,594

University of Puerto Rico
Schedule of Federal Assistance (continued)

CFDA NO.	FEDERAL GRANTOR / PROGRAM OR CLUSTER TITLE / CFDA NUMBER	DIRECT AWARDS	INDIRECT AWARDS - PASS-THROUGH ENTITY			TOTAL FEDERAL AWARDS
			COMMONWEALTH OF PUERTO RICO	PUERTO RICO DEPARTMENT OF EDUCATION	PUERTO RICO OFFICE OF THE GOVERNOR	
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)						
	20.200 HIGHWAY RESEARCH AND DEVELOPMENT PROGRAM	292	56,021	-	-	56,313
	20.205 HIGHWAY PLANNING AND CONSTRUCTION	-	36	-	-	36
	20.215 HIGHWAY TRAINING AND EDUCATION	43,179	5,926	-	-	49,105
	20.600 STATE AND COMMUNITY HIGHWAY SAFETY	-	315,526	-	-	315,526
	TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)	43,471	377,509	-	-	420,980
UNITED STATES NATIONAL AERONAUTICS AND SPACE AD (NASA)						
	43.002 AERONAUTICS	1,371	-	-	-	1,371
	TOTAL UNITED STATES NATIONAL AERONAUTICS AND SPACE AD (NASA)	1,371	-	-	-	1,371
UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)						
	45.024 PROMOTION OF THE ARTS GRANTS TO ORGANIZATIONS AND INDIVIDUALS	16,294	-	-	-	16,294
	45.301 MUSEUMS FOR AMERICA	63,948	-	-	-	63,948
	TOTAL UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)	80,242	-	-	-	80,242
UNITED STATES NATIONAL SCIENCE FOUNDATION (NSF)						
	47.UNKNOWN OTHER UNSPECIFIED GRANTS AND CONTRACTS	209	-	-	-	209
	47.049 MATHEMATICAL AND PHYSICAL SCIENCES	1,520,453	33,302	-	-	1,553,755
	47.075 SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	6,952	-	-	-	6,952
	TOTAL UNITED STATES NATIONAL SCIENCE FOUNDATION (NSF)	1,527,614	33,302	-	-	1,560,916
UNITED STATES VETERANS AFFAIRS (VA)						
	64.117 DEPENDENTS EDUCATIONAL ASSISTANCE	1,222	-	-	-	1,222
	64.124 ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE	120	-	-	-	120
	64.125 VOCATIONAL AND EDUCATIONAL COUNSELING FOR SERVICEMEMBERS AND VETERANS	1,065	-	-	-	1,065
	TOTAL UNITED STATES VETERANS AFFAIRS (VA)	2,407	-	-	-	2,407
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)						
	66.436 SURVEYS STUDIES INVESTIGATIONS DEMONSTRATIONS AND TRAINING GRANTS AND COOPERATIVE AGREEMENTS SECTION 104(B)(3) OF THE CLEAN WATER ACT	(3,121)	-	-	-	(3,121)
	66.513 GREATER RESEARCH OPPORTUNITIES (GRO) FELLOWSHIPS FOR UNDERGRADUATE ENVIRONMENTAL STUDY	19,730	-	-	-	19,730
	TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)	16,609	-	-	-	16,609
UNITED STATES DEPARTMENT OF ENERGY (DOE)						
	81.049 OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	-	607,997	-	-	607,997
	TOTAL UNITED STATES DEPARTMENT OF ENERGY (DOE)	-	607,997	-	-	607,997
UNITED STATES DEPARTMENT OF EDUCATION (ED)						
	84.010 TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES	-	-	977,982	-	977,982
	84.031 HIGHER EDUCATION_INSTITUTIONAL AID	4,094,088	-	611,965	-	4,706,053
	84.103 TRIO STAFF TRAINING PROGRAM	129,723	-	-	-	129,723
	84.120 MINORITY SCIENCE AND ENGINEERING IMPROVEMENT	625,254	-	-	-	625,254
	84.129 REHABILITATION LONG-TERM TRAINING	267,204	-	-	-	267,204
	84.186 SAFE AND DRUG FREE SCHOOLS AND COMMUNITIES STATE GRANTS	(1,000)	-	-	-	(1,000)
	84.224 ASSISTIVE TECHNOLOGY	428,378	-	-	-	428,378
	84.243 TECH-PREP EDUCATION	-	-	6,861	-	6,861
	84.287 TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	-	-	8,720	-	8,720
	84.298 INNOVATIVE EDUCATION PROGRAM STRATEGIES	-	-	603	-	603
	84.331 GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED INDIVIDUALS	-	-	38,688	-	38,688
	84.366 MATHEMATICS AND SCIENCE PARTNERSHIPS	-	-	1,540,732	-	1,540,732
	84.367 IMPROVING TEACHER QUALITY STATE GRANTS	8,041	-	-	-	8,041
	84.378 COLLEGE ACCESS CHALLENGE GRANT PROGRAM	1,158,440	-	40,235	-	1,198,675
	ARRA 84.394 ARRA- STATE FISCAL STABILIZATION FUND (SFSF) EDUCATION STATE GRANTS RECOVERY ACT (EDUCATION STABILIZATION FUND)	-	-	-	15,000,000	15,000,000
	TOTAL UNITED STATES DEPARTMENT OF EDUCATION (ED)	6,710,128	-	3,225,786	15,000,000	24,935,914

University of Puerto Rico
Schedule of Federal Assistance (continued)

CFDA NO.	FEDERAL GRANTOR / PROGRAM OR CLUSTER TITLE / CFDA NUMBER	DIRECT AWARDS	INDIRECT AWARDS - PASS-THROUGH ENTITY				TOTAL FEDERAL AWARDS
			COMMONWEALTH OF PUERTO RICO	PUERTO RICO DEPARTMENT OF EDUCATION	PUERTO RICO OFFICE OF THE GOVERNOR	PUERTO RICO DEPARTMENT OF HEALTH	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)							
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	53,125	-	-	-	89,962	143,087
93.127	EMERGENCY MEDICAL SERVICES FOR CHILDREN	226,368	-	-	-	-	226,368
93.145	AIDS EDUCATION AND TRAINING CENTERS	249	-	-	-	664,705	664,954
93.015	HIV PREVENTION PROGRAMS FOR WOMEN	68,378	-	-	-	-	68,378
93.215	HANSEN'S DISEASE NATIONAL AMBULATORY CARE	86,976	-	-	-	-	86,976
93.217	FAMILY PLANNING SERVICES	2,584,215	-	-	-	-	2,584,215
93.236	GRANTS FOR DENTAL PUBLIC HEALTH RESIDENCY TRAINING	279,605	-	-	-	-	279,605
93.247	ADVANCED NURSING EDUCATION GRANT PROGRAM	28,883	-	-	-	-	28,883
93.282	MENTAL HEALTH NATIONAL RESEARCH SERVICE AWARDS FOR RESEARCH TRAINING	(1,997)	-	-	-	-	(1,997)
93.358	ADVANCED EDUCATION NURSING TRAINEESHIPS	50,836	-	-	-	-	50,836
93.399	CANCER CONTROL	(5,834)	-	-	-	-	(5,834)
ARRA 93.405	ARRA - PUBLIC HEALTH TRAINEESHIP PROGRAM	62,534	-	-	-	-	62,534
93.591	FAMILY VIOLENCE PREVENTION AND SERVICES/GRANTS FOR BATTERED WOMEN'S SHELTERS GRANTS TO STATE DOMESTIC VIOLENCE COALITIONS	10,962	-	-	-	-	10,962
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS	-	-	-	-	7,684	7,684
93.884	GRANTS FOR TRAINING IN PRIMARY CARE MEDICINE AND DENTISTRY	342,754	-	-	-	-	342,754
93.910	FAMILY AND COMMUNITY VIOLENCE PREVENTION PROGRAM	-	-	-	-	63	63
93.964	PUBLIC HEALTH TRAINEESHIPS	86,426	-	-	-	-	86,426
93.977	PREVENTIVE HEALTH SERVICES SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS	-	-	-	-	2,593	2,593
93.996	HHS BIOTERRORISM TRAINING AND CURRICULUM DEVELOPMENT PROGRAM	-	-	-	-	14,834	14,834
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)		3,873,480	-	-	-	779,841	4,653,321
UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)							
97.039	HAZARD MITIGATION GRANT	78,208	-	-	-	-	78,208
97.062	SCIENTIFIC LEADERSHIP AWARDS	93,708	2,850	-	-	-	96,558
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)		171,916	2,850	-	-	-	174,766
TOTAL OTHER PROGRAMS:		15,357,718	1,414,072	3,225,786	15,000,000	779,841	35,777,417
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 350,881,471	\$ 3,123,083	\$ 3,225,786	\$ 15,000,000	\$ 7,225,728	\$ 379,456,068

See accompanying notes.

University of Puerto Rico

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2011

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all Federal Awards Programs of the University of Puerto Rico (the University). The University's reporting entity is defined in the notes to the financial statements.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (Schedule or SEFA) is presented using the accrual basis of accounting.

3. Matching Costs

Matching costs, such as the nonfederal share of certain program costs, are not included in the accompanying Schedule.

4. Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying schedule, which is prepared on the basis of accounting explained in Note 2.

Office of Management and Budget (OMB) Circular A-133 requires that federal financial reports for claims for advances and reimbursements contain information that is supported by the books and records from which the basic financial statements have been prepared. The University prepares the federal financial reports and claims for reimbursements primarily based on information from the internal accounting records of the respective Campuses of the University.

5. Relationship to Financial Statements

Federal awards revenues and expenses are reported in the University's statement of revenues, expenses and changes in net assets in accordance with standards issued by the Government Accounting Standards Board (GASB) No. 35. Because the Schedule of Expenditures of Federal Awards presents only federal activities of the University, it is not intended to and does not present either the financial position, assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows, as a whole.

University of Puerto Rico

Notes to Schedule of Expenditures of Federal Awards (continued)

6. Program Clusters

OMB Circular A-133 defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, the TRIO programs, CCDF programs, Research and Development programs, and the Student Financial Assistance programs were identified as clusters.

University of Puerto Rico

Schedule of Findings and Questioned Costs

June 30, 2011

Part I—Summary of Auditor’s Results

Financial Statements Section

Type of auditor’s report issued (unqualified, qualified, adverse, or disclaimer):

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal Awards Section

Internal control over major programs:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> X </u>	Yes	<u> </u>	None reported

Type of auditor’s report issued on compliance for major programs (unqualified, qualified, adverse, or disclaimer):

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?

<u> X </u>	Yes	<u> </u>	No
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Various	Student Financial Assistance Cluster
Various	Research and Development Cluster
Various	Trio Cluster
84.031	Higher Education Institutional Aid
ARRA 84.394	State Fiscal Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

 \$3,000,000

Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u>	No
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University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Part II—Financial Statement Findings Section

Finding Number: 11-01 and 11-02

Refer to separately issued Report of Independent Auditors 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*, date March 28, 2012.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section

Finding Number: 11-03

Program

All Major Programs

Topic

Complete and accurate compilation of SEFA not provided timely and single audit reporting package not submitted on time.

Category

Internal Control / Compliance

Compliance Requirement

General regulations of OMB Circular A-133

Criteria or Specific Requirement

OMB Circular A-133, Subpart C, Section .320, requires that the audit shall be completed and that the reporting package shall be submitted within the earlier of 30 days after the receipt of the auditor's report or nine months after the end of the audit period, unless a longer period.

Pursuant §____.310 (b) of OMB Circular A-133 related to financial statements, the auditee shall also prepare a schedule of federal expenditures of federal awards (SEFA) for the period covered by the auditee's financial statements.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-03 (Continued)

Condition

The Data Collection Form (DCF) and the Single Audit reporting package were not submitted within nine months after the end of the audit period as required by OMB Circular A-133.

The University did not timely provide a complete compilation of the SEFA for the period covered by the auditee's financial statements. On November 2011, we obtained the detail of expenditures of the Student Financial Assistance Cluster. However, a complete SEFA was provided approximately nine (9) months after the period covered by the auditee's financial statement.

After review the detail of expenditures of the SFA Cluster included in the SEFA, we noted the information provided in November 2011 by the UPR Mayagüez was incomplete.

Additionally, the SEFA provided by the University included two programs, Improving Teacher Quality and Public Health Emergency Preparedness, for which the University is a Vendor not a subrecipient. Therefore, these programs were removed from the SEFA resulting in an adjustment to the SEFA of \$7,845,301.

The SEFA provided by the University also did not properly identify three programs that were Recovery Act funded (11.609, 12.910 and 47.082) and did not properly identified a cluster as defined in OMB Circular A-133 Compliance Supplement (CCDF Cluster 93.575 and ARRA-93.713).

Cause

The University does not have procedures in place to ensure a timely complete compilation of the SEFA in accordance with §____.310 (b) of OMB Circular A-133.

Effects

The lack of appropriate procedures to ensure a complete compilation of the SEFA may cause material omissions of certain grant expenditures and also may cause delays in the audit process thus affecting future grant awards. In addition, the grantors and the Pass-through Agencies did not receive the audit results within the required timeframe.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-03 (Continued)

Known Questioned Costs

None.

Recommendation

We recommend that the University designate a process owner to ensure a complete compilation of the SEFA is timely prepared that will capture all federal awards expended during the period and properly identifies all Recovery Act funding and clusters. The SEFA should be provided to the external auditors with sufficient time to complete and issue the reporting package within the required period.

Management's Response

The A-133 Single Audit process could not begin until the financial statements were completed. Nonetheless, on February 2012 the SEFA, along with a detailed transactions file, was provided to auditors.

On November 2011 we provided a document of expenditures of the Student Financial Assistance Cluster. However, we warned auditors that this was preliminary information. At that time, the University had not completed the closing process and the appropriate adjustments were not recorded. The completed SEFA and the final Trial Balance was provided on February 2012. Our 2011 Financial Statements were completed on March 28, 2012.

This delay was caused by the delay in the audit of the financial statements. On August 29, 2011, our Board of Trustees issued Certification Number 7. This Certification approves the implementation of a new version of Oracle e-Business Suite for the Financial Module which is expected to conclude in three years. This version should improve the issuance of the financial statements. Also, it approves the implementation of a Grant Module across the University units. We expect this module will improve the compilation of the SEFA and, as a result, further allow us to issue in a timely fashion the Single Audit reporting package.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-03 (Continued)

Management's Response (continued)

Furthermore, the fact that there are contracts included in the SEFA for which the UPR was a vendor, we noted that the way the contracts were worded implied that the UPR was a subrecipient. For example, there were contracts that included some of the following clauses:

- The UPR must maintain evidence of: proposals, cancelled checks, payments for goods and services.
- The UPR must maintain evidence of: the total amount received by the Department of Education, the use of the amount received, the project total cost, evidence of incurred expenses.
- The UPR will maintain the documents related to property and equipment and will submit an inventory including the following information about the equipment: description, serial number, funding source, acquisition date, cost, location, use, invoice, property number, and other information.
- The UPR could not transfer the property without federal authorization and must take actions in order to prevent loss or damage of such property.
- The UPR must perform an audit in accordance to OMB Circular A-133.
- Every equipment and material acquired with Title II-B funds will be property of the Department of Education.

During the audit process we contacted the director of Federal Affairs in Puerto Rico, and she clarified that the UPR was a vendor, not a subrecipient.

University of Puerto Rico
 Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-04

Program

Research and Development Cluster

Category

Internal Control / Compliance

Compliance Requirement

Equipment and Real Property Management

Criteria or Specific Requirement

OMB Circular A-110 (__.33 and __. 34)

Condition

For 10 of the 17 projects selected for testing out of a population of 28, the Institution did not provide evidence that a physical inventory count of the equipment was performed within the time frames required by the Federal Government. Therefore, since we did not receive an inventory listing for 10 of the projects selected for testing, we were unable to determine the total amount of federal funds disbursed related to property and equipment purchases.

CFDA No.	Projects
93.389	401390550024
47.041	331431640101
93.242	401390790016
93.701	402020110001
93.855	401390200204
93.121	401391430001
10.901	321590270010
93.701	402020090002
47.041	331431640101
47.076	331431310201

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-04 (continued)

Condition (continued)

The University was unable to provide us with evidence that a physical inventory was performed two years prior to the fiscal year under audit or during the year under audit in order to ensure that the list of equipment is accurate and up to date. The University should perform a physical inventory observation in order to properly account for equipment purchased with Federal Funds and ensure they are used for their intended purpose.

Cause

The University does not have appropriate controls in place to ensure compliance with the Equipment and Real Property Management requirements.

Effects

Due to the lack of an accurate equipment inventory detail list, the University will not be able to verify the existence of the equipment, in case the equipment is lost or stolen.

Known Questioned Costs

Not applicable.

Recommendation

The University's management should verify that the required physical inventory observations take place in a timely manner and is reconciled to property acquired with federal funds records and that these procedures are properly documented.

Management's Response

This situation was found in the Mayagüez Campus and the Medical Sciences Campus.

Mayaguez Campus Property Office will conduct periodical visits and keep an updated inventory and maintain registry and evidence of physical inventory of said property.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-04 (continued)

Management's Response (continued)

The Medical Sciences Campus will assign additional personnel to help with the inventory count. Also a barcoding system is being evaluated as an alternative to facilitate the labeling and inventory counting.

Also, to assure compliance with federal equipment/property standards, Circular 12-18 has been released by the Central Administration's Finance Office regarding pertinent regulations 2 CFR 215.30 through 2 CFR 215.35-37.

Furthermore, workshops on Property management, education and training sessions have been conducted by the Central Administration's Finance Office on federal property management policies, principles and procedures. The trainings include adequate equipment identification guidelines, proper reconciliation process within accounting records and physical spaces, and detail process to manage a physical inventory of equipment acquired with federal funds.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-05

Program

Student Financial Assistance Cluster

Category

Internal Control / Compliance

Compliance Requirement

Special Tests and Provisions: Enrollment Reporting

Criteria or Specific Requirement

Per 34 CFR Section 682.610 for FFEL and 34 CFR Section 685.309 for Direct Loans, the Student Status Confirmation Report (SSRC) should be transmitted electronically to NSLDS. Under the FFEL and Direct Loan programs, schools must complete and return within 30 days of receipt, the SSCR sent by Department of Education (DE) or a guaranty agency. The University determines how often it receives the SSCR, but the minimum is twice a year. Once received, the University must update for changes in student status, report the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site. Institutions are responsible for timely reporting, whether they report directly or via third-party servicer. Unless the school expects to complete its next SSCR within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-05 (continued)

Condition

From a sample of forty (40) students (out of population of 4,007 students) that graduated, withdrew, dropped out, or enrolled but never attended during the audit period selected for testing, enrollment status confirmations for nine (9) cases tested were not reported within sixty days as required by the NSLDS or were not reported at all.

Campus	Student ID	Status
Río Piedras	801-07-4640	Not reported
Río Piedras	804-03-5037	Not reported
Río Piedras	801-05-5220	Not reported
Río Piedras	801-02-9159	Not reported
Río Piedras	801-08-0063	Reported late
Río Piedras	801-06-2084	Reported late
Río Piedras	801-09-5596	Not reported
Río Piedras	443-06-0748	Reported late
Ponce	843-06-2912	Reported late

Cause

Internal controls to ensure that the status change is updated timely to the NSLDS were not in place during the fiscal year under audit.

Effects

This condition prevents the University to report the student's status in a timely matter to the NSLDS, which can cause funds being loaned to individuals who are not entitled to receive aid.

Known Questioned Costs

None

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-05 (continued)

Recommendation

We recommend that the University review the process and controls surrounding the reporting of student status changes to the NSLDS. The University shall establish procedures to ensure that enrollment status changes are updated, reviewed and submitted in a timely manner to the NSLDS database.

Management's Response

In the Río Piedras campus the Registrar indicated that in one case, the student returned in the second semester. The other three cases were not detected on a timely basis because most of the process is performed manually. The implementation of the new student information system in the Río Piedras campus (Power Campus) will allow the University to properly fulfill this responsibility in a timely manner. Our goal is to have the system fully implemented by next year.

In the Ponce campus, the registrar's office will conduct double checks to detect graduated students, as in the case reported in the finding.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-06

Programs

Higher Education Institutional Aid – CFDA No.84.031
Research and Development Cluster

Category

Internal Control /Compliance

Compliance Requirement

Suspension and Debarment

Criteria or Specific Requirement

In accordance with 34 CFR parts 80 and 85, the University shall establish procedures for the effective use of the List of Parties Excluded (EPLS) from Federal Procurement or Non-procurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order.

Condition

We selected a total sample of 20 transactions consisting of 17 transactions belonging to the Research and Development (R&D) Cluster and 3 transactions belong to the Higher Education Institutional Aid (out of a total population of 191 transactions; from which 169 transactions were related to the R&D Cluster and 22 transactions were related to the Higher Education Institutional Aid Program) to determine whether the University performed a verification check for covered transactions, by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity. For 14 of the 20 transactions selected (which include 11 transactions from the R&D Cluster and 3 transactions from the Higher Education Institutional Aid), we did not observe a suspension and debarment clause within the contract and the University was unable to provide us with supporting documentation to evidence the verification of

University of Puerto Rico
 Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-06 (continued)

Condition (continued)

such transactions. However, the University verbally assured us that verification is made upon initial requisition, but not formally documented. Furthermore, for all transactions selected, we noted that all related vendors were excluded from EPLS without exception.

Program or CFDA No.	Disbursement Document Number	Amount
84.031	10524293	\$ 81,087
84.031	10508676	39,008
84.031	10461764	37,000
		\$157,095

Program or CFDA No.	Disbursement Document Number	Amount
R&D	10459437	\$ 55,994
R&D	10557855	94,891
R&D	10369025	222,924
R&D	10434689	36,248
R&D	10509107	58,272
R&D	10358162	88,968
R&D	10374595	29,955
R&D	10350285	52,288
R&D	10480255	29,599
R&D	10204725	91,815
R&D	10519151	136,297
		\$897,251

Cause

Internal controls to ensure evidence of the required EPLS verification were not in place during the fiscal year under audit.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-06 (continued)

Effects

The University may have entered into transactions with suspended or debarred vendors, which could lead to disallowance of Federal funds.

Known Questioned Costs

Not applicable.

Recommendation

The University should establish a procedure to ensure all required verifications are documented and maintained in vendor files.

Management's Response

We do not accept the finding.

The UPR units verify if the vendor is included in the EPLS, but do not print the evidence; neither includes it as part of the documents justifying the transactions. We understand that the federal regulation does not require to maintain this evidence for review. As the auditors noted, none of the 14 vendors for the transactions mentioned in the finding were included in the EPLS.

Auditor's Conclusion

Management's response acknowledges the finding, but seems to ignore the fact that any sound internal control system requires appropriate documentation to evidence the procedures performed. The finding remains as stated.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-07

Federal Program

Research and Development Cluster

Category

Internal Control / Compliance

Compliance Requirement

Reporting

Criteria

The Grant Agreement between the National Institute of Food and Agriculture and the University of Puerto Rico College of Agricultural Sciences Agriculture Experiment Station, Section VII states that the report SF-425 should be submitted by December 31, 2011.

Condition Found

During our current year audit of the Research and Development Cluster, we noted that Form SF-425 is applicable for project 321680140111 (The Hatch Act of 1887-Regular Research) with CFDA number 10.203 for the time period from 10/1/2010-9/30/2011. The report was not filed as management was not aware of requirement until being notified by the auditors. As result, this report was not submitted in a timely matter as required by the National Institute of Food and Agriculture. It was submitted in 5/10/2012 or five months after the date required.

Cause

The University was unaware of its requirement to file SF-425. Internal controls for the University to ensure compliance with reporting requirements are either not in place or not effective.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-07 (continued)

Effects

Not filing reports timely could prevent the Federal agency to monitor the University's spending of funding provided.

Known Questioned Costs

None

Recommendation

The University should establish procedures to understand the reporting requirements applicable to the programs included in the Research and Development cluster and prepare a checklist by program/project with the reports required by program to monitor its submission.

Management's Response

The Form SF-425 was not submitted on time because we were unaware of this new requirement. We sent the report as soon as we became aware of the requirement.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-08

Program

Student Financial Assistance Cluster

Category

Internal Control / Compliance

Compliance Requirement

Special Tests and Provisions: Disbursements To or On Behalf of Students

Criteria or Specific Requirement

34 CFR §__668.164(e) Credit balances. Whenever an institution disburses title IV, HEA program funds by crediting a student's account and the total amount of all title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but— (1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

OMB Circular A-110 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that credit balances on students' accounts are refunded within 14 days of credit origination.

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-08 (continued)

Condition

The University did not pay credit balances resulting from the application of student financial aid to the students in a timely manner. We noted that during the first semester of fiscal year 2010/2011, the campuses selected for testing did not pay the Pell awards directly to any of the students or parents within the first 14 days of classes. The following schedule provides more information:

Campus	First day of classes (First semester)	Date of first payment (First semester)	Days elapsed
UPR-Río Piedras	8/30/2010	9/24/2010	25
UPR-Aguadilla	8/23/2010	9/30/2010	38
UPR-Mayagüez	9/17/2010	10/21/2010	34
UPR-Utuado	8/23/2010	10/7/2010	45
UPR-Ponce	8/23/2010	10/7/2010	45
Ciencias Médicas	8/9/2010	10/10/2010	62

Cause

Payments were not made during the 14-day period, since effective July 1, 2010, all the campuses were required to have their own institutional bank accounts separate from the central administration. This caused the campuses to become free standing and responsible for the request and disbursement process of the campus.

Effects

In the first semester of fiscal year 2011-2012 all credit balances were paid after the 14-day time limit.

Known Questioned Costs

None

University of Puerto Rico
Schedule of Findings and Questioned Costs (continued)

Part III—Federal Award Findings and Questioned Costs Section (continued)

Finding Number: 11-08 (continued)

Recommendation

We recommend the University properly monitor student accounts and improve procedures to provide refunds for all credit balances within the 14-day time limit in accordance with the Federal regulation.

Management's Response

As of July 6, 2010, the University of Puerto Rico was suspended to participate under Title IV programs. It was not until July 27, 2010 that the units' eligibility to participate was reinstated. This means that all actions to be taken in order to process and determine students eligibility were to begin after July 27, 2010, not considering the information to be provided to the Department of Education such as units contact persons, account creation and accounts numbers by program by unit, phone numbers and all IT support to be requested, and programming to be done. All the aforementioned activities were very time consuming, as a result the eleven units disbursed their first payment after the 14-day requirement.

We expect to keep on complying as required.

University of Puerto Rico

Summary Schedule of Prior Audit Findings

June 30, 2011

Finding 10-02

CFDA Number	All Major Programs
Name of Federal Program	All Major Programs
Type of Compliance Requirement	Other
Amount of Questioned Cost	None
Contact Person Responsible for Corrective Action Plan Status	Gloria I. Soto, Finance Officer 1 Comment repeated. See Finding 11-03

Finding 10-03

CFDA Number	All Major Programs
Name of Federal Program	All Major Programs
Type of Compliance Requirement	Other
Amount of Questioned Cost	None
Contact Person Responsible for Corrective Action Plan Status	Gloria I. Soto, Finance Officer 1 Comment repeated. See Finding 11-03

Finding 10-04

CFDA Number	Research and Development Cluster
Name of Federal Program	Research and Development Cluster
Type of Compliance Requirement	Allowable Costs/Cost principles
Amount of Questioned Cost	\$885
Contact Person Responsible for Corrective Action Plan Status	José Lasalde, Vice President of Research and Technology Corrected

Finding 10-05

CFDA Number	Research and Development Cluster
Name of Federal Program	Research and Development Cluster
Type of Compliance Requirement	Equipment and Real Property Management
Amount of Questioned Cost	Could not be determined
Contact Person Responsible for Corrective Action Plan Status	Gloria I. Soto, Finance Officer 1 Comment repeated. See Finding 11-04

University of Puerto Rico

Summary Schedule of Prior Audit Findings (continued)

Finding 10-06

CFDA Number	Research and Development Cluster
Name of Federal Program	Research and Development Cluster
Type of Compliance Requirement	Matching, Level of Effort, Earmarking
Amount of Questioned Cost	Could not be determined
Contact Person Responsible for Corrective Action Plan	Gloria I. Soto, Finance Officer 1
Status	Corrected

University of Puerto Rico

Summary Schedule of Prior Audit Findings (continued)

Finding 09-02

CFDA Number	84.032
Name of Federal Program	Federal Family Education Loan – SFA Cluster
Type of Compliance Requirement	Special Tests and Provisions: Enrollment Reporting
Amount of Questioned Cost	None
Contact Persons Responsible for Corrective Action Plan	Juan Aponte- Río Piedras Campus and Francisco Bengochea, Register-Ponce Campus
Status	Comment repeated. See Finding 11-05

Finding 09-03

CFDA Number	84.063
Name of Federal Program	Federal Pell Grant Program – SFA Cluster
Type of Compliance Requirement	Special Tests and Provisions: Disbursements To or On Behalf of Students
Amount of Questioned Cost	\$820
Contact Persons Responsible for Corrective Action Plan	Damarys Arocho, Fiscal Officer-Aguadilla Campus and Luz Esther Sánchez, Fiscal Office Director-Río Piedras Campus
Status	Comment repeated. See Finding 11-06

Finding 09-04

CFDA Number	84.063
Name of Federal Program	Federal Pell Grant Program – SFA Cluster
Type of Compliance Requirement	Special Tests and Provisions: Return of Title IV Funds
Amount of Questioned Cost	None
Contact Person Responsible for Corrective Action Plan	Luz Esther Sánchez- Fiscal Office Director- Río Piedras Campus
Status	Corrected

University of Puerto Rico

Summary Schedule of Prior Audit Findings (continued)

Finding 09-05

CFDA Number	84.038
Name of Federal Program	Federal Perkins Loan Program – SFA Cluster
Type of Compliance Requirement	Special Tests and Provisions: Student Loan Repayments
Amount of Questioned Cost	None
Contact Person Responsible for Corrective Action Plan	Pedro Martínez, Finance Director- Ponce Campus
Status	Corrected

Finding 09-06

CFDA Number	84.038
Name of Federal Program	Federal Perkins Loan Program – SFA Cluster
Type of Compliance Requirement	Special Tests and Provisions: Student Loan Repayments
Amount of Questioned Cost	None
Contact Person Responsible for Corrective Action Plan	Lisete Soto, Claim and Collection Officer- Aguadilla Campus
Status	Corrected

Finding 09-07

CFDA Number	93.307, 93.859
Name of Federal Program	HHS Minority Health and Health Disparities Research; HHS Biomedical Research and Research Training – R&D Cluster
Type of Compliance Requirement	Allowable Costs
Amount of Questioned Cost	None
Contact Person Responsible for Corrective Action Plan	María M. Santiago, Acting Dean of Administration of Cayey
Status	Corrected

University of Puerto Rico

Summary Schedule of Prior Audit Findings (continued)

Finding 09-08

CFDA Number	All CFDA under the following clusters: 84.031
Name of Federal Program	R&D Cluster, TRIO Cluster, Higher Education University Aid (Title IV)
Type of Compliance Requirement	Equipment and Real Property Management
Amount of Questioned Cost	None
Contact Person Responsible for Corrective Action Plan	Maribel Hernández, Acting Finance Director
Status	Corrected

Finding 09-09

CFDA Number	93.389
Name of Federal Program	National Center for Research Services – R&D Cluster
Type of Compliance Requirement	Allowable Costs/Cost Principles; Cash Management
Amount of Questioned Cost	\$6,200
Contact Person Responsible for Corrective Action Plan	Antonia Reyes, Accounting Supervisor
Status	Corrected

Finding 09-10

CFDA Number	84.042; 84.044; 84.047
Name of Federal Program	Student Support Services; Talent Search; Upward Bound – TRIO Cluster
Type of Compliance Requirement	Earmarking
Amount of Questioned Cost	None
Contact Person Responsible for Corrective Action Plan	María Santiago, Acting Dean of Administration of Cayey
Status	Corrected

University of Puerto Rico

Summary Schedule of Prior Audit Findings (continued)

Finding 09-11

CFDA Number	84.031
Name of Federal Program	Higher Education University Aid (Title V)
Type of Compliance Requirement	Allowable or Unallowable Activities; Allowable Costs/Cost Principles; Cash Management
Amount of Questioned Cost	\$17,370
Contact Person Responsible for Corrective Action Plan Status	Juan Torres, Carolina Finance Director Corrected

Finding 09-12

CFDA Number	84.031
Name of Federal Program	Higher Education University Aid (Title V)
Type of Compliance Requirement	Period of Availability of Federal Funds
Amount of Questioned Cost	\$182
Contact Person Responsible for Corrective Action Plan Status	Juan Torres, Carolina Finance Director Corrected

Finding 09-13

CFDA Number	All Programs
Name of Federal Program	All Programs
Type of Compliance Requirement	General Regulations of OMB Circular A-133
Amount of Questioned Cost	None
Contact Person Responsible for Corrective Action Plan Status	Anthony Cordero, Finance Director UPR Central Administration Comment repeated. See Finding 11-03

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