



University of Alaska
Statewide System of Higher Education

Corrective Action Plan
Year Ended June 30, 2003

The following corrective action plan is prepared in accordance with Office of Management and Budget Circular A-133, Section .315(c). Accordingly, it is management's response to Finding 2003-1 identified in the University of Alaska Federal Financial Assistance Reports for the year ended June 30, 2003. Finding 2003-1 is represented below with management's response following:

Finding 2003-1

Department of Housing and Urban Development, Community Development Block Grants (CFDA# 14.246)

Criteria or Specific Requirement – According to OMB Circular A-110 (Section 22), when the reimbursement method is used, the federal awarding agency shall make payment to the grantee after receipt of billing for costs incurred under the award.

Condition – The University submitted a \$270,868 request for reimbursement to the grantor; however, the University had not incurred costs prior to the request of this amount.

Questioned Costs – None

Context – Isolated incident.

Effect – The University was reimbursed for \$270,868 of costs that it had not yet incurred.

Cause – During the University's conversion to a new billing system, the setup of this grant was incorrect, leading to an incorrect beginning cash balance transferring to the new system.

Recommendation – The University should review all beginning receivable balances during a billing system conversion to ensure future billings are based on accurate balances. This will prevent reimbursement requests for costs not yet incurred.

Management's Response – The University has returned the \$270,868 to the grantor. Management agrees with auditors that this finding is the result of an isolated billing system conversion error, and not a systemic problem.

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