CHICAGO STATE UNIVERSITY

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March 1, 2004

Mr. Charles M. Allberry
Regional Inspector General For Audit
Office of Inspector General
230 South Dearborn Street
Room 744
Chicago, Illinois 60604

RE: U.S. Department of Labor, Audit Report Number 05-03-006-03-386

Dear Mr. Allberry:

We have reviewed the findings and recommendations contained in the subject Audit. The following are our responses to the items cited. The responses are in the same order as the findings and recommendation presented:

1. **Administrative Costs Were Reported as Program Costs**

The university agrees that administrative costs were reported as Program Cost as previously, been discussed were with the Department of Labor officials. Chicago State will provide allowable stand in cost as an offset to the questionable cost. This stand-in cost will include:

a) Unused allowable matching funds that were booked in the university accounting system.
b) Allowable items that were part of the university's negotiated indirect cost rate that can be specifically identified to the grant activity, and were part of the rate that was in excess of the 15% administrative cost limitation.
c) Allowable cost incurred in behalf of the grant during the three and half year period of operation, but not charged.
d) Operation and maintenance of plant expenses, building and equipment use allowances and applicable building interest expense.

Scholarship & Responsibility

2. **Expenditures Were Not Reported Properly for Participants Served Under the General Eligibility Criteria (70 Percent Category) and the Other Eligibility Criteria (30 Percent Category)**

Based on the auditor's recommendation, CSU will reconcile actual cost incurred applicable to participants in the General and Other Eligibility Category and revise the Financial Status Report (FSR) accordingly.

During the audit resolution process, CSU will provide supporting documentation for amounts proposed as stand in cost and work papers identifying any allocation methodologies used in arriving at an amount proposed as stand in cost.

Should you have any questions please do not hesitate to contact me at 773-995-3598.

Sincerely,

Ken Koroma
Associate Vice President
Sponsored Programs and Research Services

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