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**SOUTHEAST MISSOURI**  
**STATE UNIVERSITY**  
*SINGLE AUDIT REPORT*  
*JUNE 30, 2018*

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**Independent Auditors' Report 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***

Board of Regents  
Southeast Missouri State University  
Cape Girardeau, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Southeast Missouri State University, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Southeast Missouri State University's basic financial statements, and have issued our report thereon dated November 5, 2018. We did not audit the financial statements of Southeast Missouri University Foundation, a discretely presented component unit of the University. Those financial statements were audited by other auditors whose report dated October 16, 2018 thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southeast Missouri University Foundation, is based on the report of the other auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southeast Missouri State University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* 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, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose Of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RubinBrown LLP*

November 5, 2018

**Independent Auditors' Report On  
Compliance For Each Major Federal  
Program; Report On Internal Control Over  
Compliance; And Report On The Schedule  
Of Expenditures Of Federal Awards  
Required By Uniform Guidance**

Board of Regents  
Southeast Missouri State University  
Cape Girardeau, Missouri

**Report On Compliance For Each Major Federal Program**

We have audited Southeast Missouri State University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2018. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the University's major federal program based on our audit of the types of compliance referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the University's compliance

### ***Opinion On Each Major Federal Program***

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 program for the year ended June 30, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002. Our opinion on the major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report On Internal Control Over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of compliance requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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 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. *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 in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002, that we consider to be significant deficiencies.

Southeast Missouri State University's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes.

#### **Report On Schedule Of Expenditures Of Federal Awards Required By Uniform Guidance**

We have audited the financial statements of the business-type activities and discretely presented component unit of the University as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We have issued our report thereon dated November 5, 2018, which contained unmodified opinions on those financial statements. We did not audit the financial statements of Southeast Missouri University Foundation, a discretely presented component unit of the University. Those financial statements were audited by other auditors whose report dated October 16, 2018 thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southeast Missouri University Foundation, is based on the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*RubinBrown LLP*

November 5, 2018

**SOUTHEAST MISSOURI STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>United States Department of Agriculture</b>					
Passed through Arkansas State University	Cover Crop Research 16	2015-70001-23439	10.326	\$ 24,341	\$ —
Direct	Beef Tech Initiative 18	—	10.351	13,347	—
Passed through Missouri Department of Health and Senior Services	Child and Adult Care Food Program:				
	SAHEC Food Program	ERS4611-1831	10.558	15,874	—
	USYC Food Program	ERS4611-2646	10.558	53,534	—
	Total Child and Adult Care Food Program			69,408	—
Direct	Organic Horticulture 17	—	10.912	411	—
Total United States Department of Agriculture				\$ 107,507	\$ —
<b>United States Department of Commerce</b>					
Direct	EDA Technical Assist University Center Program				
	EDA 2017	05-66-05448-3	11.303	\$ 25,404	\$ —
	EDA 2018	05-66-05448-4	11.303	168,623	—
Total United States Department of Commerce				\$ 194,027	\$ —
<b>United States Fish and Wildlife Service</b>					
Passed through Missouri Department of Conservation	MDC Asian Carp Taylor 17	MCC-01-07-00 397	15.608	\$ 15,730	\$ —
Passed through Tennessee Wildlife Resources Foundation Inc.	Alligator Snapping Turtles	16-01	15.634	35,181	—
Direct	Song Birds 2016	F16AC00266	15.658	58,369	—
Direct	Landscape Conservation 18	F17AC01005	15.678	9,464	—
Total United States Fish and Wildlife Services				\$ 118,744	\$ —
<b>United States Geological Survey</b>					
Direct	Salamander 18	G17AC00187	15.808	\$ 62,807	\$ —
<b>Federal Transit Administration</b>					
Passed through Cape Girardeau County Transit Authority	Shuttle Service 2018	MO-2016-020-00/MO-2017-030-00	20.507	\$ 156,634	\$ —
	Shuttle Bus Purchase 2018	MO-2016-019-00	20.507	92,417	—
				249,051	—
Passed through University of Arkansas	MacTREC 18	TAA1801113	20.701	2,089	—
Total Federal Transit Administration				\$ 251,140	\$ —



**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub- Recipients
<b>National Endowment for the Humanities</b>					
Direct	NEH Preservation 17		45.149	\$ 4,923	\$ —
Passed through the Missouri Humanities Council	Promotion of the Humanities Programs Summer Institute FY16	1956	45.129	1,355	—
	Total National Endowment for the Humanities			<u>\$ 6,278</u>	<u>\$ —</u>
<b>Small Business Administration</b>					
Passed through University of Missouri - Columbia	Small Business Development Center: SBTDC 2017	C0055924-7	59.037	\$ 5,904	\$ —
Passed through University of Missouri - Columbia	SBTDC 2018	C0059972-7	59.037	87,826	—
	Total Small Business Development Center			93,730	—
Passed through University of Missouri - Columbia	Portable Assistance	OSBDC-2017-3	59.050	21,576	—
	Total Small Business Administration			<u>\$ 115,306</u>	<u>\$ —</u>
<b>United States Department of Education</b>					
Passed through University of Central Missouri	Mideast Meets Midwest 17	POL001-SEMO	84.016	\$ 22,342	\$ —
Direct	Student Financial Aid Cluster:				
	Federal Supplemental Educational Opportunity Grant Program	P007A162382	84.007	190,217	—
	Federal Work Study Program	P033A162382	84.033	328,952	—
	Federal Pell Grant Program	P063P161752	84.063	14,984,408	—
	Federal Direct Loan Program	P268K171752	84.268	41,728,465	—
	Federal Perkins Loan Program	—	84.038	5,839,969	—
	Teacher Education Assistance for College and Higher Education Grants	P379T171752	84.379	138,017	—
	Total Student Financial Aid Cluster			<u>63,210,028</u>	<u>—</u>

**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub-Recipients
Direct	Trio Cluster:				
	Student Support Services 2017	P042A151250-16	84.042	\$ 54,970	\$ —
	Student Support Services 2018	P042A100954	84.042	226,120	—
	Student Support Services Supplement 2017	P042A151250-16	84.042	17,175	—
	Student Support Services Supplement 2018	P042A100954	84.042	6,575	—
	McNair Post-Baccalaureate Achievement 2017	P217A120283-16	84.217	80,602	—
	McNair Post-Baccalaureate Achievement 2018	P1217A170269	84.217	163,485	—
	Total Trio Cluster			548,927	—
Passed through Jacksonville State University	CORE Academy 2017	PRU411B150025	84.411B	15,546	—
	CORE Academy 2018	PRU411B150025	84.411B	76,836	—
	Core i3 16	U411B130037	84.411B	455	—
	Total Investing In Innovation Program			92,837	—
Total United States Department of Education				\$ 63,874,134	\$ —
<b>Delta Regional Authority</b>					
Direct	Doniphan Vitality 17	—	90.201	\$ 18,562	\$ —
<b>United States Department of Health and Human Services</b>					
Passed through Southeast Missouri Agency on Aging	National Family Caregiver Support, Title III, Part B: AAA SA Eldercare 2018	—	93.052	\$ 18,478	\$ —
Passed through Missouri Department of Health and Senior Services	Addressing Asthma 2017	DH100020001	93.070	2,096	—
	Addressing Asthma 2018	DH100020001	93.070	8,271	—
	Total Environmental Public Health and Emergency Response			10,367	—
Passed through Missouri Department of Elementary and Secondary Education	477 Cluster: CDA Training Program: CDA Training 2017 CDA Training 2018 Total CDA Training and 477 Cluster	— — —	93.575 93.575	2,550 15,000	— —
				17,550	—

**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub- Recipients
Passed through Missouri Department of Health and Senior Services	Fed Community Health Worker 18	AOC17380026	93.945	\$ 29,015	\$ —
Passed through Missouri Department of Mental Health	Block Grants for Prevention and Treatment of Substance Abuse:				
	Southeast Regional Support Center 2017	SDA420P1209	93.959	1,896	—
	Southeast Regional Support Center 2018	SDA420P1209	93.959	154,596	—
	Southeast Regional Support Center 18 Tobacco	SDA420P1209	93.959	5,756	—
	Partnership for Success 2017	SDA420P1209	93.959	26,023	—
	Partnership for Success 2018	SDA420P1209	93.959	107,421	—
	MHFA Training 17	SAHS5601043	93.959	1,580	—
	MHFA Training 18	SAHS5601043	93.959	6,189	—
	Total Block Grants for Prevention and Treatment of Substance Abuse			<u>303,461</u>	<u>—</u>
Total United States Department of Health and Human Services				<u>\$ 378,871</u>	<u>\$ —</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 65,127,376</u>	<u>\$ —</u>

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# SOUTHEAST MISSOURI STATE UNIVERSITY

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

### 1. Basis Of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards programs of Southeast Missouri State University (the University) for the year ended June 30, 2018. The information in this Schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

### 2. Basis Of Accounting And Relationship To The Financial Statements

Federal financial assistance revenues from the Federal Work Study, the Federal Pell Grant Program and the Federal Supplemental Educational Opportunity Grant programs are reported in the University's financial statements as federal grant revenues. The activity of the Federal Direct Loan Program is not included in the University's financial statements, as the benefits of this program are awarded directly to students and not to the University.

Amounts reported in the accompanying Schedule are presented using the accrual basis of accounting, which is described in Note 2 to the University's financial statements. Related federal financial reports are prepared on the cash basis of accounting.

### 3. Loan Programs

The following schedule represents loans advanced by the University for Federal Direct Loans and loans advanced plus loans outstanding as of the beginning of the year for Federal Perkins Loans, for the year ended June 30, 2018:

	Amount Reported	
	CFDA #	on SEFA
Student Financial Aid:		
Department of Education:		
Federal Direct Loans	84.268	\$ 41,728,465
Federal Perkins Loans	84.038	5,839,969

The above amounts are included as federal expenditures in the Schedule.

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# SOUTHEAST MISSOURI STATE UNIVERSITY

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (*Continued*)

June 30, 2018

### 4. Indirect Costs

The Department of Health and Human Services has approved a maximum provisional indirect cost rate of 49%. The University recovers indirect costs at the maximum rate of 49% of salaries and wages including fringe benefits under federal programs that allow full indirect cost reimbursement, and recovers indirect costs at varying rates below 49% on other federal programs that do not follow full indirect cost recovery. Total indirect costs recovered under all federal programs were \$229,789 for the year ended June 30, 2018.

**SOUTHEAST MISSOURI STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2018**

**Section I - Summary Of Auditors' Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were presented in accordance with generally accepted accounting principles:

Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ yes   X   no
- Significant deficiency(s) identified? \_\_\_ yes   X   none reported
- Noncompliance material to financial statements noted? \_\_\_ yes   X   no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ yes   X   no
- Significant deficiency(s) identified?   X   yes \_\_\_ none reported

Type of auditors' report issued on compliance for major programs:

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?   X   yes \_\_\_ no

**Identification Of Major Programs:**

Student Financial Aid Cluster:

- CFDA #84.007 - U.S. Department of Education - Federal Supplemental Educational Opportunity Grant Program
- CFDA #84.033 - U.S. Department of Education - Federal Work Study Program
- CFDA #84.063 - U.S. Department of Education - Federal Pell Grant Program
- CFDA #84.268 - U.S. Department of Education - Federal Direct Loan Program
- CFDA #84.038 - U.S. Department of Education - Federal Perkins Loan Program
- CFDA #84.379 - U.S. Department of Education - Teacher Assistance for College and Higher Education Grants

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

\$750,000

Auditee qualified as low-risk auditee?   X   yes \_\_\_ no

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**SOUTHEAST MISSOURI STATE UNIVERSITY**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)***  
**For The Year Ended June 30, 2018**

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**Section II - Financial Statement Findings**

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None Noted

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**Section III - Federal Award Findings And Questioned Costs**

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**Finding 2018-001 – Special Tests and Provisions – Return of Title IV Funds – Compliance and Control Finding**

**CFDA 84.007, 84.033, 84.063, 84.268 – Student Financial Aid Cluster**

***Federal Agency:* U.S. Department of Education**

***Pass-Through Entities:* N/A**

***Criteria Or Specific Requirement:*** The University must return funds for federal direct student loans and report the reduction in Pell grant funding to the Common Origination & Disbursement (COD) system within 45 days for students who have withdrawn from the University and for whom a completed return calculation indicated that a return of and reduction in funding was required.

***Condition:*** Based on a review of a sample of students, one instance was noted in which the reduction in funding was not communicated to the COD system within the 45 day requirement as required by 34 CFR 668.22(j)(1).

***Cause:*** The University's process allowed for 30 days to identify the student's last day of attendance and an additional 45 days to process and return the funds. The Department of Education's time frame is 45 days total. The University's internal control procedures did not prevent the refund from occurring outside of the Department of Education's time frame.

***Effect:*** The University did not complete submissions to the COD system for funding reductions within the required 45-day timeframe.

***Questioned Costs:*** None. Based on the information above, amounts would not be material to the program.

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# SOUTHEAST MISSOURI STATE UNIVERSITY

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2018

**Context:** In 1 out of 40 students tested, it was noted that communication of the reduction in grant funding for the student was not communicated to the COD system within the 45-day requirement. In this instance, the student had an unofficial withdrawal from the University. After the semester ended on May 11, 2018, an email was provided from the student's professors on May 18, 2018 indicating the last day of attendance was February 28, 2018. Subsequently, the refund was processed on July 5, 2018, 48 days after the University's date of determination of May 18, 2018. The University's process allowed for 30 days to identify the student's last day of attendance and an additional 45 days to process and return the funds. The Department of Education's time frame is 45 days total. Statistical methods were not used to determine our sample.

**Identification as a repeat finding:** This was not a repeat finding.

**Recommendation:** The University should review its controls and procedures as described above to ensure the procedure is functioning to ensure completion of the return notifications are made to the COD system within the required 45 day timeframe.

**Views Of Responsible Officials And Planned Corrective Action:** As noted in the context explanation of the finding, this was an issue of incorrect interpretation of the timeframe allowed to fully process a return of Title IV funds. The correct interpretation of the rules has been explained to the staff charged with performing returns of Title IV funds and an update to the Policies & Procedures manual has been made to more clearly and accurately define the timeline.

### **Finding 2018-002 – Special Tests and Provisions – Disbursements To Or On Behalf Of Students – Compliance and Control Finding**

#### **CFDA 84.268, 84.038 and 84.379 – Student Financial Aid Cluster**

**Federal Agency:** U.S. Department of Education

**Pass-Through Entities:** N/A

**Criteria Or Specific Requirement:** The University must notify recipients of loans or TEACH grants no earlier than 30 days before and no later than seven days after, crediting the student's ledger account at the institution as required by 34 CFR 668.165(a)(3).

**Condition:** Based on a review of a sample of students, one instance was noted in which the student was notified ten days after the funds were credited to the student's ledger account.

**Cause:** During the Summer session, the Perkins loan was a passive acceptance because there was no Summer Perkins Loan fund code. Therefore, the University did not obtain affirmative confirmation during the summer for Perkins Loan funds. The University's control was not properly designed to ensure notifications were sent within the Department of Education's seven day time frame.



# SOUTHEAST MISSOURI STATE UNIVERSITY

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2018

**Effect:** The University did not notify the students within the required 7 day timeframe.

**Questioned Costs:** None. Based on the information above, amounts would not be material to the program.

**Context:** In 1 out of 25 students tested, it was noted that the student's loan was credited to the student ledger account on June 22, 2018. A loan notification email was sent to the student on July 2, 2018 which is 10 days after the student's account was credited. Statistical methods were not used to determine our sample.

**Identification as a repeat finding:** This was not a repeat finding.

**Recommendation:** The University should review its controls and procedures as described above to ensure the procedure is functioning to ensure loan notifications are being sent to student's within the required 7-day timeframe.

**Views Of Responsible Officials And Planned Corrective Action:** During the Summer session, the Perkins loan was a passive acceptance because there was no Summer Perkins Loan fund code, so when a student accepted a Perkins Loan in the Fall or Spring, the only option to award a Perkins Loan was to make it a passive process for Summer where we did not obtain affirmative confirmation. This is why the notification had to be sent within 7 days of disbursement rather than the 30 days that was required during the Fall and Spring.

For this student, the 7 days was missed as the Fall/Spring notification process was used for their Summer aid. This is partially addressed without doing anything as the Perkins Loan was the only loan type that became passive acceptance for Summer and we are no longer awarding the Perkins Loan as the Department of Education is no longer utilizing the Perkins Loan Program. However, the differences in affirmative and non-affirmative confirmation have been explained to the staff and a review of notification processes has taken place to insure we are within compliance. At this point, all loan and Teach Grant programs are affirmative confirmation and our notification procedures fit with the policies outlined in the FSA Handbook.



## CORRECTIVE ACTION PLAN

### **Finding 2018-001**

***Personnel Responsible for Corrective Action:*** Manager of Systems & Compliance, Director of Student Financial Services

***Anticipated Completion Date:*** Completed September 4, 2018

***Corrective Action Plan:*** The correct interpretation of the rules has been explained to the staff charged with performing returns of Title IV funds and an update to the Policies & Procedures manual has been made to more clearly and accurately define the timeline.

### **Finding 2018-002**

***Personnel Responsible for Corrective Action:*** Manager of Operations, Director of Student Financial Services

***Anticipated Completion Date:*** Completed October 25, 2018

***Corrective Action Plan:*** This is partially addressed without doing anything as the Perkins Loan was the only loan type that became passive acceptance for Summer and we are no longer awarding the Perkins Loan as the Department of Education is no longer utilizing the Perkins Loan Program. However, the differences in affirmative and non-affirmative confirmation have been explained to the staff and a review of notification processes has taken place to insure we are within compliance. At this point, all loan and Teach Grant programs are affirmative confirmation and our notification procedures fit with the policies outlined in the FSA Handbook.



SOUTHEAST MISSOURI  
STATE UNIVERSITY · 1873

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For The Year Ended June 30, 2018**

None