
***SOUTHEAST MISSOURI
STATE UNIVERSITY***
SINGLE AUDIT REPORT
JUNE 30, 2022

Contents

	Page
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 <i>Government Auditing Standards</i>	1 - 2
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	3 - 6
Schedule Of Expenditures Of Federal Awards	7 - 9
Notes To Schedule Of Expenditures Of Federal Awards	10 - 11
Schedule Of Findings And Questioned Costs	12 - 15
Corrective Action Plan	16 - 17
Summary Schedule Of Prior Audit Findings	18

**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 Governors
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, 2022, 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 January 10, 2023.

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) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2022-001 and 2022-002 to be material weaknesses.

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. We consider the deficiency identified in the accompanying schedule of findings as 2022-003 to be a significant deficiency.

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 financial statements. 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*.

University's Response To Findings

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings. The University's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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

January 10, 2023

**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 Governors
Southeast Missouri State University
Cape Girardeau, Missouri

Report On Compliance For The Major Federal Program

Opinion On Each Major Federal Program

We have audited Southeast Missouri State University's (the University) compliance with the types of compliance requirements identified as subject to audit in the *OMB 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, 2022. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis For Opinion On Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities For The Audit Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities Of Management For Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditors' Responsibilities For The Audit Of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On 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 Auditor's Responsibilities For The Audit Of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 purpose.

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, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We have issued our report thereon dated January 10, 2023, which contained unmodified opinions on those financial statements. 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 and certain additional procedures, including comparing and reconciling such information 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 basic 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

May 8, 2023

SOUTHEAST MISSOURI STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures To Sub-Recipients
United States Department of Agriculture					
Passed through Arkansas State University	Capacity Building for Non-Land Grant Colleges of Agriculture - Resilient Cropping year 1 FY18	2018-70001-27817	10.326	\$ 1,292	\$ —
Passed through Missouri Department of Health and Senior Services	Child and Adult Care Food Program: USYC Food Program	ERS4611-2646	10.558	71,594	—
Passed through Natural Resources Conservation Services	Soil Water Conservation - BMP for Water Quality 19	NR186424XXXXG012	10.902	19,842	—
Total United States Department of Agriculture				<u>92,728</u>	<u>—</u>
Federal Transit Administration					
Passed through Cape Girardeau County Transit Authority	Federal Transit Cluster: COVID-19 - Shuttle Service 2020	N/A	20.507	<u>418,764</u>	<u>—</u>
National Aeronautics and Space Administration					
Passed through University of Missouri Columbia	Office of STEM Engagement - NASA MO Space Grant Consortium	80NSSC20M0100	43.008	<u>5,778</u>	<u>—</u>
National Endowment for the Humanities					
Passed through East Carolina University	NEH Castle to the Classrooms	N/A	45.169	<u>5,921</u>	<u>—</u>
National Science Foundation					
Direct	Research and Development Cluster: TesLumen 2021	2040086	47.041	<u>25,506</u>	<u>—</u>
Small Business Administration					
Passed through University of Missouri - Columbia	Small Business Development Centers: SBDC 2021	C00063534-1	59.037	46,176	—
	SBDC 2022	C00063534-1	59.037	<u>48,665</u>	<u>—</u>
Total Small Business Administration				<u>94,841</u>	<u>—</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures To Sub-Recipients
United States Department of Education					
Direct	Student Financial Aid Cluster:				
	Federal Supplemental Educational Opportunity Grant Program FY22	P007A192382	84.007	\$ 266,426	\$ —
	Federal Work Study Program FY22	P033A202382	84.033	354,393	—
	Federal Perkins Loan Program	N/A	84.038	3,177,790	—
	Federal Pell Grant Program FY21	P063P181752	84.063	682	—
	Federal Pell Grant Program FY22	P063P181752	84.063	13,342,471	—
	Total 84.063			<u>13,343,153</u>	—
	Federal Direct Loan Program FY21	P268K191752	84.268	162,820	—
	Federal Direct Loan Program FY22	P268K201752	84.268	31,145,120	—
	Total 84.268			<u>31,307,940</u>	—
	Transition to Teaching (TEACH) FY22	P379T201752	84.379	9,443	—
	Total Student Financial Aid Cluster			<u>48,459,145</u>	—
Direct	Strengthening Institutions Program (Title III)	N/A	84.031A	<u>142,023</u>	—
Direct	Trio Cluster:				
	Student Support Services 2021 - 2026	P042A200914	84.042	275,360	—
	Student Support Services Supplement 2021 - 2026	P042A200914	84.042	44,750	—
	Total 84.042			<u>320,110</u>	—
	McNair Post-Baccalaureate Achievement	P217A170269-18	84.217	210,435	—
	McNair Post-Baccalaureate Achievement - Participation Costs	P217A170269-18	84.217	25,150	—
	Total 84.217			<u>235,585</u>	—
	Total Trio Cluster			<u>555,695</u>	—
Direct	Child Care Access Means Parents In Schools - CCAMPIS Redhawk FLT 20	N/A	84.335A	<u>149,866</u>	—
Direct	Education Stabilization Fund:				
Direct	COVID-19 - Higher Education Emergency Relief Fund - Teacher Recruitment FY22	N/A	84.425D	2,370	—
Direct	COVID-19 - Higher Education Emergency Relief Fund - Student	N/A	84.425E	10,421,757	—
Direct	COVID-19 - Higher Education Emergency Relief Fund - Institution	N/A	84.425F	5,440,817	—
Direct	COVID-19 - Higher Education Emergency Relief Fund - Institution	N/A	84.425F	3,374,228	—
Direct	COVID-19 - Higher Education Emergency Relief Fund - Strengthening Institutions	N/A	84.425M	967,288	—
				<u>20,206,460</u>	—
Total United States Department of Education				<u>69,513,189</u>	—

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures To Sub-Recipients
United States Department of Health and Human Services					
Direct	Addressing Asthma 2021	DH100020001	93.070	\$ 20,861	\$ —
	Addressing Asthma 2022	DH210048880-01	93.070	17,154	—
				<u>38,015</u>	<u>—</u>
Passed through Missouri Department of Health and Senior Services	Environmental Public Health and Emergency Response - Community Health Worker Year 6	AOC19380216	93.426	<u>25,392</u>	<u>—</u>
Passed through Missouri Department of Mental Health	Block Grants for Prevention and Treatment of Substance Abuse:				
	Southeast Regional Support Center Tobacco 22	N/A	93.959	8,019	—
	PRC Supplemental Funding FY22	N/A	93.959	68,903	—
	PRC C2000 21	N/A	93.959	3,954	—
	PRC C2000 22	N/A	93.959	192,637	—
	Coalition Support FY22	N/A	93.959	4,600	—
	Coalition Mini Grants FY22	N/A	93.959	5,000	—
	MHFA Training 22	N/A	93.959	5,361	—
				<u>288,474</u>	<u>—</u>
Total United States Department of Health and Human Services				<u>351,881</u>	<u>—</u>
Total Expenditures of Federal Awards				<u>\$ 70,508,608</u>	<u>\$ —</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2022

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, 2022. 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, 2022:

	AL #	Amount Reported On SEFA
Student Financial Aid:		
Department of Education:		
Federal Direct Loans	84.268	\$ 31,307,940
Federal Perkins Loans	84.038	3,177,790

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

4. Indirect Costs

The Department of Health and Human Services has approved a maximum provisional indirect cost rate of 51%. 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 51% on other federal programs that do not follow full indirect cost recovery. Total indirect costs recovered under all federal programs were \$282,216 for the year ended June 30, 2022.

SOUTHEAST MISSOURI STATE UNIVERSITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2022**

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 no
- Significant deficiency(s) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified? 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)?

yes no

Identification Of Major Programs:

- Student Financial Aid Cluster:
- AL #84.007 - U.S. Department of Education - Federal Supplemental Educational Opportunity Grant Program
 - AL #84.033 - U.S. Department of Education - Federal Work Study Program
 - AL #84.063 - U.S. Department of Education - Federal Pell Grant Program
 - AL #84.268 - U.S. Department of Education - Federal Direct Loan Program
 - AL #84.038 - U.S. Department of Education - Federal Perkins Loan Program
 - AL #84.379 - U.S. Department of Education - Teacher Assistance for College and Higher Education Grants
- TRIO Cluster:
- AL #84.042 - U.S. Department of Education – Student Support Services
 - AL #84.217 – U.S. Department of Education – McNair Post-Baccalaureate Achievement

 - AL #84.425 - U.S. Department of Education - Higher Education Emergency Relief Fund

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

\$2,115,258

Auditee qualified as low-risk auditee?

yes no

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)* For The Year Ended June 30, 2022

Section II - Financial Statement Finding

Finding 2022-001 Maintenance Of Capital Asset Records

Material Weakness

Criteria Or Specific Requirement: Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 34 and related GASB statements, the University should record disposals of capital assets and related accumulated depreciation when such assets are replaced or their useful life has been exceeded.

Condition: During 2022, the University identified a significant number of capital assets that should have been recorded as capital asset disposals in prior years but had not been. These included assets that had been disposed of but where the disposal had not been recorded, assets whose useful life had been exceeded, and assets that should not have been capitalized as their value was less than the University's capital asset threshold.

Context: The University recorded a restatement to net position as of July 1, 2020 of \$14,144,096 related to these capital asset issues. Further restatements to the fiscal year 2021 financial statements were also made.

Effect: The University's fiscal year 2021 and prior years financial statements were misstated relative to capital assets, and a restatement was required.

Cause: The University did not perform a regular review of its capital asset records in Asset Keeper in order to identify capital assets that should be disposed.

Recommendation: We recommend the University perform an annual review of its capital asset records in Asset Keeper in order to identify capital assets no longer in service that should be disposed. The Asset Keeper records should be updated to reflect the items written off as part of the restatement to the fiscal year 2021 financial statements. The Asset Keeper records should then be reconciled to the University's trial balance on an annual basis.

Views Of Responsible Officials And Planned Corrective Action: Management concurs with the finding. Within the constraints of severely limited staffing, a great many of the identified issues have already been rectified. Next steps, which are already underway, to further remediate include developing a more robust capital assets policy, reviewing whether Asset Keeper continues to be the best tool for this purpose, determining how best to reflect changes and corrections in either Asset Keeper or its successor, and finalizing our understanding of the gaps in capital project planning, budgeting, and reporting that have contributed to the issues identified – a full process review that will also include revisiting the institution's internal controls around these activities. The University has engaged a consultant that is assisting with each aspect of the action plan.

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2022

Finding 2022-002 Unearned Revenue Related To Contracted Food Service Provider

Material Weakness

Criteria Or Specific Requirement: Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 33 and related GASB statements, the University should record unearned revenue as a liability, and record it as revenue in subsequent years once all eligibility requirements are met.

Condition: During 2022, the University determined that several payments received in subsequent years from the University's contracted food service provider should have been recorded as unearned revenue and amortized over the life of the contract with the provider. These payments had been recorded as revenue when received.

Context: The University recorded a restatement to net position as of July 1, 2020 of \$1,632,931 related to these unearned revenue issues. Further restatements to the fiscal year 2021 financial statements were also made.

Effect: The University's fiscal year 2021 and prior years financial statements were misstated relative to unearned revenue, and a restatement was required.

Cause: The University's finance department was not notified when contract amendments were signed with the food service provider, and accordingly the finance department was not aware that these payments needed to be recorded as unearned revenue.

Recommendation: We recommend the University ensure that any future amendments to the University's contract with its food service provider, and any amendments to similar contracts, are forwarded promptly to the finance department so that the appropriate accounting treatment may be determined.

Views Of Responsible Officials And Planned Corrective Action: Management concurs with the finding. As with capital assets, the financial implications of this issue were addressed during the audit. As the Controller's Office team is rebuilt, a representative of that office will be assigned to work with those areas of the University that are charged with managing contracts, operations, etc. that have significant financial impact on the University (e.g., auxiliary enterprises, Athletics, Academic Affairs). Both the financial staff members and their internal customers will be held accountable for their shared obligations to ensure communication between and among the appropriate units and to ensure that decisions are thoroughly vetted and elevated as necessary.

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)* For The Year Ended June 30, 2022

Finding 2022-003 Review Of Journal Entries By An Individual Other Than The Preparer

Significant Deficiency

Criteria Or Specific Requirement: Pursuant to *Internal Control – Integrated Framework* as issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the University should have appropriate internal control activities in place over its accounting function. Such activities include having a person other than the preparer of a journal entry review and approve the entry in order to ensure its accuracy.

Condition: During our audit procedures, we identified several instances where University accounting staff had recorded journal entries without a second person reviewing and approving the entries.

Context: The University's accounting staff provided us with several on-top adjusting entries where we noted minor errors requiring revisions to the entry.

Effect: The University's financial statements could be misstated if a large journal entry is posted incorrectly due to the lack of a review by a second person.

Cause: The University experienced significant turnover in its accounting employees during fiscal years 2022 and 2023. As a result, the employees who would normally serve in a supervisory capacity had to perform much of the accounting work themselves, leaving no one to perform a second person review.

Recommendation: We recommend the University hire additional accounting staff in order to fill its open positions, and train these new employees on their daily accounting responsibilities. This will allow for supervisory employees to return to that role and perform appropriate reviews of journal entries and other accounting transactions before such items are posted.

Views Of Responsible Officials And Planned Corrective Action: Management concurs with the finding. Through the consultant that it has engaged, the University has secured additional accounting staff on a temporary basis. Searches for full-time accounting staff will relaunch in January. Human Resources has been tasked with revisiting how best to position and recruit for these employment opportunities in a hiring market in which employer demand currently far exceeds the supply of candidates.

Section III - Federal Award Findings And Questioned Costs

None



CORRECTIVE ACTION PLAN

Finding 2022-001

Personnel Responsible For Corrective Action: Assistant Vice President for Financial Services (AVP) – Sue Wilde

Anticipated Completion Date: June 30, 2023

Correction Action Plan: Management concurs with the finding. Within the constraints of severely limited staffing, a great many of the identified issues have already been rectified. Next steps, which are already underway, to further remediate include developing a more robust capital assets policy, reviewing whether Asset Keeper continues to be the best tool for this purpose, determining how best to reflect changes and corrections in either Asset Keeper or its successor, and finalizing our understanding of the gaps in capital project planning, budgeting, and reporting that have contributed to the issues identified – a full process review that will also include revisiting the institution’s internal controls around these activities. The University has engaged a consultant that is assisting with each aspect of the action plan.

Finding 2022-002

Personnel Responsible For Corrective Action: Assistant Vice President for Financial Services (AVP) – Sue Wilde

Anticipated Completion Date: June 30, 2023

Correction Action Plan: Management concurs with the finding. As with capital assets, the financial implications of this issue were addressed during the audit. As the Controller’s Office team is rebuilt, a representative of that office will be assigned to work with those areas of the University that are charged with managing contracts, operations, etc. that have significant financial impact on the University (e.g., auxiliary enterprises, Athletics, Academic Affairs). Both the financial staff members and their internal customers will be held accountable for their shared obligations to ensure communication between and among the appropriate units and to ensure that decisions are thoroughly vetted and elevated as necessary.



CORRECTIVE ACTION PLAN

Finding 2022-003

Personnel Responsible For Corrective Action: Assistant Vice President for Financial Services (AVP) – Sue Wilde

Anticipated Completion Date: June 30, 2023

Correction Action Plan: Management concurs with the finding. Through the consultant that it has engaged, the University has secured additional accounting staff on a temporary basis. Searches for full-time accounting staff will relaunch in January. Human Resources has been tasked with revisiting how best to position and recruit for these employment opportunities in a hiring market in which employer demand currently far exceeds the supply of candidates.

SOUTHEAST MISSOURI STATE UNIVERSITY

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2022**

Finding No. **2021-001 Significant Deficiency**

Program/Type: **Single Audit Finding**

Condition: The quarterly report for the period October 1, 2020 - December 31, 2020 was not completed and posted to the University's website. In addition, the quarterly report for the period April 1, 2021 - June 30, 2021, while completed and posted to the University's website in a timely fashion, contained inaccurate information.

Status: Corrective action was taken.