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***SOUTHEAST MISSOURI  
STATE UNIVERSITY***  
*SINGLE AUDIT REPORT*  
*JUNE 30, 2023*

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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 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, 2023, 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 23, 2024.

**Report On 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.

*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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

### **Report on 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 Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 result 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 23, 2024

**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 Each 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, 2023. 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, 2023.

***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**

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 and therefore, material weakness or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003 and 2023-004 to be material weaknesses.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2023, 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 23, 2024, 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. 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*

February 12, 2024



**SOUTHEAST MISSOURI STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>United States Department of Agriculture</b>					
Passed through Arkansas State University	Capacity Building for Non-Land Grant Colleges of Agriculture - Resilient Cropping year 1 FY18	2018-70001-27817	10.326	\$ 1,210	\$ —
Passed through Arkansas State University	Rural Business Development - 23 USDA Beef Project	N/A	10.351	36,973	—
Passed through Missouri Department of Health and Senior Services	Child and Adult Care Food Program: USYC Food Program	ERS4611-2646	10.558	77,335	—
Passed through Natural Resources Conservation Services	Soil and Water Conservation - BMP for Water Quality 19	NR186424XXXXG012	10.902	2,852	—
Total United States Department of Agriculture				<u>118,370</u>	<u>—</u>
<b>Department of Interior</b>					
Direct	Natural Resource Damage Assessment and Restoration - FWS Lead Project	N/A	15.658	4,462	—
<b>Federal Transit Administration</b>					
Passed through Cape Girardeau County Transit Authority	Federal Transit Cluster: COVID-19 - Shuttle Service	N/A	20.507	148,211	—
<b>Department of Treasury</b>					
Passed through State of Missouri	COVID-19 - State and Local Fiscal Recovery Funds	N/A	21.027	10,670,192	—
<b>National Aeronautics and Space Administration</b>					
Passed through University of Missouri Columbia	Office of STEM Engagement - NASA MO Space Grant Consortium	80NSSC20M0100	43.008	9,794	—
<b>National Endowment for the Humanities</b>					
Direct	Promotion of the Humanities - Faulkner and Ward Conference	N/A	45.129	2,014	—
	Promotion of the Humanities Teaching - NEH Digital Age	N/A	45.162	19,688	—
				<u>21,702</u>	<u>—</u>
<b>National Science Foundation</b>					
Direct	Research and Development Cluster: Engineering - TesLumen 2021	2040086	47.041	4,817	—

**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
For The Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures To Sub-Recipients
<b>Small Business Administration</b>					
Passed through University of Missouri - Columbia	Small Business Development Centers: SBDC 2022	C00063534-1	59.037	\$ 43,969	\$ —
	SBDC 2023	C00063534-1	59.037	47,277	—
Total Small Business Administration				<u>91,246</u>	<u>—</u>
<b>United States Department of Education</b>					
Direct	Student Financial Aid Cluster:				
	Federal Supplemental Educational Opportunity Grant Program	P007A192382	84.007	393,277	—
	Federal Work Study Program	P033A202382	84.033	182,019	—
	Federal Perkins Loan Program	N/A	84.038	1,724,572	—
	Federal Pell Grant Program FY22	P063P181752	84.063	(1,510)	—
	Federal Pell Grant Program FY23	P063P181752	84.063	13,291,819	—
	Total 84.063			<u>13,290,309</u>	<u>—</u>
	Federal Direct Loan Program FY22	P268K191752	84.268	218,750	—
	Federal Direct Loan Program FY23	P268K201752	84.268	29,207,938	—
	Total 84.268			<u>29,426,688</u>	<u>—</u>
	Transition to Teaching (TEACH) FY22	P379T201752	84.379	12,720	—
	Total Student Financial Aid Cluster			<u>45,029,585</u>	<u>—</u>
Direct	Fund for the Improvement of Postsecondary Education - Technology Equipment	N/A	84.116	25,154	—
Direct	Higher Education Intuitional Aid - Title III	N/A	84.031A	515,504	—
Direct	Trio Cluster:				
	Student Support Services 2021 - 2026	P042A200914	84.042	367,451	—
	Student Support Services Supplement 2021 - 2026	P042A200914	84.042	30,200	—
	Total 84.042			<u>397,651</u>	<u>—</u>
	McNair Post-Baccalaureate Achievement	P217A170269-18	84.217	166,721	—
	McNair Post-Baccalaureate Achievement - Participation Costs	P217A170269-18	84.217	39,894	—
	Total 84.217			<u>206,615</u>	<u>—</u>
	Total Trio Cluster			<u>604,266</u>	<u>—</u>
Direct	COVID-19 - Child Care Access Means Parents In Schools - CCAMPIS Redhawk FLT :	N/A	84.335A	157,311	—

**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal Assistance Listing Number	Federal Expenditures	Expenditures To Sub-Recipients
	Education Stabilization Fund:				
Direct	COVID-19 - Higher Education Emergency Relief Fund - Teacher Recruitment FY22	N/A	84.425D	\$ 18,353	\$ —
Direct	COVID-19 - Higher Education Emergency Relief Fund - Student	N/A	84.425E	(53,379)	—
Direct	COVID-19 - Higher Education Emergency Relief Fund - Institution	N/A	84.425F	44,013	—
Direct	COVID-19 - Higher Education Emergency Relief Fund - Institution	N/A	84.425F	1,492,489	—
Direct	COVID-19 - Higher Education Emergency Relief Fund - Strengthening Institutions	N/A	84.425M	91,295	—
				<u>1,592,771</u>	<u>—</u>
Total United States Department of Education				<u>47,924,591</u>	<u>—</u>
<b>United States Department of Health and Human Services</b>	Environmental Public Health and Emergency Response -				
Direct	Addressing Asthma 2021	DH100020001	93.070	9,432	—
	Addressing Asthma 2022	DH210048880-01	93.070	19,378	—
				<u>28,810</u>	<u>—</u>
Passed through Missouri Department of Health and Senior Services	The National Cardiovascular Health Program - Community Health Worker Year 6	AOC19380216	93.426	<u>25,695</u>	<u>—</u>
Passed through Missouri Department of Mental Health	Block Grants for Prevention and Treatment of Substance Abuse:				
	Southeast Regional Support Center Tobacco	N/A	93.959	8,019	—
	PRC Supplemental Funding	N/A	93.959	107,562	—
	PRC C2000	N/A	93.959	182,231	—
	PRC MHFA	N/A	93.959	6,210	—
	Coalition Support	N/A	93.959	5,400	—
	Coalition Mini Grants	N/A	93.959	5,000	—
	MHFA Training	N/A	93.959	261	—
				<u>314,683</u>	<u>—</u>
Total United States Department of Health and Human Services				<u>369,188</u>	<u>—</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 59,362,573</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, 2023

### 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, 2023. 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, 2023:

	AL #	Amount Reported On SEFA
Student Financial Aid:		
Department of Education:		
Federal Direct Loans	84.268	\$ 29,426,688
Federal Perkins Loans	84.038	1,724,572

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 \$248,529 for the year ended June 30, 2023.

**SOUTHEAST MISSOURI STATE UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2023**

**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?   X   yes        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?   X   yes        no
- Significant deficiency(s) identified?        yes   X   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   X   no

**Identification Of Major Programs:**

AL #21.027 – U.S. Department of Treasury – COVID-19 – State and Local Fiscal Recovery Funds

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

AL #84.031 – U.S Department of Education – Higher Education Institutional Aid – Title III

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:

\$750,000

Auditee qualified as low-risk auditee?

       Yes   X   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, 2023

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### Section II - Financial Statement Finding

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#### Finding 2023-001 Valuation of Textbook Inventory and Library Books

##### Material Weakness

**Criteria Or Specific Requirement:** Pursuant to the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, the University should record inventory at cost, and should record capital items at cost minus accumulated depreciation.

**Condition:** During 2023, the University identified the following errors in the manner in which it had been recording textbook inventory and library books:

- The University had been amortizing the cost of textbook inventory over a three-year period. The University should have been recording textbook inventory at cost provided that it was still deemed to be sellable.
- The University had been recording library books (a capital asset) as a single asset within its accounting record instead of tracking the cost of individual books. When the University performed a complete inventory of all books during 2023, the University determined that the cost of library books had been overstated.

**Context:** The University recorded a restatement to net position as of July 1, 2021 of \$2,571,780 to increase the book value of textbook inventory. The University also recorded a restatement to net position as of July 1, 2021 of \$3,224,853 to decrease the book value of library books. Further restatements to the fiscal year 2022 financial statements were also made.

**Effect:** The University's fiscal year 2022 and prior years financial statements were misstated relative to textbook inventory and library books, and a restatement was required.

**Cause:** The University did not properly account for textbook inventory in accordance with GASB requirements. The University also did not track library book cost by individual book.

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# SOUTHEAST MISSOURI STATE UNIVERSITY

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## SCHEDULE OF FINDINGS *(Continued)* For The Year Ended June 30, 2023

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### Section II – Financial Statement Finding *(Continued)*

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**Recommendation:** We recommend the University report textbook inventory at cost going forward, provided that the inventory is still deemed to be sellable. We recommend that University maintain accurate textbook inventory records, which are reconciled to the general ledger regularly, and that obsolete inventory is written off in a timely fashion. We also recommend that the University continue to track the cost of library books by individual book, and those additions to and deletions from the University’s library book collection are recorded within the general ledger and fixed asset records in a timely fashion.

**Views Of Responsible Officials And Planned Corrective Action:** Upon identifying the historic misstatements of textbook and library book inventory, Controller’s Office staff, in conjunction with the University’s consultants, updated the relevant inventory valuation and depreciation methods in order to restate fiscal year 2022 and to provide correct values for the University’s fiscal year 2023 financial statements. The updated methods have been documented and shared with Textbook Rental staff and Library staff for use going forward. The Controller’s Office will monitor the information provided by these units and ensure that correct inventory and depreciation values are used for future years’ financial statements.

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

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#### **Finding 2023-002 - Material Weakness: Cash Management and Reporting – Control Finding**

##### **ALN 84.031 - Higher Education Institutional Aid – Title III**

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

**Pass-Through Entity:** None

**Criteria Or Specific Requirement:** Uniform Guidance requires that controls over compliance be properly designed, in place and operating effectively to ensure compliance with the requirements of the federal programs.



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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, 2023**

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**Section III – Federal Award Findings And Questioned Costs (*Continued*)**

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**Condition:** Based on the testing completed for cash management and reporting, the University did not provide documentation of a review of cash drawdowns and financial reimbursement reports to verify that the correct amount of funds are requested.

**Cause:** Controls over compliance put in place by management were not operating effectively as it relates to these compliance requirements.

**Effect:** The possibility exists that noncompliance with federal requirements could go undetected without proper controls over compliance.

**Questioned Costs:** Not applicable.

**Context:** During testing performed for cash management and reporting, we noted both of the two reimbursement requests and financial reimbursement reports selected for testwork were completed and drawn down without a review by a second individual. Statistical sampling was not used to test this compliance requirement.

**Identification As A Repeat Finding:** Not applicable.

**Recommendation:** We recommend that management implement a review of the cash drawdown requests. The review should be properly documented with the reviewer's signature and the date the review was performed. The review should be performed by someone other than the preparer and who has knowledge of the grant's requirements.

**Views Of Responsible Officials And Planned Corrective Action:** Although the appropriate controls were in place, the gap noted in the finding was created by a severe staffing shortage in the University Controller's Office rendered proper segregation of duties and secondary reviews a practical impossibility. The staffing situation has since been remediated, both in the short-term via outsourcing and in the longer term via the hiring of a Controller and a complement of four accountants. The controls are once again functioning as intended, and the Controller will have ongoing oversight for ensuring that remains the case.

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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, 2023**

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**Section III – Federal Award Findings And Questioned Costs (*Continued*)**

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**Finding 2023-003 - Material Weakness: Cash Management – Control Finding**

**ALN 84.425 - Higher Education Emergency Relief Fund**

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

***Pass-Through Entity:*** None

***Criteria Or Specific Requirement:*** Uniform Guidance requires that controls over compliance be properly designed, in place and operating effectively to ensure compliance with the requirements of the federal programs.

***Condition:*** Based on the testing completed for cash management, the University did not provide documentation of a review of cash drawdowns to verify that the correct amount of funds are requested.

***Cause:*** Controls over compliance put in place by management were not operating effectively as it relates to these compliance requirements.

***Effect:*** The possibility exists that noncompliance with federal requirements could go undetected without proper controls over compliance.

***Questioned Costs:*** Not applicable.

***Context:*** During testing performed for cash management, we noted all of the three reimbursement requests selected for testwork were completed and drawn down without a review by a second individual. Statistical sampling was not used to test this compliance requirement.

***Identification As A Repeat Finding:*** Not applicable.

***Recommendation:*** We recommend that management implement a review of the cash drawdown requests. The review should be properly documented with the reviewer's signature and the date the review was performed. The review should be performed by someone other than the preparer and who has knowledge of the grant's requirements.

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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, 2023**

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**Section III – Federal Award Findings And Questioned Costs (*Continued*)**

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***Views Of Responsible Officials And Planned Corrective Action:*** Although the appropriate controls were in place, the gap noted in the finding was created by a severe staffing shortage in the University Controller’s Office rendered proper segregation of duties and secondary reviews a practical impossibility. The staffing situation has since been remediated, both in the short-term via outsourcing and in the longer term via the hiring of a Controller and a complement of four accountants. The controls are once again functioning as intended, and the Controller will have ongoing oversight for ensuring that remains the case.

**Finding 2023-004 - Material Weakness: Allowable Costs & Activities - Compliance and Control Finding**

**ALN 84.031 - Higher Education Institutional Aid - Title III**

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

***Pass-Through Entity:*** None

***Criteria Or Specific Requirement:*** Uniform Guidance requires that controls over compliance be properly designed, in place and operating effectively to ensure compliance with the requirements of the federal programs.

***Condition:*** Based on the testing completed for allowable costs and activities, the University did not provide documentation of a review of time and effort certifications for employees who charge time to the grant.

***Cause:*** Controls over compliance put in place by management were not operating effectively as it relates to these compliance requirements.

***Effect:*** The possibility exists that noncompliance with federal requirements could go undetected without proper controls over compliance.

***Questioned Costs:*** Not applicable.

***Context:*** During testing performed for allowable costs and activities, for the 16 certifications selected for testwork, we noted the University did not provide documentation of a second review of the time and effort certifications for employees who charge time to the grant. Statistical sampling was not used to test this compliance requirement.

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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, 2023**

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**Section III – Federal Award Findings And Questioned Costs *(Continued)***

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***Identification As A Repeat Finding:*** Not applicable.

***Recommendation:*** We recommend that management put a control in place for a review of the of the time and effort certifications. The review should be properly documented with the reviewer’s signature and the date the review was performed. The review should be performed by someone other than the preparer and who has knowledge of the grant’s requirements.

***Views Of Responsible Officials And Planned Corrective Action:*** The Controller’s Office will pull time and effort reports from Banner at the time of sponsor invoicing and not less than quarterly. The reports will be sent first to those employees charging time to grants for their review and certification (by signature). The reports will then be sent to each employee’s immediate supervisor for review and certification (by signature). If the immediate supervisor is not the principal investigator or project director, the PI/PD will also be required to review and certify the report (by signature). Certified reports must be returned to the Controller’s Office where they will be reviewed for any change that may need to be made by the Grants Accounting staff via labor redistributions. Once any necessary change has been made, the certified reports will be filed in the Controller’s Office and, if required, submitted with the invoice to the sponsor.



## CORRECTIVE ACTION PLAN

### **Finding 2023-001**

***Personnel Responsible For Corrective Action:*** Brad Sheriff, View President for Finance and Administration

***Anticipated Completion Date:*** June 30, 2024

***Correction Action Plan:*** Upon identifying the historic misstatements of textbook and library book inventory, Controller's Office staff, in conjunction with the University's consultants, updated the relevant inventory valuation and depreciation methods in order to restate fiscal year 2022 and to provide correct values for the University's fiscal year 2023 financial statements. The updated methods have been documented and shared with Textbook Rental staff and Library staff for use going forward. The Controller's Office will monitor the information provided by these units and ensure that correct inventory and depreciation values are used for future years' financial statements.

### **Finding 2023-002**

***Personnel Responsible For Corrective Action:*** Brad Sheriff, View President for Finance and Administration

***Anticipated Completion Date:*** June 30, 2024

***Correction Action Plan:*** Although the appropriate controls were in place, the gap noted in the finding was created by a severe staffing shortage in the University Controller's Office rendered proper segregation of duties and secondary reviews a practical impossibility. The staffing situation has since been remediated, both in the short-term via outsourcing and in the longer term via the hiring of a Controller and a complement of four accountants. The controls are once again functioning as intended, and the Controller will have ongoing oversight for ensuring that remains the case.



## CORRECTIVE ACTION PLAN (*Continued*)

### **Finding 2023-003**

***Personnel Responsible For Corrective Action:*** Brad Sheriff, View President for Finance and Administration

***Anticipated Completion Date:*** June 30, 2024

***Correction Action Plan:*** Although the appropriate controls were in place, the gap noted in the finding was created by a severe staffing shortage in the University Controller's Office rendered proper segregation of duties and secondary reviews a practical impossibility. The staffing situation has since been remediated, both in the short-term via outsourcing and in the longer term via the hiring of a Controller and a complement of four accountants. The controls are once again functioning as intended, and the Controller will have ongoing oversight for ensuring that remains the case.

### **Finding 2023-004**

***Personnel Responsible For Corrective Action:*** Brad Sheriff, View President for Finance and Administration

***Anticipated Completion Date:*** June 30, 2024

***Correction Action Plan:*** The Controller's Office will pull time and effort reports from Banner at the time of sponsor invoicing and not less than quarterly. The reports will be sent first to those employees charging time to grants for their review and certification (by signature). The reports will then be sent to each employee's immediate supervisor for review and certification (by signature). If the immediate supervisor is not the principal investigator or project director, the PI/PD will also be required to review and certify the report (by signature). Certified reports must be returned to the Controller's Office where they will be reviewed for any change that may need to be made by the Grants Accounting staff via labor redistributions. Once any necessary change has been made, the certified reports will be filed in the Controller's Office and, if required, submitted with the invoice to the sponsor.

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**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**For The Year Ended June 30, 2023**

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**Finding No.**           **2022-001**

**Program/Type:**   **Material Weakness**

**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.

**Status:**            Corrective action was taken.

**Finding No.**           **2022-002**

**Program/Type:**   **Material Weakness**

**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.

**Status:**            Corrective action was taken.

**Finding No.**           **2022-003**

**Program/Type:**   **Significant Deficiency**

**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.

**Status:**            Corrective action was taken.