

Southeast Missouri State University

Accountants' Report and OMB Circular A-133 Single Audit Report

June 30, 2008

Southeast Missouri State University

June 30, 2008

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Southeast Missouri State University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA	Grant or Identifying Number	Amount
Center for Disease Control				
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Center for Disease Control and Prevention/Department of Health and Human Services	93.283	221304/DH080017001	\$ 3,133
<i>Total Center for Disease Control</i>				<u>3,133</u>
Delta Regional Authority				
Rural Business Opportunity Grants	Delta Regional Authority/Southeast Regional Planning and Economic Development Comm	10.773	221298	77,109
Delta Regional Development	Delta Regional Authority/Southeast Regional Planning and Economic Development Comm	90.200	220320/MO-2050	21,450
<i>Total Delta Regional Authority</i>				<u>98,559</u>
Federal Transit Administration				
Federal Transit Capital Investment Grants	Federal Transit Administration/ MO Dept of Transportation	20.500	221052, 221150/MO-03- 0117, MO-04-0118	1,087,864
Highway Planning and Construction	US Dept of Transportation/MO Dept of Transportation	20.205	220510, 220770/MO-05- X027, MO-03-0096	395,563
<i>Total Federal Transit Administration</i>				<u>1,483,427</u>
Institute of Museum and Library Sciences				
National Leadership Grants	Institute of Museum and Library Sciences	45.312	220630/CM-10004-01	356
<i>Total Institute of Museum and Library Sciences</i>				<u>356</u>
National Aeronautics and Space Administration				
Aerospace Education Services Program	NASA George C Marshall Space Flight Center	43.001	220530, 220290, 220720/ NNM05AA06G, NAG5-12645 221000/NNM05AA39G	834,015
<i>Total National Aeronautics and Space Administration</i>				<u>834,015</u>
National Highway Traffic Safety Administration				
Alcohol Open Container Requirements	National Highway Traffic Safety Administration/MO Dept of Transportation	20.607	221120	2,854
<i>Total National Highway Traffic Safety Administration</i>				<u>2,854</u>
National Science Foundation				
Education and Human Resources	National Science Foundation/Missouri State University	47.076	221100, 221110	665
Biological Sciences	National Science Foundation/The University of North Carolina at Chapel Hill	47.074	220180, 221048/5-37297	1,757
<i>Total National Science Foundation</i>				<u>2,422</u>
Small Business Administration				
Small Business Development Centers	Small Business Administration/Univ of Missouri-Columbia	59.037	220025, 221299/E00013997- 1, 8-603001-0026-20	74,570
<i>Total Small Business Administration</i>				<u>74,570</u>

Southeast Missouri State University
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA	Grant or Identifying Number	Amount
U.S. Department of Health and Human Services				
Block Grants for Prevention and Treatment of Substance Abuse Centers for Disease Control and Prevention	US Dept of Health and Human Services/ Missouri Department of Mental Health	93.959	221280,221062/SDA420P083 SDA420P0434	117,227
Foster Care Title IV-E	US Dept of Health and Human Services/ MO Dept of Health and Senior Services	93.283	221230/AOC07380203	17,239
Special Programs for the Aging Title III	US Dept of Health and Human Services/ MO Dept of Social Services	93.658	221059,221291/ACC6000110	103,471
Advanced Education Nursing Traineeships Health Care and Other Facilities	US Dept of Health and Human Services/ Southeast Missouri Area Agency on Aging	93.044	221200, 221220	28,811
Rural Health Care Services Outreach Program	US Dept of Health and Human Services	93.358	221290/A10HP00196-08-00	27,552
Child Care and Development Block Grant	US Dept of Health and Human Services/ Missouri Child Care Resource and Referral Network	93.887 93.912 93.575	221042/1C76HF06179-01-00 221160/D04RH07919-01-00 220011, 220021, 220031, 220041, 220830, 221240, 221250, 221260, 221270, 221307	33,651 150,694 288,384
Total U.S. Department of Health and Human Services				<u>767,029</u>
U.S. Department of Justice				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault and Stalking on Campus	US Dept of Justice	16.525	221064/2006-WA-AX-0006	76,120
National Institute of Justice Research, Evaluation and Development Project Grants	US Dept of Justice	16.560	220480/2004-LP-CX-K049	80,946
Total U.S. Department of Justice				<u>157,066</u>
U.S. Department of Transportation				
Formula Grants for Other Than Urbanized Areas	US Dept of Transportation/MO Dept of Transportation	20.509	220019,220900,221180/MO-X027,MO-18-X026,MO-18-X028	115,393
Total U.S. Department of Transportation				<u>115,393</u>
U.S. Department of Education				
Student Financial Aid Cluster				
Federal Family Education Loans	US Department of Education	84.032		31,075,089
Academic Competitiveness Grant	US Department of Education	84.375	P375A071752	376,441
National Science and Mathematics Access to Retain Talent (SMART)	US Department of Education	84.376	P376S071752	194,161
Federal Work Study Program	US Department of Education	84.033	P033A072382	331,852
Federal Perkins Loan Program	US Department of Education	84.038		955,678
Federal Pell Grant Program	US Department of Education	84.063	P063P071752	7,208,297
Federal Supplement Education Opportunity Grants	US Department of Education	84.007	P007A072382	370,504
Student Financial Aid Cluster Subtotal				<u>40,512,022</u>
Trio Cluster				
Trio Student Support Services	US Department of Education	84.042	220016, 221294, 061314, P042A061314-07	281,798
Trio Upward Bound	US Department of Education	84.047	220014, 06, P047A030579-05	81,636
Trio McNair Post-Baccalaureate Achievement	US Department of Education	84.217	220015, 06, P217A030095-07	231,525
Trio Cluster Subtotal				<u>594,959</u>

Southeast Missouri State University
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Cluster/Program	Federal Agency/ Pass-Through Entity	CFDA	Grant or Identifying Number	Amount
Fund for the Improvement of Education	US Department of Education	84.116	220010,220150,220160, 220170,220300, 220580,220780,220890/ P116Z030275,P116Z040164, P116Z040165,P116Z040127, P116Z020197,P116J020010- 04,P116Z020196,P116Z05002	1,539,340
Fund for the Improvement of Education Gear Up	US Department of Education US Department of Education	84.215 84.334	220280/R215K020304 220013,221293/P334A050293- 06,P334A050293-07	10,998 339,392
English Language Acquisition Grants	US Department of Education	84.365	220022,221292/T195N05232- 06,T195N040121-07	160,154
Improving Teacher Quality State Grants	US Department of Education/Missouri Department of Higher Education	84.367	221055	651
Special Education Grants to States	US Department of Education/MO Dept of Elementary and Secondary Education	84.027	221063, 221170, 221301/P108	443,647
Special Education Grants for Infants and Families with Disabilities	US Department of Education/MO Dept of Elementary and Secondary Education	84.181	221047, 221210/B3Z06024, C306024007	363,761
Reading First State Grants	US Department of Education/MO Dept of Elementary and Secondary Education	84.357	220023, 221140, 221297, 221303	439,746
Special Education State Personnel Development	Missouri Department of Elementary and Secondary Education	84.323	221306	12,583
Total U.S. Department of Education				<u>44,417,253</u>
US Department of State				
International Educators 2007, 2008	US Department of State/International Research and Exchanges Board	-	221011, 221305/FY06-IEP- SEMO-01, FY07-ILEP- SEMO-02	152,526
Total U.S. Department of State				<u>152,526</u>
U.S. Department of Agriculture				
Rural Business Enterprise Grants	US Dept of Agriculture	10.769	221190	90,126
Child and Adult Care Food Program	US Dept of Agriculture/MO Dept of Health and Senior Services	10.558	221302, 221080/ERS46- 081443, ERS46-071443	43,711
Total U.S. Department of Agriculture				<u>133,837</u>
U.S. Environmental Protection Agency				
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	Office of Air and Radiation/Environmental Protection Agency	66.034	220026	11,586
Total U.S. Environmental Protection Agency				<u>11,586</u>
Total Expenditure of Federal Awards				<u>\$ 48,254,026</u>

Southeast Missouri State University
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2008

Notes to Schedule

1. This schedule includes the federal awards activity of Southeast Missouri State University (the "University") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. No awards were provided to subrecipients.



**Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters Based on an
Audit of the Financial Statements Performed in Accordance with
Government Auditing Standards**

Board of Regents
Southeast Missouri State University
Cape Girardeau, Missouri

We have audited the financial statements of the business type activities and the discretely presented component unit of Southeast Missouri State University as of and for the year ended June 30, 2008, which collectively comprise its basic financial statements and have issued our report thereon dated September 30, 2008, which contained a reference to the report of other accountants and an explanatory paragraph regarding a change in accounting principle. We conducted our audit in accordance with 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. Other accountants audited the financial statements of Southeast Missouri State University Foundation, as described in our report on Southeast Missouri State University's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the University's financial statements that is more than inconsequential will not be prevented or detected by the University's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the University's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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*.

We noted certain matters that we reported to the University's management in a separate letter dated September 30, 2008.

This report is intended solely for the information and use of the Board of Regents, management, others within the University and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

September 30, 2008



Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs and Schedule of Expenditures of Federal Awards

Board of Regents
Southeast Missouri State University
Cape Girardeau, Missouri

Compliance

We have audited the compliance of Southeast Missouri State University with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the compliance of Southeast Missouri State University based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the University's compliance with those requirements.

In our opinion, Southeast Missouri State University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Southeast Missouri State University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the University's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Southeast Missouri State University as of and for the year ended June 30, 2008, and have issued our report thereon dated September 30, 2008, which contained a reference to the report of other accountants and an explanatory paragraph regarding a change in accounting principle. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Southeast Missouri State University's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Regents, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BKO, LLP

September 30, 2008

Southeast Missouri State University
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008

Summary of Auditor's Results

1. The opinion expressed in the independent accountants' report was:
 Unqualified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting described:
 Significant deficiency(ies) noted considered material weakness(es)? Yes No
 Significant deficiency(ies) noted that are not considered to be a material weakness? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent accountants' report on internal control over compliance with requirements applicable to major federal awards programs described:
 Significant deficiency(ies) noted considered material weakness(es)? Yes No
 Significant deficiency(ies) noted that are not considered to be a material weakness? Yes No

5. The opinion expressed in the independent accountants' report on compliance with requirements applicable to major federal awards was:
 Unqualified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by OMB Circular A-133? Yes No

7. The University's major programs were:

Cluster/Program	CFDA Number
Student Financial Aid Cluster	
Federal Family Education Loan Program	84.032
Academic Competitiveness Grant	84.375
National Science and Mathematics Access to Retain Talent (SMART)	84.376
Federal Work Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Federal Supplement Education Opportunity Grant Program	84.007
Federal Transit – Capital Investment Grants (Multi-Modal)	20.500

Southeast Missouri State University
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Summary of Auditor's Results (Continued)

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$515,368.
9. The University qualified as a low-risk auditee as that term is defined in OMB Circular A-133? Yes No

Southeast Missouri State University
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding	Questioned Costs
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No Matters are Reportable.

Southeast Missouri State University
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Findings Required to be Reported by OMB Circular A-133

Reference Number	Finding	Questioned Costs
08-1	<p style="text-align: center;">Federal Program - Student Financial Aid Cluster – Federal Family Education Loan; CFDA No. 84.032, U.S. Department of Education, Program Year 2008</p> <p>Criteria or Specific Requirement – Changes in enrollment to less than half time, graduated, or withdrawn students must be reported within 30 days or a complete roster file is to be submitted every 60 days as described in the school eligibility and operations Section of the Federal Student Aid Handbook.</p> <p>Condition – The University did not submit students’ current enrollment status to the National Student Loan Data Services (NSLDS) within 30 days or on a roster filed within 60 days.</p> <p>Context – Out of a population of 1,068 students who received federal student financial aid in the form of Federal Family Educational Loans, and withdrew or graduated during the fiscal year, a sample of 30 students were tested. Out of the 30 students tested, four students’ change of status was not submitted to the Clearinghouse and therefore to the NSLDS in a timely manner.</p> <p>Effect – The Clearinghouse and NSLDS were not provided with timely submissions of status changes for students who withdrew or graduated during the fiscal year. Such submissions are required to allow for proper calculation of the students allowed grace and repayment period.</p> <p>Cause – University personnel determine dates throughout the year to report students’ enrollment status changes to the Clearinghouse to ensure compliance with the 60 day reporting requirement to the NSLDS. University personnel established an internal reporting schedule to the Clearinghouse; however, it did not include students that both enrolled and cancelled prior to the start of the semester. Four students were identified that enrolled for the spring 2008 semester but subsequently cancelled their enrollment prior to the start of the term. As a result, the system in place did not effectively monitor and ensure timely submission of these students’ enrollment changes to the NSLDS.</p>	None

Southeast Missouri State University
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2008

Findings Required to be Reported by OMB Circular A-133 (continued)

Reference Number	Finding	Questioned Costs
	<p>Recommendation – The University should monitor its compliance with Federal Regulations and should implement a system to ensure enrollment status changes are reported to NSLDS within 60 days.</p> <p>Views of Responsible Officials and Planned Corrective Action – Reporting changes to the student’s enrollment status due to enrolling and cancelling prior to the beginning of the semester will be added to the University’s schedule in addition to the schedule that is currently being run, to ensure timely reporting of enrollment status changes.</p>	

Southeast Missouri State University
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2008

Reference Number	Finding	Status
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07-1

**Student Financial Aid Cluster – Federal Family
 Education Loan (FFEL) Program CFDA No. 84.032, U.S.
 Department of Education, Program Year 2007**

Resolved

Reporting

Summary- Federal Regulations provide the University is responsible for calculating the Return of Title IV funds in accordance with 34 CFR 668.22, 682.607 and 685.306. Pursuant to 34 CFR the University is required to return FFEL funds within 45 days of becoming aware that a student that received FFEL funds has withdrawn or dropped out of classes. The University failed to return the funds within 45 days for two students from a sample of 30 students who had received FFEL funds and who had either withdrawn or dropped out. The University's system was not correctly processing returns, which impacted the timing for the return of funds.