
SOUTHEAST MISSOURI
STATE UNIVERSITY
SINGLE AUDIT REPORT
JUNE 30, 2020

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**Independent Auditors' Report On Internal
Control Over Financial Reporting And On
Compliance And Other Matters Based On An
Audit Of Financial Statements Performed In
Accordance With *Government Auditing Standards***

Board of Regents
Southeast Missouri State University
Cape Girardeau, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Southeast Missouri State University, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Southeast Missouri State University's basic financial statements, and have issued our report thereon dated November 16, 2020.

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questions Costs as item 2020-001 that we consider 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 response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questions Costs. The University's response was 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 29, 2021

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

Board of Regents
Southeast Missouri State University
Cape Girardeau, Missouri

Report On Compliance For Each Major Federal Program

We have audited Southeast Missouri State University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal programs for the year ended June 30, 2020. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the University's major federal programs based on our audit of the types of compliance referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion On Each Major Federal Program

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report On Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

We have audited the financial statements of the business-type activities and discretely presented component unit of the University as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We have issued our report thereon dated November 16, 2020, 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 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

January 29, 2021, except for paragraph 10,
which is as of November 16, 2020

SOUTHEAST MISSOURI STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub- Recipients
United States Department of Agriculture					
Passed through Natural Resources Conservation Services	Conservation Compliance FY19	N/A	10.072	\$ 40,299	\$ —
Passed through Missouri Department of Agriculture	Specialty Crop 18	AM17010XXXXG015	10.170	4,402	—
Passed through Arkansas State University	Resilient Cropping year 1 FY18	2018-70001-27817	10.326	22,269	—
Direct	Ag Advanced Tech 19	29-016-155563610	10.351	10,726	—
Passed through Missouri Department of Health and Senior Services	Child and Adult Care Food Program: USYC Food Program	ERS4611-2646	10.558	48,489	—
Passed through Natural Resources Conservation Services	BMP for Water Quality 19	NR186424XXXXG012	10.902	23,147	—
Direct	Organic Horticulture 17	69-6424-17-010	10.912	4,636	—
Total United States Department of Agriculture				<u>153,968</u>	—
United States Fish and Wildlife Service					
Direct	Landscape Conservation 18	F17AC01005	15.678	3,765	—
Total United States Fish and Wildlife Services				<u>3,765</u>	—
Federal Transit Administration					
Passed through Cape Girardeau County Transit Authority	Federal Transit Cluster: Shuttle Service 2020	N/A	20.507	123,788	—
Passed through Cape Girardeau County Transit Authority	COVID-19 - Shuttle Service 2020	N/A	20.507	76,873	—
Passed through Cape Girardeau County Transit Authority	Shuttle Bus Purchase 2018	N/A	20.507	48,450	—
Total Federal Transit Administration				<u>249,111</u>	—

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub- Recipients
National Endowment for the Humanities					
Passed through the Missouri Humanities Council	Promotion of the Humanities Programs Faulkner and Marquez 2019	2167	45.129	\$ 1,531	\$ —
Total National Endowment for the Humanities				1,531	—
National Science Foundation					
Direct	Research and Development Cluster:				
	Powder Xray Diffractometer	1919985	47.049	50,711	—
	NSF DEB Conferences 20	2021054	47.074	26	—
Total Research and Development Cluster				50,737	—
Total National Science Foundation				50,737	—
Small Business Administration					
Passed through University of Missouri - Columbia	Small Business Development Center:				
	SBDC 2020	N/A	59.037	78,433	—
	SBDC Portable Assistance 2019	C00063534-1	59.037	32,610	—
	SBTDC 2019	C00063862-3	59.037	22,498	—
Total Small Business Administration				133,541	—
United States Department of Education					
Passed through University of Central Missouri	Mideast Meets Midwest 17	POL001-SEMO	84.016	735	—
Direct	Student Financial Aid Cluster:				
	Federal Supplemental Educational Opportunity Grant Program FY19	P007A182382	84.007	32,886	—
	Federal Supplemental Educational Opportunity Grant Program FY20	P007A192382	84.007	367,073	—
	Federal Work Study Program FY20	P033A192382	84.033	255,312	—
	Federal Perkins Loan Program	N/A	84.038	4,475,847	—
	Federal Pell Grant Program FY19	P063P181752	84.063	2,451	—
	Federal Pell Grant Program FY20	P063P191752	84.063	14,443,893	—
	Federal Direct Loan Program FY19	P268K191752	84.268	241,519	—
	Federal Direct Loan Program FY20	P268K201752	84.268	36,517,915	—
	Transition to Teaching (TEACH) FY20	P379T201752	84.379	49,761	—
Total Student Financial Aid Cluster				56,386,657	—

SOUTHEAST MISSOURI STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub- Recipients
Direct	Trio Cluster:				
	Student Support Services 2018	P042A100954	84.042	\$ 9	\$ —
	Student Support Services 2019	P042A151250-18	84.042	293,771	—
	Student Support Services Supplement 2019	P042A151250-18	84.042	52,300	—
	McNair Post-Baccalaureate Achievement 2019	P1217A170269-18	84.217	260,613	—
	Total Trio Cluster			<u>606,693</u>	<u>—</u>
Passed through Missouri Department of Elementary and Secondary Education	Pathways 2019	N/A	84.048A	<u>678</u>	<u>—</u>
Direct	CCAMPIS Redhawk FLT 20	N/A	84.335A	<u>79,590</u>	<u>—</u>
Direct	COVID-19 - Higher Education Emergency Relief Fund - Student	N/A	84.425E	2,026,302	—
Direct	COVID-19 - Higher Education Emergency Relief Fund - Institution	N/A	84.425F	3,415,107	—
				<u>5,441,409</u>	<u>—</u>
Total United States Department of Education				<u>62,515,762</u>	<u>—</u>
United States Department of Health and Human Services					
Passed through Missouri Department of Health and Senior Services	Alzheimer's Evaluation Survey	N/A	93.051	<u>400</u>	<u>—</u>
Passed through Missouri Department of Health and Senior Services	Addressing Asthma 2018	DH100020001	93.070	1	—
	Addressing Asthma 2019	AOC18380069	93.070	3,903	—
	Addressing Asthma 2020	AOC18380069-2	93.070	27,028	—
				<u>30,932</u>	<u>—</u>
Passed through Missouri Department of Health and Senior Services	Community Health Worker 19	AOC19380216	93.426	703	—
	Community Health Worker Year 4	AOC19380216	93.426	30,025	—
				<u>30,728</u>	<u>—</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub- Recipients
Passed through Missouri Department of Health and Senior Services	Boothel MCH Focus Group 19	N/A	93.870	\$ 52,769	\$ —
Passed through Missouri Department of Mental Health	Block Grants for Prevention and Treatment of Substance Abuse:				
	Southeast Regional Support Center 2018	SDA420P1209	93.959	7,092	—
	Southeast Regional Support Center 2019	SDA420P1209	93.959	1,663	—
	Southeast Regional Support Center Tobacco 18	N/A	93.959	1,274	—
	Southeast Regional Support Center Tobacco 2020	N/A	93.959	5,447	—
	Partnership for Success 2019	SDA420P1209	93.959	89,912	—
	Partnership for Success 2020	N/A	93.959	109,849	—
	MHFA Training 2018	N/A	93.959	2,407	—
	PRC C2000 20	N/A	93.959	163,837	—
	PRC MHFA 20	N/A	93.959	174	—
	Coalition Support FY20	N/A	93.959	3,000	—
				<u>384,655</u>	<u>—</u>
Passed through Mississippi County Health Department	Resource Mapping 20	N/A	93.912	5,469	—
Total United States Department of Health and Human Services				<u>504,953</u>	<u>—</u>
Total Expenditures of Federal Awards				<u>\$ 63,613,368</u>	<u>\$ —</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2020

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, 2020. 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, 2020:

	Amount Reported	
	CFDA #	on SEFA
Student Financial Aid:		
Department of Education:		
Federal Direct Loans	84.268	\$ 36,759,434
Federal Perkins Loans	84.038	4,475,847

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 49%. The University recovers indirect costs at the maximum rate of 49% of salaries and wages including fringe benefits under federal programs that allow full indirect cost reimbursement, and recovers indirect costs at varying rates below 49% on other federal programs that do not follow full indirect cost recovery. Total indirect costs recovered under all federal programs were \$221,204 for the year ended June 30, 2020.

SOUTHEAST MISSOURI STATE UNIVERSITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020**

Section I - Summary Of Auditors' Results

Financial Statements

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

Unmodified Opinion

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

Student Financial Aid Cluster:

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

Federal Transit Cluster:

CFDA #20.507 - U.S. Department of Transportation – Federal Transit Formula Grant

CFDA #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? X yes ___ no

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)* For The Year Ended June 30, 2020

Section II - Financial Statement Finding

Finding 2020-001 Significant Deficiency

Criteria: The University should implement a control over the health care self-insurance plan to ensure the claims liability is captured accurately at year-end.

Condition: During the audit, we noted the University implemented a health care self-insurance plan which became effective on January 1, 2020. At June 30, 2020, the University should record a claims liability for claims reported but not paid by the University. In addition, the University should also record a liability for the estimate of claims incurred but not reported at June 30, 2020.

Cause: Due to the implementation of the plan during the current year, management did not have a standard procedure in place to ensure the liability was recorded at year-end.

Effect: The self-insurance claims liability was not recorded which resulted in a significant audit adjustment.

Identification as a repeat finding: Not applicable

Recommendation: University management should ensure that the appropriate documents are obtained from the insurance provider at the end of the year in order to record the claims liability.

Views of Responsible Officials: As noted, the University implemented a new, self-insured health insurance plan effective January 1, 2020. University management is working with its benefits consultant and its third-party claims administrator to ensure that it will timely receive year-end claims liability reports in the future. These reports will support the accurate reconciliation and recording of year-end claims liabilities.

Section III - Federal Award Findings And Questioned Costs

None Noted



CORRECTIVE ACTION PLAN

Finding 2020-001

Personnel Responsible for Corrective Action: Controller, Pam Sander

Anticipated Completion Date: June 30, 2021

Correction Action Plan: As noted, the University implemented a new, self-insured health insurance plan effective January 1, 2020. University management is working with its benefits consultant and its third-party claims administrator to ensure that it will timely receive year-end claims liability reports in the future. These reports will support the accurate reconciliation and recording of year-end claims liabilities.

SOUTHEAST MISSOURI STATE UNIVERSITY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2020

None Noted