
***SOUTHEAST MISSOURI
STATE UNIVERSITY***
*OMB CIRCULAR A-133
SINGLE AUDIT REPORT
JUNE 30, 2015*

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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, 2015, 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 20, 2015. We did not audit the financial statements of Southeast Missouri University Foundation, a discretely presented component unit of the University. Those financial statements were audited by other auditors whose report dated November 20, 2015 thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southeast Missouri University Foundation, is based on the report of the other auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance And Other Matters

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

Purpose Of This Report

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

RubinBrown LLP

November 20, 2015

**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 OMB Circular A-133**

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 *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance with those requirements.

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 each of its major federal programs for the year ended June 30, 2015.

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 OMB Circular A-133, 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, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

The University's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purposes.

Report On Schedule Of Expenditures Of Federal Awards Required By OMB Circular A-133

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, 2015, 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 20, 2015, which contained unmodified opinions on those financial statements. We did not audit the financial statements of Southeast Missouri University Foundation, a discretely presented component unit of the University. Those financial statements were audited by other auditors whose report dated November 20, 2015 thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southeast Missouri University Foundation, is based on the report of the other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RubinBrown LLP

November 20, 2015

SOUTHEAST MISSOURI STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
United States Department of Agriculture				
Passed through Missouri Department of Health and Senior Services	Child and Adult Care Food Program:			
	UCEC Food Program	ERS4611-2646	10.558	\$ 40,869
	SAHEC Food Program	ERS4611-1831	10.558	14,200
	Total Child and Adult Care Food Program			<u>55,069</u>
Passed through Missouri State University	Swine and Dairy Production 14	13173-002	10.326	7,169
Direct	Honey Bee Nutrition 15	416-40-89	10.310	4,926
	Horticulture Incubator	—	10.769	159,341
	NRCS Cover Crops	69-6424-12-143	10.912	<u>10,333</u>
Total United States Department of Agriculture				<u>\$ 236,838</u>
Federal Transit Administration				
Passed through Cape Girardeau County	Shuttle Service 2015	—	20.509	<u>\$ 128,509</u>
United States Department of Education				
Direct	Student Financial Aid Cluster:			
	Federal Supplemental Educational Opportunity Grant Program	P007A122382	84.007	\$ 194,382
	Federal Work Study Program	P033A122382	84.033	322,070
	Federal Pell Grant Program	P063P121752	84.063	15,036,865
	Federal Direct Loan Program	P268K121752	84.268	44,630,193
	Federal Perkins Loan Program	—	84.038	872,694
	Teacher Education Assistance for College and Higher Education Grants	P379T131752	84.379	<u>185,068</u>
	Total Student Financial Aid Cluster			<u>61,241,272</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
Direct	Trio Cluster:			
	Student Support Services 2014	P042A100954	84.042	\$ 51,378
	Student Support Services 2015	P042A100954	84.042	247,465
	Student Support Services Supplement 2015	P042A100954	84.042	26,100
	McNair Post-Baccalaureate Achievement 2014	P217A120283	84.217	46,811
	McNair Post-Baccalaureate Achievement 2015	P217A120283	84.217	142,642
	Total Trio Cluster			<u>514,396</u>
Passed through Missouri Department of Higher Education	College Access Challenge Grant Program: Plan for College 13	—	84.378	<u>24,793</u>
Passed through Missouri Department of Elementary and Secondary Education	School Improvement Grants Cluster: School Turnaround Cadre II Admin Monitor 2015 School Turnaround Cadre II School Services 2015 Total School Improvement Grants Cluster	— —	84.377 84.377	18,267 4,075 <u>22,342</u>
Passed through Missouri Department of Higher Education	Improving Teacher Quality State Grants: Making Mathematicians 2014 Making Mathematicians 2015 Making Mathematicians 2016 Total Improving Teacher Quality State Grants	— — —	84.367 84.367 84.367	24,544 156,019 7,430 <u>187,993</u>
Direct	Higher Education Institutional Aid - Title III Strengthening Institutions	P031A090131-14	84.031	<u>106,593</u>
Passed through Jacksonville State University	Core i3 15	—	84.411B	<u>1,413</u>
Total United States Department of Education				<u>\$ 62,098,802</u>
National Endowment for the Arts				
Direct	Promotion of the Arts Program The Magic Flute Bridging the Arts Across Cape Total Promotions of the Arts Program	13-5900-7103 14-5100-7080	45.024 45.024	\$ 963 7,172 <u>\$ 8,135</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
Small Business Administration				
Passed through University of Missouri - Columbia	Small Business Development Center:			
	SBDC 2014	—	59.037	\$ 17,709
	SBDC 2015	—	59.037	67,356
	Total Small Business Development Center			<u>\$ 85,065</u>
United States Department of Health and Human Services				
Direct	Advanced Education Nursing Traineeships:			
	Adv Ed Nursing Traineeship Supplement	A10HP25158-02-00	93.358	\$ 23,152
	Adv Ed Nursing Traineeships 2014	A10HP25158-02-00	93.358	17,699
	Total Advanced Education Nursing Traineeships			<u>40,851</u>
Passed through Southeast Missouri Agency on Aging	National Family Caregiver Support, Title III, Part B:			
	Apple Project AAA 2014	—	93.044	6,482
Passed through Southeast Missouri Agency on Aging Direct	National Family Caregiver Support, Title III, Part B:			
	AAA SA Eldercare 2014	—	93.052	756
	AAA SA Eldercare 2015		93.052	13,002
	Total National Family Caregiver Support, Title III, Part B			<u>13,758</u>
Passed through Missouri Department of Elementary and Secondary Education	CDA Training Program:			
	CDA Training 2014	—	93.575	1,011
	CDA Training 2015	—	93.575	12,086
	Total CDA Training Program			<u>13,097</u>
Passed through Missouri Department of Mental Health	Block Grants for Prevention and Treatment of Substance Abuse:			
	Southeast Regional Support Center 2015	SDA420P1209	93.959	103,211
	Southeast Regional Support Center 15 Tobacco	SDA420P1209	93.959	2,532
	MHFA Training 15	—	93.959	4,183
	Total Block Grants for Prevention and Treatment of Substance Abuse			<u>109,926</u>
Passed through Missouri Department of Health and Senior Services	Addressing Asthma 2015	—	93.070	954
Total United States Department of Health and Human Services				<u>\$ 185,068</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)* For The Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
United States Department of Commerce Direct	EDA Technical Assist University Center Program			
	EDA Technical Assist University Center 2014	05-66-05448	11.303	\$ 131,217
	EDA 2015	05-66-05448-01	11.303	<u>140,387</u>
	Total EDA Technical Assist University Center Program			<u>\$ 271,604</u>
United States Department of Energy Passed through University of Missouri - Columbia	Energy Efficiency and Renewable Energy Information Dissemination, Outreach Training and Technical Assistance:			
	MO Industrial Assess 12	C00035645-1	81.117	<u>\$ 50,309</u>
National Endowment for the Humanities Passed through the Missouri Humanities Council	Promotion of the Humanities Programs			
	Proud To Be 14	—	45.129	\$ 374
	Celebrating Kent 14	—	45.129	8,826
	Faulkner and Hurston Conference 15	—	45.129	2,160
	Thunder MHC 15	—	45.129	<u>2,500</u>
	Total Promotion of the Humanities Programs			<u>\$ 13,860</u>
Total Expenditures of Federal Awards				<u>\$ 63,078,190</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2015

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, 2015. For the purpose of the Schedule, federal awards include grants, contracts, loans, and loan guarantee agreements entered into directly between the University and agencies and departments of the federal government or passed through other government agencies or other organizations.

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 the year ended June 30, 2015:

	<u>CFDA</u>	<u>Advances</u>
Student Financial Aid:		
Department of Education:		
Federal Direct Loans	84.268	\$ 44,630,193
Federal Perkins Loans	84.038	872,694

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

SOUTHEAST MISSOURI STATE UNIVERSITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2015**

Section I - Summary Of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes X no

- Significant deficiency(s) identified that are not considered to be material weakness(es)? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ___ yes X no
- Significant deficiency(s) identified that are not considered to be material weakness(es)? X yes ___ none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ 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 #84.038 - U.S. Department of Education - Federal Perkins Loan 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 #84.379 - U.S. Department of Education - TEACH Grants

Trio Cluster

- CFDA #84.042 - U.S. Department of Education – Student Support Services
- CFDA #84.217 - U.S. Department of Education – McNair Post-Baccalaureate Achievement

Dollar threshold used to distinguish between type A and type B programs: \$300,000

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, 2015**

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings And Questioned Costs

Finding No. 2015-001

Federal Program: Student Financial Aid Cluster - Federal Pell Grant and Federal Direct Student Loans
CFDA No.: 84.063 and 84.268
Federal Grantor: U.S. Department of Education
Compliance Requirement: Special Tests and Provisions - Enrollment Reporting

Criteria: The University reviews student enrollment status periodically during the school year and notifies students who cease to be enrolled at least half-time to complete the exit interview process. This control is to ensure that the University is reporting student status changes in accordance with CFR 682.610 and CFR 685.309

Condition: Based on a review of a sample of students, instances were noted in which the student was not notified of the need to complete the exit interview process.

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2015

Context:	In 6 out of 40 students tested, it was noted that the student did not receive a notification from the University informing the student of the exit interview process. Two situations account for four students not receiving exit interview information. First, students who received all "F" grades for a semester were reviewed through the Return of Title IV process by the Assistant Director for Student Accounts. Although these students were identified as unofficial withdrawals for the previous semester the loan staff was unaware of the need to run the program well after the previous semester had ended in order to identify these students as withdrawn and provide them with exit interview information. Second, when a student enrolled in the fall and spring semesters and withdrew during each semester, exit counseling materials were sent to the student in the fall and a tracking requirement was updated to indicate the materials were sent out. When the student subsequently withdrew from the spring semester the program did not identify the student because the tracking requirement had already been checked as being satisfied. Therefore the students did not show up on the report as again needing exit interview information. The remaining two students had their graduation status updated after the list of students requiring exit interviews for the spring semester was generated; thus, they were excluded from the list.
Effect:	The University's review of the student's enrollment status could result in a student not being notified appropriately of the exit interview process and the University could fail to report the student's status change in accordance with enrollment reporting guidelines.
Cause:	The University's control did not ensure that students were notified in accordance with the University's policy.
Questioned Costs:	None
Recommendation:	The University should review the control noted above to ensure the procedure is functioning to ensure enrollment reporting guidelines are met.

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2015

**Corrective
Action Plan:**

The University concurs and has updated the process to put unique requirement codes into the software program that are semester specific. This will identify students that may need more than one Exit Counseling Requirement satisfied within an academic year.

Additionally, the University will also run the Exit Counseling process the week after finals to pick up any student that may have withdrawn or dropped below half-time during finals week so that exit counseling information is sent to these students. The University will also request a second list of semester graduates two weeks after graduation to compare to the first list that was received two weeks prior to graduation, in order to identify any students that were not included on the first list.

Finally, when the Assistant Director for Student Accounts receives the list of Unofficial Withdrawals for the semester, she will forward the information to the Loan Department. Once those students are coded on the system as unofficially withdrawn, the University will run the Exit Counseling process to pick up these students to receive the required Exit Counseling information.

Contact Person: Director of Financial Aid

Completion Date: October 2015

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2015

None