
**SOUTHEAST MISSOURI
STATE UNIVERSITY**
*SINGLE AUDIT REPORT
JUNE 30, 2017*

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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, 2017, 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 10, 2017. 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 October 30, 2017 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 10, 2017

**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 each of its major federal programs for the year ended June 30, 2017. 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 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 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 each of its major federal programs for the year ended June 30, 2017.

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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, 2017, 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 10, 2017, 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 October 30, 2017 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 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

November 10, 2017

SOUTHEAST MISSOURI STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2017

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 Arkansas State University	ARS Coop 16	58-6024-5-003	10.001	\$ 49,779	\$ —
Passed through Missouri State University	Swine and Dairy Production 14	13173-002	10.326	27,804	—
Passed through Arkansas State University	Cover Crop Research 16	2015-70001-23439	10.326	40,754	—
	Total Capacity Building for Non-Land Grant Colleges of Agriculture			<u>68,558</u>	<u>—</u>
Passed through Missouri Department of Health and Senior Services	Child and Adult Care Food Program:				
	SAHEC Food Program	ERS4611-1831	10.558	16,822	—
	USYC Food Program	ERS4611-2646	10.558	39,360	—
	Total Child and Adult Care Food Program			<u>56,182</u>	<u>—</u>
Direct	Rice Breeding Greenhouse 15	—	10.769	213,649	—
	Mudmaster 16	—	10.769	53,075	—
	Total Rural Business Enterprise Grants			<u>266,724</u>	<u>—</u>
	Total United States Department of Agriculture			<u>\$ 441,243</u>	<u>\$ —</u>
United States Department of Commerce					
Direct	EDA Technical Assist University Center Program				
	EDA 2017	05-66-05448-3	11.303	\$ 172,732	\$ —
United States Fish and Wildlife Service					
Passed through Missouri Department of Conservation	MDC Asian Carp Taylor 17	—	15.608	\$ 947	\$ —
Passed through Tennessee Wildlife Resources Foundation Inc.	Alligator Snapping Turtles	—	15.634	19,243	—
Direct	Song Birds 2016	F16AC00266	15.658	47,318	—
	Total United States Fish and Wildlife Services			<u>\$ 67,508</u>	<u>\$ —</u>
Federal Transit Administration					
Passed through Cape Girardeau County	Shuttle Service 2017	—	20.507	\$ 125,743	\$ —

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures	Expenditures To Sub- Recipients
National Endowment for the Arts					
Direct	Promotion of the Arts Program: Bridging the Arts Across Cape	14-5100-7080	45.024	\$ 1	\$ —
National Endowment for the Humanities					
Direct	NEH Preservation 17		45.149	\$ 836	\$ —
Passed through the Missouri Humanities Council	Promotion of the Humanities Programs	—			
	Summer Institute FY16	1956	45.129	2,042	—
	Faulkner Hemingway Conference 17	2018	45.129	2,260	—
	Total Promotion of the Humanities			4,302	—
	Total National Endowment for the Humanities			\$ 5,138	\$ —
Small Business Administration					
Passed through University of Missouri - Columbia	Small Business Development Center:				
	SBDC 2016	—	59.037	\$ 14,748	\$ —
	SBDC 2017	—	59.037	97,885	—
	Total Small Business Development Center			\$ 112,633	\$ —
United States Department of Education					
Passed through University of Central Missouri	Mideast Meets Midwest 17	POL001-SEMO	84.016	\$ 2,250	\$ —
Direct	Student Financial Aid Cluster:				
	Federal Supplemental Educational Opportunity Grant Program	P007A162382	84.007	\$ 198,035	\$ —
	Federal Work Study Program	P033A162382	84.033	354,405	—
	Federal Pell Grant Program	P063P161752	84.063	13,714,616	—
	Federal Direct Loan Program	P268K171752	84.268	42,009,123	—
	Federal Perkins Loan Program	—	84.038	5,780,653	—
	Teacher Education Assistance for College and Higher Education Grants	P379T171752	84.379	149,020	—
	Total Student Financial Aid Cluster			62,205,852	—

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2017

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 2016	P042A151250	84.042	\$ 65,953	\$ —
	Student Support Services 2017	P042A151250	84.042	233,920	—
	Student Support Services Supplement 2016	P042A151250	84.042	8,017	—
	Student Support Services Supplement 2017	P042A151250	84.042	13,850	—
	McNair Post-Baccalaureate Achievement 2016	P217A120283	84.217	66,357	—
	McNair Post-Baccalaureate Achievement 2017	P217A120283	84.217	168,599	—
	Total Trio Cluster			<u>556,696</u>	<u>—</u>
Passed through Jacksonville State University	CORE Academy 2017	—	84.411B	60,484	—
	Core i3 16	—	84.411B	6,471	—
	Total Investing In Innovation Program			<u>66,955</u>	<u>—</u>
Total United States Department of Education				<u>\$ 62,831,753</u>	<u>\$ —</u>
Delta Regional Authority					
Direct	Doniphan Vitality 17	—	90.201	\$ 5,937	\$ —
United States Department of Health and Human Services					
Passed through Southeast Missouri Agency on Aging	National Family Caregiver Support, Title III, Part B:				
	AAA SA Eldercare 2016	—	93.052	\$ 5,546	\$ —
	AAA SA Eldercare 2017	—	93.052	13,028	—
	Total Agency on Aging			<u>18,574</u>	<u>—</u>
Passed through Missouri Department of Health and Senior Services	Addressing Asthma 2016	AOC15380027	93.070	3,427	—
	Addressing Asthma 2017	DH100020001	93.070	32,904	—
	Total Environmental Public Health and Emergency Response			<u>36,331</u>	<u>—</u>
Passed through Missouri Department of Elementary and Secondary Education	477 Cluster:				
	CDA Training Program:				
	CDA Training 2016	—	93.575	213	—
	CDA Training 2017	—	93.575	11,365	—
	Total CDA Training and 477 Cluster			<u>11,578</u>	<u>—</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2017

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	Fed Community Health Worker 17	AOC17380026	93.945	\$ 19,888	\$ —
Passed through Missouri Department of Mental Health	Block Grants for Prevention and Treatment of Substance Abuse:				
	Southeast Regional Support Center 2016	SDA420P1209	93.959	73	—
	Southeast Regional Support Center 2017	SDA420P1209	93.959	160,596	—
	Southeast Regional Support Center 16 Tobacco	SDA420P1209	93.959	70	—
	Southeast Regional Support Center 17 Tobacco	SDA420P1209	93.959	5,199	—
	Partnership for Success 2016	SDA420P1209	93.959	35,469	—
	Partnership for Success 2017	SDA420P1209	93.959	101,618	—
	MHFA Training 17	SAHS5601043	93.959	4,650	—
	Total Block Grants for Prevention and Treatment of Substance Abuse			<u>307,675</u>	<u>—</u>
Total United States Department of Health and Human Services				<u>\$ 394,046</u>	<u>\$ —</u>
Total Expenditures of Federal Awards				<u>\$ 64,156,734</u>	<u>\$ —</u>

SOUTHEAST MISSOURI STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2017

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, 2017. 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, 2017:

	Amount Reported	
	CFDA #	on SEFA
Student Financial Aid:		
Department of Education:		
Federal Direct Loans	84.268	\$ 42,009,123
Federal Perkins Loans	84.038	5,780,653

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

SOUTHEAST MISSOURI STATE UNIVERSITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (*Continued*)

June 30, 2016

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 \$198,230 for the year ended June 30, 2017.

SOUTHEAST MISSOURI STATE UNIVERSITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2017

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? ___ 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? ___ 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

CFDA #93.959 - U.S. Department of Health and Human Services - Block Grants for Prevention and Treatment of Substance Abuse

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, 2017

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings And Questioned Costs

None Noted



**SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2017**

Finding No. 2016-001

Federal Program: Student Financial Aid Cluster - Federal Pell Grant and Federal Direct Loan Programs

CFDA No.: 84.063 and 84.268

Federal Grantor: U.S. Department of Education

Compliance Requirement: Special Tests and Provisions – Return to Title IV

Condition: Based on a review of a sample of 40 students, one instance was noted in which the reduction in Pell grant funding was not communicated to the COD system within the 45 day requirement as required by 34 CFR 668.22(j)(1). This was not a repeat finding from the prior year.

Status: During the current year, 40 out of 40 students tested were communicated to the COD system within the 45 day requirement. Thus, this finding has not been repeated in the current year.