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**SOUTHEAST MISSOURI**  
**STATE UNIVERSITY**  
*OMB CIRCULAR A-133*  
*SINGLE AUDIT REPORT*  
*JUNE 30, 2010*

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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 the financial statements of Southeast Missouri State University (the University) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 19, 2010. 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.

**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 financials 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 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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*.

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.

*RubinBrown LLP*

October 19, 2010

**Independent Auditors' Report On Compliance  
With Requirements Applicable To Each Major  
Program And On Internal Control Over Compliance  
In Accordance With OMB Circular A-133 And On  
The 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 (the 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, 2010. The University's major federal programs are identified in the Summary of Auditors' 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 University's compliance 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 of the University's compliance with those requirements.

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, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2010-01.

### Internal Control Over Compliance

The management of the 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 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.

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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-01. 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.

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 responses and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University as of and for the year ended June 30, 2010, and have issued our report thereon dated October 19, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Regents, management, others within the entity, 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.

*RubinBrown LLP*

November 22, 2010 (except for paragraph 8 which,  
is dated October 19, 2010)

**SOUTHEAST MISSOURI STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
<b>National Science Foundation:</b>				
	RCN UBE Incubator	DBI-0957359	47.074	\$ 29,533
	Mathematical and Physical Services - Faculty Development	CHE-0822995	47.049	<u>21,588</u>
Total National Science Foundation				<u><u>\$ 51,121</u></u>
<b>United States Department of Agriculture:</b>				
Passed through Missouri Department of Health and Senior Services	Child and Adult Care Food Program			
	UCEC Food Program 2009	ERS46-07 1443	10.558	\$ 8,505
	UCEC Food Program 2010	ERS46-10 1443	10.558	25,233
	SAHEC Food Program	ERS46-091831	10.558	3,602
	SAHEC Food Program	ERS46-091831	10.558	<u>10,137</u>
	Total Child and Adult Care food Program			47,477
	Water Quality Enhancement Workshops	—	10.904	<u>13,638</u>
Total United States Department of Agriculture				<u><u>\$ 61,115</u></u>
<b>United States Department of Transportation:</b>				
Passed through Missouri Department of Transportation	Federal Transit Capital Investment Grants			
	Formula Grants for Other Than Urbanized Areas - Shuttle Services	221327	20.509	\$ 134,000
	ARRA Formula Grants for Other Than Urbanized Areas - Shuttle Services	MO-18-X030	20.509	<u>155,337</u>
	Total Federal Transit Capital Investment Grants			289,337
Passed through Missouri Department of Transportation	Multi-Modal Transfer & Buses	MO-03-0117	20.500	<u>4,025</u>
Total United States Department of Transportation				<u><u>\$ 293,362</u></u>
<b>United States Department of Education:</b>				
	Student Financial Aid Cluster:			
	Federal Supplemental Educational Opportunity Grant Program	P007A082382	84.007	\$ 275,128
	Federal Work Study Program	P033A082382	84.033	331,263
	Federal Pell Grant Program	P063P081752	84.063	12,748,893
	Direct Student Loans	P268K101752	84.268	1,584,623
	Federal Family Education Loan Program			
	Subsidized Stafford Loan	—	84.032	15,516,628
	Unsubsidized Stafford Loan	—	84.032	18,500,226
	Stafford Plus Loan	—	84.032	3,946,480
	Academic Competitiveness Grant	P375A081752	84.375	510,983
	National Science and Mathematics Access	P376S081752	84.376	289,351



**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
	Federal Perkins Loan Program	—	84.038	\$ 344,835
	Teacher Education Assistance for College and Higher Education Grants	P379T101752	84.379	<u>277,312</u>
	Total Student Financial Aid Cluster			<u>54,325,722</u>
	Trio Cluster			
	Student Support Services	P042A061314-07	84.042	45,655
	Student Support Services	P042A061314-08	84.042	18,320
	Student Support Services	P042A061314-09	84.042	248,524
	Student Support Services	P042A061314-09	84.042	30,573
	McNair Post-Baccalaureate Achievement	P217A080222	84.217	62,197
	McNair Post-Baccalaureate Achievement	P217A080222	84.217	171,271
	Total Trio Cluster			<u>576,540</u>
	Fund for the Improvement of Postsecondary Education	P116Z090129	84.116	<u>61,490</u>
	Gear Up			
	Gaining Early Awareness and Readiness for Undergraduate Programs - Gear Up Programs 2009	P334A050293-07	84.334	55,200
	Gaining Early Awareness and Readiness for Undergraduate Programs - Gear Up Programs 2010	P334A050293-09	84.334	240,545
	Total Gear Up			<u>295,745</u>
Passed through Missouri Department of Higher Education	Prep and PAS 2010	—	84.378	<u>63,011</u>
Passed through Missouri Department of Higher Education	State Fiscal Stabilization Fund Cluster			
	ARRA State Fiscal Stabilization Fund - Government Services	—	84.397A	148,152
	ARRA State Fiscal Stabilization Fund - Higher Education Grants	—	94.394A	5,199,967
	Total State Fiscal Stabilization Fund Cluster			<u>5,348,119</u>
	TAPEMM 2009	T195N040121-08	84.365	<u>8,104</u>
Passed through Missouri Department of Higher Education	Improving Teacher Quality State Grants			
	Boosting Bootheel Math 09	—	84.367	142,922
	Boosting Bootheel Math 10	—	84.367	31,204
	Total Improving Teacher Quality State Grants			<u>174,126</u>
Passed through Missouri Department of Elementary and Secondary Education	SBRI Pilot Project 2008/2009	—	84.357	30,273
	Title III Strengthening Institutions	P031A090131	84.031	<u>116,811</u>
Total United States Department of Education				<u>\$ 60,999,941</u>

# SOUTHEAST MISSOURI STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)* For The Year Ended June 30, 2010

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
<b>Delta Regional Authority</b>				
Passed through Southeast Regional Planning and Economic Development Commission	Delta Regional Development			
	Entrepreneurial Train Loan 2003	220320	90.200	\$ 615
	Innovation Center Com Kitchen 05	220550	90.200	64,989
	Delta Leadership	221386	90.200	<u>20,397</u>
Total Delta Regional Authority				<u><u>\$ 86,001</u></u>
<b>National Aeronautical and Space Administration</b>				
	Aerospace Education Services Program			
	NASA Cont B 500K 08	NNM05AA39G	43.001	\$ 8,831
	MO NASA Education Proj C	NNM05AA39G	43.001	295,158
	MO NASA Education Proj D	NNX08AP14G	43.001	<u>689,668</u>
Total National Aeronautical Space Administration				<u><u>\$ 993,657</u></u>
<b>National Endowment for the Arts</b>				
	Promotion of the Arts - Grants to Organizations and Individuals	09-7800-7090	45.024	<u><u>\$ 3,808</u></u>
<b>Small Business Administration</b>				
Passed through University of Missouri - Columbia	Small Business Development Center			
	SBDC 2009	—	59.037	\$ 15,852
	SBDC 2010	—	59.037	<u>45,720</u>
	Total Small Business Development Center			61,572
	SBA Reitalizaing Rural Communities	SDBAHQ-09-I-0042	59.007	<u>83,936</u>
Total Small Business Administration				<u><u>\$ 145,508</u></u>
<b>United States Department of Health and Human Services</b>				
	Rural Health Outreach Special Initiative	D1ARH16057-01-00	93.888	\$ 89,831
	SE Health on Wheels Year 3	D04RH07919-03-00	93.912	81,244
	Advanced Education Nursing Traineeships - Adv Ed Nursing Traineeships 2009	A10HP00196-09-00	93.358	25,820
Passed through Missouri Department of Mental Health	Block Grants for Prevention and Treatment of Substance Abuse	SDA420P1009	93.959	134,676
Passed through Southeast Missouri Area Agency on Aging	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior APPLE Paperwork Project AAA 2008	—	93.044	18,126
Passed through Southeast Missouri Area Agency on Aging	National Family Caregiver Support, Title III, Part B - AAA SA Eldercare 2010	—	93.052	15,354

**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2010**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
Passed through Missouri Department of Health and Senior	Center for Disease Control and Prevention, Investigation and Technical Assistance			
	Addressing Asthma 09	EH724182-04	93.283	\$ 3,088
	Mosquito Surveillance	—	93.283	<u>4,919</u>
	Total Center for Disease Control and Prevention, Investigation and Technical Assistance			<u>8,007</u>
Passed through Missouri Department of Elementary and Secondary Education	Outdoor Nature Classroom 09	—	93.575	187
Passed through Missouri Child Care Resources and Referral	CCR and R Inclusion 2010	—	93.575	36,740
	CCR and R Training Coordination 2010	—	93.575	63,141
	Child Development Associate	—	93.575	22,438
	ARRA - Environmental Asthma Trigger Training in Schools	AOC10380389	93.713	<u>4,217</u>
	Total Child Care and Development Block Grant			<u>126,723</u>
Total United States Department of Health and Human Services				<u>\$ 499,781</u>
<b>United States Department of Housing and Urban Development</b>	Rural Housing and Economic Development - HUD Construction 09	—	14.250	<u>\$ 121,852</u>
<b>United States Department of Justice</b>	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking - Victory 2007	2006-WA-AX-0006	16.525	<u>\$ 43,044</u>
<b>United States Department of Labor</b>	WIA Pilots, Demonstrations, and Research Projects - DOL Entrepreneurship Training Initiative	EA-18260-09-06-A-29	17.261	\$ 195,077
Passed Through Workforce Investments Board of Southeast Missouri	Passed through Workforce Investment Board of Southeast Missouri H-1B Job Training Grants	—	17.268	<u>586,229</u>
Total United States Department of Labor				<u>\$ 781,306</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 64,080,496</u>

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# SOUTHEAST MISSOURI STATE UNIVERSITY

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2010

### 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, 2010 and is presented on the accrual basis of accounting. 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. 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 Family Education Loans and Direct Student Loans are is not included in the University's financial statements, as the benefits of these programs are awarded directly to students and not to the University.

### 3. Loan Programs

The following schedule represents loans advanced by the University for the year ended June 30, 2010:

	<u>CFDA</u>	<u>Advances</u>
Student Financial Aid:		
Department of Education:		
Federal Family Education Loans	84.032	\$ 37,963,334
Federal Perkins Loans	84.038	344,835
Direct Student Loans	84.268	1,584,623

The above advances are included as federal expenditures in the Schedule of Expenditures of Federal Awards.

### 4. Basis Of Accounting And Relationship To Federal Financial Reports

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.

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# SOUTHEAST MISSOURI STATE UNIVERSITY

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Year Ended June 30, 2010

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### Section I - Summary Of Auditors' Results

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#### **Financial Statements**

Type of auditors' report issued: Unqualified Opinion

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?  yes  no

#### **Federal Awards**

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  yes  no

#### **Identification Of Major Programs:**

##### **Student Financial Aid Cluster**

CFDA #84.007 - U.S. Department of Education - Federal Supplemental Educational Opportunity Grant Program

CFDA #84.032 - U.S. Department of Education - Federal Family Education Loan 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 #84.375 - U.S. Department of Education - Academic Competiveness Grant

CFDA #84.376 - U.S. Department of Education - National Science and Mathematics Access

CFDA #84.379 - U.S. Department of Education - TEACH Grant

##### **State Fiscal Stabilization Fund Cluster**

CFDA #84.397A - U.S. Department of Education - ARRA State Fiscal Stabilization Fund - Governmental

CFDA #84.394A - U.S. Department of Education - ARRA State Fiscal Stabilization Fund - Higher Education Grant

**CFDA #20.509** - U.S. Department of Transportation - Formula Grants for Other Than Urbanized Areas - Shuttle Services

**CFDA #17.268** - U.S. Department of Labor - H-1B Job Training Grants

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

Auditee qualified as low-risk auditee?  Yes  no

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**SOUTHEAST MISSOURI STATE UNIVERSITY**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)  
For The Year Ended June 30, 2010**

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**Section II - Financial Statement Findings**

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None Noted

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

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**Finding No. 2010-01**

**Federal Award  
Information:**

Student Financial Aid Cluster

**CFDA No:**

Various

**Criteria:**

The Student Financial Aid Handbook requires that the National Student Loan Data System (NSLDS) be notified within 60 days of a student's graduation.

**Condition:**

For three graduating students that we selected for testwork, the NSLDS was not notified of the students' graduations within the requisite 60 days.

**Questioned Costs:**

Not applicable.

**Cause:**

Two of the students graduated from the graduate school. The Graduate Office is responsible for submitting graduate students' information to the NSLDS as required. However, the Graduate Office neglected to communicate the graduation of these students to the NSLDS as required.

The remaining student was an undergraduate student who had a hold placed on her status. The Registrar's Office separately communicates to the NSLDS via a manual process the graduation of students with holds on their status once the hold has been cleared. However, in the case of this student, her graduation status was not communicated to the NSLDS even after the hold on her status had been removed.

**Effect:**

The University is not properly communicating the graduation of students to the NSLDS within the required 60 days.

**Recommendation:**

We recommend the University implement procedures at the Graduate Office to ensure the status of all graduating students is communicated to the NSLDS within the required 60 day timeframe. Additionally, we recommend that the University implement procedures to ensure that the graduation of students with holds on their status is communicated to the NSLDS as soon as the hold is removed.

# SOUTHEAST MISSOURI STATE UNIVERSITY

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2010

### **Corrective Action**

#### **Plan:**

A file will be sent to the NSLDS four weeks after the posted graduation date for the fall, spring, and summer terms for both undergraduate and graduate students. Any student who is approved after the initial file is sent will be manually added to the clearinghouse and a comment placed on the student's record indicating the circumstances for the late addition to the graduation record. If more than 30 days has passed since the date of graduation, the student will not be allowed to graduate in the term but be required to submit a new graduation application for a future term.

As a final check to verify that the information sent to the NSLDS is complete and correct, both the Registrar's Office and the Graduate Office will review information sent to the NSLDS and compare it against data acquired from the University's student system regarding a particular semester's graduates within one week after the initial data file is uploaded and accepted by the NSLDS. After 30 days have passed, both offices will once again review and compare the information on file with NSLDS and the University's student system to verify all manually added records.

Additionally, the graduation of the three students noted above has been communicated to the NSLDS.

**Completion Date:** November 2010

#### **Contact Person**

#### **And Title:**

Sandra L. Hinkle, Registrar, and Chris McGowan, Interim Dean of the Graduate School

**SOUTHEAST MISSOURI STATE UNIVERSITY**  

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**June 30, 2010**

None