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**SOUTHEAST MISSOURI  
STATE UNIVERSITY**  
OMB CIRCULAR A-133  
SINGLE AUDIT REPORT  
JUNE 30, 2013

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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, 2013, 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 October 11, 2013. 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 September 24, 2013 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*

October 11, 2013

**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, 2013. 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, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, 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 2013-001. Our opinion on each major federal program is not modified with respect to this matter.

The University's response to the noncompliance 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.

### **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, 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 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, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We have issued our report thereon dated October 11, 2013, which contained an unmodified opinion 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 September 24, 2013 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 21, 2013 (except for paragraph 12  
which, is dated October 11, 2013)

**SOUTHEAST MISSOURI STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
<b>National Science Foundation</b>				
Direct	Research and Development Cluster:			
	PBL Network 12	DBI-1062049	47.074	\$ 60,811
	Summer Program in Green Chemistry	OISE-966395	47.079	45,843
	Total Research and Development Cluster			<u>106,654</u>
	ARRA-Research Lab Renovation	CHE-0962983	47.082	<u>1,012,780</u>
Total National Science Foundation				<u><u>\$ 1,119,434</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 11 12 13	ERS4611-2646	10.558	\$ 34,637
	SAHEC Food Program 11 12 13	ERS4611-1831	10.558	12,426
	Total Child and Adult Care Food Program			<u>47,063</u>
Direct	Agriculture Relevancy 13	2012-70001-20298	10.320	4,300
	Horticulture Incubator	—	10.769	440
	Rural Business Enterprise Grants - Operation Restart	29-016-436003569	10.769	<u>39,582</u>
Total United States Department of Agriculture				<u><u>\$ 91,385</u></u>
<b>United States Department of Transportation</b>				
Passed through Missouri Department of Transportation	Federal Transit Capital Investment Grants:			
	Shuttle 2013	MO-18-X033	20.509	\$ 161,000
	Multi Modal Transfer & Buses	MO-03-0117	20.500	13,964
	Total Federal Transit Capital Investment Grants			<u>174,964</u>
Total United States Department of Transportation				<u><u>\$ 174,964</u></u>
<b>United States Department of Education</b>				
Direct	Student Financial Aid Cluster:			
	Federal Supplemental Educational Opportunity Grant Program	P007A122382	84.007	\$ 178,752
	Federal Work Study Program	P033A122382	84.033	350,286
	Federal Pell Grant Program	P063P121752	84.063	15,078,366
	Federal Direct Loan Program	P268K121752	84.268	48,419,532
	Federal Perkins Loan Program	—	84.038	613,907
	Teacher Education Assistance for College and Higher Education Grants	P379T131752	84.379	<u>202,347</u>
	Total Student Financial Aid Cluster			<u>64,843,190</u>



# SOUTHEAST MISSOURI STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)* For The Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
Direct	Trio Cluster:			
	Student Support Services 2012	P042A100954	84.042	\$ 53,644
	Student Support Services 2013	P042A100954	84.042	233,210
	Student Support Services Supplement 2013	P042A100954	84.042	20,150
	McNair Post-Baccalaureate Achievement	P217A080222-11	84.217	77,236
	McNair Post-Baccalaureate Achievement	P217A120283	84.217	147,441
	Total Trio Cluster			<u>531,681</u>
Passed through Missouri Department of Higher Education	College Access Challenge Grant Program:			
	Prep and PAS 2012	—	84.378	6,557
	Prep and PAS 2013	—	84.378	79,590
	Total College Access Challenge Grant Program			<u>86,147</u>
Passed through Missouri Department of Elementary and Secondary Education	School Improvement Grants Cluster			
	ARRA School Turnaround Program 2012	—	84.377	879
	ARRA School Turnaround Cadre I Admin Monitor	—	84.377	38,073
	ARRA School Turnaround Cadre I School Services	—	84.377	68,552
	ARRA School Turnaround Cadre II Admin Monitor	—	84.377	18,030
	ARRA School Turnaround Cadre II School Services	—	84.377	23,380
	Total School Improvement Grants Cluster			<u>148,914</u>
Passed through Missouri Department of Higher Education	Improving Teacher Quality State Grants			
	Boosting Bootheel Math 12	—	84.367	9,828
	Making Mathematicians 2014	—	84.367	43,964
	Total Improving Teacher Quality State Grants			<u>53,792</u>
Direct	Higher Education Institutional Aid - Title III Strengthening Institutions	P031A090131-11	84.031	245,346
	Higher Education Institutional Aid - Title III Strengthening Institutions	P031A090131-12	84.031	488,716
	Total Higher Education - Institutional Aid			<u>734,062</u>
Direct	Fund for the Improvement of Postsecondary Education			
	Technology Upgrades 2011	P116Z100042	84.116	167,783
Total United States Department of Education				<u>\$ 66,565,569</u>

**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
<b>Delta Regional Authority</b>				
Direct	Delta Area Economic Development: DRA Post Flood 12	MO10192	90.201	\$ 75,838
Passed through The University of Alabama	Delta Regional Development: Delta Leadership 12 Delta Leadership 13 Total Delta Regional Development	09-074 UA 13-050	90.200 90.200	4,956 45,492 <u>50,448</u>
Passed through the U.S. Department of Agriculture	USDA Rural Business Opportunity Grants: USDA RCAP Operation Jump Start USDA RBOG Red Delta Communities Phase II	RW0210 RW0199	10.773 10.773	211,967 229,351
Direct	Operation JumpStart Online 2013 Total USDA Rural Business Opportunity Grants	RW0240	10.773	89,379 <u>530,697</u>
Total Delta Regional Authority				<u>\$ 656,983</u>
<b>National Aeronautical and Space Administration</b>				
Direct	Aerospace Education Services Program: MO NASA Education Program - Project F	NNX10AH94G	43.001	\$ 8,045
<b>National Endowment for the Arts</b>				
Direct	Promotion of the Arts - Creating Music 11	—	45.024	\$ 92
<b>Small Business Administration</b>				
Passed through University of Missouri - Columbia	Small Business Development Center: SBDC Portable Assistance SBDC 2012 SBDC 2013 Total Small Business Development Center	— E00035127-3 —	59.037 59.037 59.037	\$ 27,235 24,974 69,686 <u>121,895</u>
Direct	SBA Revitalizing Rural Communities Prime Technical Assistance Program: SBA Delta MDC 2012 SBA Growth Start 2012 SBA Prime Delta 2013 SBA Growth Start 2013 Total Prime Technical Assistance Program	SDBAHQ-09-I-0042 — SBAHQ-10-Y-0066 SBAHQ10Y0066 SBAQ-10-Y-0065	59.007 59.050 59.050 59.050 59.050	86,904 33,574 14,958 32,713 26,827 <u>108,072</u>
Total Small Business Administration				<u>\$ 316,871</u>

**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
For The Year Ended June 30, 2013**

<b>Federal Grantor/Pass-Through Grantor</b>	<b>Program Or Cluster Title</b>	<b>Grant Number</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>United States Department of Health and Human Services</b>				
Direct	Rural Health Outreach Special Initiative:			
	Rural Health Outreach Special Initiative 2011	D1ARH16057-01-00	93.888	\$ 26,758
	Rural Health Outreach Special Initiative 2010	D1ARH20082-01-00	93.888	59,618
	Total Rural Health Outreach Special Initiative			<u>86,376</u>
Direct	Advanced Education Nursing Traineeships:			
	Adv Ed Nursing Traineeship Supplement	—	93.358	72,176
	Adv Ed Nursing Traineeships 2013	A10HP25158-01-00	93.358	97,256
	Total Advanced Education Nursing Traineeships			<u>169,432</u>
Direct	Block Grants for Prevention and Treatment of Substance Abuse:			
	Southeast Regional Support Center 2013	SDA420P1209	93.959	91,708
Passed through Missouri Department of Mental Health	Southeast Regional Support Center 2012	SDA420P1209	93.959	108
	Total Block Grants for Prevention and Treatment of Substance Abuse			<u>91,816</u>
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 2012	—	93.044	864
Direct	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior APPLE Paperwork Project AAA 2013	—	93.044	11,211
	Total Special Programs for the Aging			<u>12,075</u>
Direct	National Family Caregiver Support, Title III, Part B - AAA SA Eldercare	—	93.052	17,996
Direct	CDA Training 2013	—	93.575	10,253
Direct	Addressing Asthma 2013	—	93.070	5,968
	Total United States Department of Health and Human Services			<u>\$ 393,916</u>
<b>Federal Emergency Management Agency</b>				
Pass through State of Missouri Emergency Management	Pre-Disaster Mitigation Grant - Generator	EMK-2008-PD-0002	97.047	\$ 80,597
<b>United States Department of Housing and Urban Development</b>				
Direct	Rural Housing and Economic Development - HUD Construction 09	—	14.250	\$ 138,993
<b>United States Department of Justice</b>				
Direct	Forensics Laboratory 2011	2010-DD-BX-0410	16.753	\$ 250,493
	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking - Victory 2007	2006-WA-AX-0006	16.525	53,072
	Total United States Department of Justice			<u>\$ 303,565</u>

**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2013**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
<b>Institute of Museum and Library Sciences</b>				
Passed through Missouri State Library	Grants to States:			
	Confluence and Crossroads 11	6419	45.310	\$ 8,418
	Confluence and Crossroads 12	6419	45.310	71,881
	Total Grants to States			<u>80,299</u>
Total Institute of Museum and Library Sciences				<u>\$ 80,299</u>
<b>United States Department of Energy</b>				
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>\$ 87,626</u>
<b>United States Fish and Wildlife Service</b>				
Direct	State Wildlife Grants - Insect Survey	—	15.634	<u>\$ 1,138</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 70,019,477</u>

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# SOUTHEAST MISSOURI STATE UNIVERSITY

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

### 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, 2013. 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, 2013:

	<u>CFDA</u>	<u>Advances</u>
Student Financial Aid:		
Department of Education:		
Federal Direct Loans	84.268	\$ 48,419,532
Federal Perkins Loans	84.038	613,907

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

**SOUTHEAST MISSOURI STATE UNIVERSITY**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2013**

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**Section I - Summary Of Auditors' Results**

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***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)?                    \_\_\_ 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 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
- CFDA #47.082** - National Science Foundation - American Reinvestment and Recovery Act – Research Lab Renovation
- CFDA #10.773** - Delta Regional Authority - U.S. Department of Agriculture Rural Business Opportunity Grants

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

Auditee qualified as low-risk auditee?                      X      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, 2013**

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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. 2013-001**

**Federal Award**

**Information:** Delta Regional Authority - U.S. Department of Agriculture Rural Business Opportunity Grants

**CFDA No.** 10.773

**Criteria:** Grant regulations require quarterly programmatic reports to be submitted during the grant period.

**Condition:** Two out of four quarterly programmatic reports tested for the Delta Regional Authority grant programs were submitted after the required reporting timeline.

**Questioned Costs:** None

**Cause:** The University program personnel did not submit the programmatic reports in accordance with grant regulations.

**Effect:** The University is not in compliance with the reporting compliance requirement.

**Recommendation:** We recommend that all quarterly programmatic reports be submitted in accordance with each grant's required submission deadlines.

**Corrective Action Plan:** The University concurs. There has been a change in personnel responsible for the submittal of these reports and management has implemented procedures to ensure they are submitted in a timely manner.

**Completion Date:** July 2013

**Contact Person:** Principal Investigator for Rural Business Opportunity Grants

# SOUTHEAST MISSOURI STATE UNIVERSITY

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## SCHEDULE OF PRIOR AUDIT FINDINGS For The Year Ended June 30, 2013

### Finding No. 2012-001

**Condition:** Of the 40 students selected for student file testing, it was determined that the 6 students that received TEACH Grant Program Funds did not receive notification that TEACH funds were credited to his/her account. This occurred due to the Student Financial Aid Handbook providing vague guidelines regarding which programs the University is required to send notification to the student when a disbursement is made. The Handbook clearly states that such notifications are sent for all Direct Loan and Perkins disbursements. However, notification is also required for any TEACH grant disbursements, as stated in §668.165 of the Federal Regulations, but this is not clearly stated in the Handbook. As such, the University was unaware that disbursement notifications were required for disbursements from this program, and thus were not sent.

**Status:** Immediately upon identification of the finding, the University made an attempt to notify the summer and fall TEACH grant recipients of disbursements made. In December 2012, the University modified the software used to generate disbursement letters to include all disbursements coded to the TEACH grant, as well as to include the procedures for canceling TEACH grant disbursements and the time frame within which cancellation must occur.

Typically, disbursement notifications are sent to students via email, and the date and time of the email is programmatically tracked within the Student Financial Aid module of the University's accounting system. For this type of notification, the University receives confirmation that the emails were successfully sent. In the case that an email is not successfully sent, a paper notification is sent to the student's local address. The University verified that all spring TEACH grant recipients received the disbursement email notification as scheduled within the regulatory time frame.