

# **Southeast Missouri State University**

Accountants' Report and OMB Circular A-133 Single Audit Report

June 30, 2006

# **Southeast Missouri State University**

**June 30, 2006**

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**Southeast Missouri State University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2006**

Cluster/Program	Federal Agency/ Pass-through Entity	CFDA Number	Grant or Identifying Number	Amount
<b>Department of Homeland Security</b>				
State and Local Homeland Security Training Program	Department of Homeland Security/State Emergency Management Agency	97.005	2003-ODP-Phase 2-3208	\$ 13,470
<b>Total Department of Homeland Security</b>				<u>13,470</u>
<b>Delta Regional Authority</b>				
Delta Regional Development	Delta Regional Authority/Southeast Missouri Regional Planning Commission	90.200	MO-2050	7,880
<b>Total Delta Regional Authority</b>				<u>7,880</u>
<b>Institute of Museum and Library Services</b>				
Grants to States	Office of Library Services, Institute of Museum and Library Services, National Foundation on the Arts and the Humanities/Missouri State Library	45.310	4LMO405BX	3,267
National Leadership Grants	Institute of Museum and Library Services, National Foundation on the Arts and the Humanities	45.312	CM-10004-01	<u>988,628</u>
<b>Total Institute of Museum and Library Services</b>				<u>991,895</u>
<b>National Aeronautics and Space Administration</b>				
Aerospace Education Services Program	National Aeronautics and Space Administration	43.001	NAG5-12645 NNMO5AA06G	726,026
<b>Total National Aeronautics and Space Administration</b>				<u>726,026</u>

**Southeast Missouri State University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2006**

Cluster/Program	Federal Agency/ Pass-through Entity	CFDA Number	Grant or Identifying Number	Amount
<b>National Science Foundation</b>				
Biological Sciences	National Science Foundation/University of North Carolina – Chapel Hill	47.074	5-37297	77,097
Education and Human Resources (EHR)	National Science Foundation/University of Missouri – Columbia	47.076	01900331-7	<u>14,266</u>
<b>Total National Science Foundation</b>				<u>91,363</u>
<b>Small Business Administration</b>				
Small Business Development Center (SBDC)	Small Business Administration/University of Missouri – Columbia	59.037	C00005392-1 E0000879643	\$ <u>90,654</u>
<b>Total Small Business Administration</b>				<u>90,654</u>
<b>U. S. Department of the Interior</b>				
National Register of Historic Places	U.S. Department of the Interior	15.914	05-CS-11090501-020 05-CS-11090501-010	1,110
<b>Total U. S. Department of the Interior</b>				<u>1,110</u>
<b>U.S. Department of Agriculture</b>				
Child and Adult Care Food Program	U.S. Department of Agriculture	10.558	4604-2370 ER546-061443	36,309
Grants for Agricultural Research – Competitive Research Grants	U.S. Department of Agriculture/University of Arkansas	10.206	UA AES 90805-10	<u>526</u>
<b>Total U.S. Department of Agriculture</b>				<u>36,835</u>
<b>Department of Commerce</b>				
Public Telecommunications Facilities Planning and Construction	Department of Commerce	11.550	29-01-N02157	217,068
<b>Total Department of Commerce</b>				<u>217,068</u>

**Southeast Missouri State University**  
**Schedule of Expenditures of Federal Awards**  
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Cluster/Program	Federal Agency/ Pass-through Entity	CFDA Number	Grant or Identifying Number	Amount
<b>U.S. Department of Education</b>				
<b>Student Financial Aid Cluster</b>				
Federal Family Education Loan Program	U.S. Department of Education	84.032	None available	29,573,232
Federal Work Study Program	U.S. Department of Education	84.033	P033A052382	226,331
Federal Perkins Loan Program	U.S. Department of Education	84.038	P038A052382	6,124,940
Federal Pell Grant Program	U.S. Department of Education	84.063	P063P051752	6,383,740
Federal Supplemental Education Opportunity Grant Program	U.S. Department of Education	84.007	P007A052382	<u>361,220</u>
Student Financial Aid Cluster Subtotal				<u>42,669,463</u>
Trio – Student Support Series	U.S. Department of Education	84.042	P042A01981	319,610
Trio Upward Bound	U.S. Department of Education	84.047	P047A030579	237,380
Trio – McNair Post- Baccalaureate Achievement	U.S. Department of Education	84.217	P217A030095	<u>220,107</u>
Trio Cluster Subtotal				<u>777,097</u>
Fund for the Improvement of Postsecondary Education	U.S. Department of Education	84.116	P116J/P116Z	552,378
English Language Acquisition Grants	U.S. Department of Education	84.365	T195E/T195N	183,206

*U.S. Department of Education (Continued)*

**Southeast Missouri State University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2006**

Cluster/Program	Federal Agency/ Pass-through Entity	CFDA Number	Grant or Identifying Number	Amount
<b>U.S. Department of Education (Continued)</b>				
Teacher Quality Enhancement Grants	U.S. Department of Education/Missouri Department of Education	84.336	None available	\$ 8,793
Special Education Grants for Infants and Families with Disabilities	U.S. Department of Education/Missouri Department of Elementary and Secondary Education	84.181	C3030004001/ C306024007	228,460
Special Education Grants to States	U.S. Department of Education/Missouri Department of Elementary and Secondary Education	84.027	None available	191,054
Fund for Improvement of Education	U.S. Department of Education/Missouri Department of Elementary and Secondary Education	84.215	R215K020304	57,058
Reading First State Grants	U.S. Department of Education/Missouri Department of Elementary and Secondary Education	84.357	None available	217,361
Gaining Early Awareness and Readiness for Undergraduate Programs	U.S. Department of Education/Cooperating School Districts	84.334	P334A	371,278
<b>Total U.S. Department of Education</b>				<u>45,256,148</u>
<b>U.S. Department of Energy</b>				
Office of Scientific and Technical Information	U.S. Department of Energy	81.064	None available	20,713
<b>Total U.S. Department of Energy</b>				<u>20,713</u>

**Southeast Missouri State University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2006**

Cluster/Program	Federal Agency/ Pass-through Entity	CFDA Number	Grant or Identifying Number	Amount
<b>U.S. Department of Health and Human Services</b>				
Advanced Education Nursing Grant Program	U.S. Department of Health and Human Services	93.247	D09HP00995-02-00/ D09HP00995-03-01	\$ 257,347
Advanced Education Nursing Traineeship	U.S. Department of Health and Human Services	93.358	2A10HP00196-06-00	30,563
Health Care and Other Facilities	U.S. Department of Health and Human Services	93.887	1C76HF06179-01-00	566,435
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	U.S. Department of Health and Human Services/Area Agency on Aging	93.043	None available	634
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	U.S. Department of Health and Human Services/Area Agency on Aging	93.044	None available	16,026
National Family Caregiver Support	U.S. Department of Health and Human Services/Area Agency on Aging	93.052	None available	16,919
Alzheimer's Disease Demonstration Grants to States	U.S. Department of Health and Human Services/Missouri Department of Health and Senior Services	93.051	C305094002/ A0C06380065	2,093
Child Care and Development Block Grant	U.S. Department of Health and Human Services/Missouri Department of Social Services	93.575	None available	265,135

***U.S. Department of Health and Human Services (Continued)***

**Southeast Missouri State University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2006**

Cluster/Program	Federal Agency/ Pass-through Entity	CFDA Number	Grant or Identifying Number	Amount
<b>U.S. Department of Health and Human Services (Continued)</b>				
Foster Care - Title IV-E	U.S. Department of Health and Human Services/Missouri Department of Social Services	93.658	A0C6000110	\$ 82,202
Block Grants for Prevention and Treatment of Substance Abuse	U.S. Department of Health and Human Services/Missouri Department of Mental Health	93.959	SDA420P0434	87,371
Temporary Assistance for Needy Families	U.S. Department of Health and Human Services/Missouri Department of Economic Development	93.558	99-18-50-05	56,321
<b>Total U.S. Department of Health and Human Services</b>				<u>1,381,046</u>
<b>U.S. Department of Justice</b>				
National Institute of Justice Research, Evaluation and Development Project Grants	U.S. Department of Justice/Missouri Department of Public Safety	16.560	Various	527,503
<b>Total U.S. Department of Justice</b>				<u>527,503</u>
<b>U.S. Department of Labor</b>				
WIA Pilots, Demonstrations and Research Projects	U.S. Department of Labor	17.261	AF-13614-04-60	311,868
<b>Workforce Investment Act (WIA) Cluster</b>				
WIA Adult Program	U.S. Department of Labor/Missouri Department of Economic Development	17.258	99-18-50-05	1,257

***U.S. Department of Labor (Continued)***



**Southeast Missouri State University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2006**

Cluster/Program	Federal Agency/ Pass-through Entity	CFDA Number	Grant or Identifying Number	Amount
<b>U.S. Department of Labor (Continued)</b>				
WIA Youth Activities	U.S. Department of Labor/Missouri Department of Economic Development	17.259	99-18-50-05	\$ 6,786
WIA Dislocated Workers	U.S. Department of Labor/Missouri Department of Economic Development	17.260	99-18-50-05	<u>94,941</u>
<b>Workforce Investment Act (WIA) Cluster Subtotal</b>				102,984
<b>Total U.S. Department of Labor</b>				<u>414,852</u>
<b>U.S. Department of the State</b>				
Educational Exchange - Graduate Students	U.S. Department of the State/American Council for International Education	19.400	None available	1,868
<b>Total U.S. Department of the State</b>				<u>1,868</u>
<b>U.S. Department of Transportation</b>				
Highway Planning and Construction	U.S. Department of Transportation/Missouri Highway and Transportation Department	20.205	MO-03-0096/ STP-1500(010)	161,898
Formula Grants for Other than Urbanized Areas	U.S. Department of Transportation/Missouri Highway and Transportation Department	20.509	MO-18-X026/ MO-03-0117	97,217
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	U.S. Department of Transportation/Missouri Highway and Transportation Department	20.608	05-164-AL-4	<u>129</u>
<b>Total U.S. Department of Transportation</b>				<u>259,244</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 50,037,675</u>

**Southeast Missouri State University**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2006**

***Notes to Schedule***

1. This schedule includes the federal awards activity of Southeast Missouri State University (the "University") and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.
2. No awards were provided to subrecipients.



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## **Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Regents  
Southeast Missouri State University  
Cape Girardeau, Missouri

We have audited the financial statements of the business type activities and the discretely presented component unit of Southeast Missouri State University as of and for the year then ended June 30, 2006, which collectively comprise its basic financial statements and have issued our report thereon dated November 21, 2006, which contained a reference to the report of other accountants. 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. Other accountants audited the financial statements of Southeast Missouri State University Foundation, as described in our report on Southeast Missouri State University's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**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*.

We noted certain matters that we have reported to the University's management in a separate letter dated November 21, 2006.

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

BKD, LLP

November 21, 2006



## Independent Accountants' Report on Compliance and Internal Control Over Compliance with Requirements Applicable to Major Federal Awards Programs and Schedule of Expenditures of Federal Awards

The Board of Regents  
Southeast Missouri State University  
Cape Girardeau, Missouri

### Compliance

We have audited the compliance of Southeast Missouri State 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, 2006. The University's major federal programs are identified in the summary of auditor's 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 compliance of Southeast Missouri State University 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 on the University's compliance with those requirements.

In our opinion, Southeast Missouri State University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### **Internal Control Over Compliance**

The management of Southeast Missouri State University is responsible for establishing and maintaining effective internal control over compliance with 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 and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the University's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-1 and 06-2.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all the reportable conditions described above is a material weakness.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of Southeast Missouri State University as of and for the year ended June 30, 2006, and have issued our report thereon dated November 21, 2006, which contained a reference to the report of other accountants. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Southeast Missouri State University's 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

**BKD, LLP**



**Southeast Missouri State University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

**Summary of Auditor's Results (Continued)**

7. The University's major programs were:

<b>Cluster/Program</b>	<b>CFDA Number</b>
Student Financial Aid Cluster	
Federal Family Educational Loan Program	84.032
Federal Work Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Federal Supplemental Education Opportunity Grant Program	84.007
National Leadership Grants	45.312
Health Care and Other Facilities	93.887
Public Telecommunications Facilities Planning and Construction	11.550
Special Education – Grants for Infants and Families with Disabilities	84.181
Reading First State Grant	84.357

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in OMB Circular A-133 was \$430,185.

9. The Organization qualified as a low-risk auditee as that term is defined in OMB Circular A-133?  Yes  No



**Southeast Missouri State University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

**Findings Required to be Reported by *Government Auditing Standards***

<b>Reference Number</b>	<b>Finding</b>	<b>Questioned Costs</b>
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No matters are reportable

**Southeast Missouri State University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

**Findings Required to be Reported by OMB Circular A-133**

Reference Number	Finding	Questioned Costs
06-1	<p style="text-align: center;"><b>Student Financial Aid Cluster - Federal Perkins Loans Program, CFDA No. 84.038, U.S. Department of Education, Award Number P038A052382, Program Year 2006</b></p> <p>Criteria or Specific Requirement – Reporting.</p> <p>Condition – Federal regulations provide that the University is responsible for submitting the Fiscal Operations Report and Application to Participate (FISAP) by October 1 of each year. The FISAP is an application to receive Federal funds and to report award information from the prior year. As part of the FISAP, the University is required to report all funds received and disbursed, in addition to the number of students associated with these funds. One of the specific items the University is required to submit on the FISAP is the total principal and interest related to the Perkins program repaid by borrowers from all sources during the award year. The FISAP submitted by the University did not report an accurate amount, as the reported amount did not include related interest.</p> <p>Context – The 2004-2005 FISAP report submitted to the Department of Education by the University was tested for accuracy. The principal and interest amount repaid by borrowers from all sources related to the Perkins program was understated by \$66,000.</p> <p>Effect – Principal and interest repaid by borrowers from all sources was under-reported on the FISAP.</p> <p>Cause – University personnel inadvertently entered the incorrect amount on the FISAP. An independent reviewer did not review the supporting documentation of the amounts that were entered into the report.</p> <p>Recommendation – The University should consider implementing a review process. The process should include a review of the FISAP by an individual other than the original preparer as to avoid future mistakes that could potentially be significant. As part of the review process, the information included in the FISAP should be agreed to underlying supporting documentation.</p>	None

**Southeast Missouri State University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

**Findings Required to be Reported by OMB Circular A-133 (Continued)**

Reference Number	Finding	Questioned Costs
06-1	<b>Student Financial Aid Cluster - Federal Perkins Loans Program, CFDA No. 84.038, U.S. Department of Education, Award Number P038A052382, Program Year 2006</b>	None

Criteria or Specific Requirement – Reporting (Continued).

Views of Responsible Officials and Planned Corrective Actions –  
The University concurs with this finding. The omission of interest was an oversight. The 2004-2005 FISAP was reviewed by the Director of Financial Aid and the Vice-President for Business and Finance. The Controller will be included in the review process for Parts III, IV, V and Part VI Section B of the Fiscal Operations Report. The principal and interest was included in Schedule A of the FISAP, but the interest was inadvertently omitted from Schedule B, a supporting schedule.

**Southeast Missouri State University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

**Findings Required to be Reported by OMB Circular A-133**

Reference Number	Finding	Questioned Costs
06-2	<b>Student Financial Aid Cluster - Federal Family Education Loan Program CFDA No. 84.032, U.S. Department of Education, Program Year 2006</b>	\$2,500

Criteria or Specific Requirement – Eligibility

Condition – All students receiving funds must submit an Award Letter indicating their enrollment status for the current fiscal year. The University must ensure that the enrollment status of the student is current and accurate in order to award a proper amount of Federal Financial Aid.

The University initially assumes all students are full time students when entering in the University’s system. The University is responsible for subsequently adjusting a student’s enrollment status upon receipt of the Award Letter, indicating the student’s most current status. The enrollment status is pertinent to the cost of attendance calculation, which determines the amount of aid a student is eligible to receive.

Context – Out of a sample of 30 students selected for testing, one student indicated the individual would be enrolled part time on the individual’s Award Letter, but no adjustment was made by the University to the individual’s file. The cost of attendance calculation and ultimately the amount of aid awarded were therefore overstated.

Effect – The student was over-awarded \$2,500 in Unsubsidized Federal Family Education Loan funds due to the oversight.

Cause – When determining the cost of attendance and the amount of aid to be awarded, University personnel overlooked the student’s part time status which led to the student maintaining the assumed full time status.

**Southeast Missouri State University**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

**Findings Required to be Reported by OMB Circular A-133 (Continued)**

Reference Number	Finding	Questioned Costs
06-2	<b>Student Financial Aid Cluster - Federal Perkins Loans Program, CFDA No. 84.038, U.S. Department of Education, Award Number P038A052382, Program Year 2006</b>	\$2,500

Recommendation – The University should review its current procedures related to tracking the most recent enrollment status of students and implement changes where warranted based upon the University’s review. In addition, the University should consider conducting periodic self-reviews in this area as an additional control procedure to help ensure the proper amount of financial aid is awarded to eligible students.

Views of Responsible Officials and Planned Corrective Actions – The University concurs with the finding. This was a clerical oversight. Currently, there is a procedure in place to reduce the budget when a student indicates on the award letter less than full-time enrollment anticipated. An additional step will be implemented for a second person to review award letters. Any student award letter that indicates less than full-time anticipated enrollment will be reviewed against the student’s record to make sure the budget was adjusted appropriately.

**Southeast Missouri State University**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2006**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
	No matters are reportable	