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**SOUTHEAST MISSOURI  
STATE UNIVERSITY**  
*OMB CIRCULAR A-133  
SINGLE AUDIT REPORT  
JUNE 30, 2012*

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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, 2012, and have issued our report thereon dated October 17, 2012. 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**

Management of the university is responsible for establishing and maintaining effective 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 financial 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 17, 2012

**Independent Auditors' Report On  
Compliance With Requirements That  
Could Have A Direct And Material Effect  
On 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 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, 2012. 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, 2012. 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 2012-01.

### Internal Control Over Compliance

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, 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.

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 2012-01. *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, 2012, and have issued our report thereon dated October 17, 2012, which contained an unqualified opinion on those financial statements. 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 basic 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements 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 13, 2012 (except for paragraph 8  
which, is dated October 17, 2012)

**SOUTHEAST MISSOURI STATE UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	CFDA Number	Federal Expenditures
<b>National Science Foundation:</b>				
Direct	PBL Network 12	DBI-1062049	47.074	\$ 29,748
	MAA Conference 12	DMS-0846477	47.049	802
	Summer Program in Green Chemistry	OISE-966395	47.079	33,737
	ARRA-Research Lab Renovation	CHE-0962983	47.082	185,837
Total National Science Foundation				<u>\$ 250,124</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	\$ 32,455
	SAHEC Food Program 11 12 13	ERS4611-1831	10.558	16,010
	Total Child and Adult Care Food Program			48,465
Direct	Rural Business Enterprise Grants - Operation Restart	29-016-436003569	10.769	31,418
Total United States Department of Agriculture				<u>\$ 79,883</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 2012	MO-18-X031	20.509	\$ 136,000
	Mini Shuttle Buses 2012	MO-18-X028	20.509	75,915
	Multi Modal Transfer & Buses	MO-03-0117	20.500	634
Total United States Department of Transportation				<u>\$ 212,549</u>
<b>United States Department of Education:</b>				
Direct	Student Financial Aid Cluster			
	Federal Supplemental Educational Opportunity Grant Program	P007A082382	84.007	\$ 256,200
	Federal Work Study Program	P033A082382	84.033	325,776
	Federal Pell Grant Program	P063P081752	84.063	14,611,684
	Federal Direct Loan Program	P268K101752	84.268	47,175,258
	Academic Competitiveness Grant	P375A101752	84.375	975
	National Science and Mathematics Access	P376S101752	84.376	300
	Federal Perkins Loan Program	—	84.038	545,213
	Teacher Education Assistance for College and Higher Education Grants	P379T121752	84.379	281,914
	Total Student Financial Aid Cluster			<u>63,197,320</u>



**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
Direct	Trio Cluster			
	Student Support Services 2011	P042A100954	84.042	\$ 43,585
	Student Support Services 2012	P042A100954	84.042	235,216
	Student Support Services Supplement 2012	P042A100954	84.042	17,412
	McNair Post-Baccalaureate Achievement	P217A080222-10	84.217	48,114
	McNair Post-Baccalaureate Achievement	P217A080222-11	84.217	159,433
	Total Trio Cluster			<u>503,760</u>
Direct	Gaining Early Awareness and Readiness for Undergraduate Programs - Gear Up Programs 2011	P334A050293-11	84.334	<u>132,456</u>
Passed through Missouri Department of Higher Education	College Access Challenge Grant Program - Prep and PAS 2012	—	84.378	<u>87,356</u>
Passed through Missouri Department of Elementary and Secondary Education	School Improvement Grants Cluster			
	ARRA School Turnaround Program 2012	—	84.377	95,812
Passed through University of Missouri - Columbia	ARRA - MU Turnaround Schools 2012	C0031184-1	84.388	5,865
	Total School Improvement Grants Cluster			<u>101,677</u>
Passed through Missouri Department of Higher Education	Improving Teacher Quality State Grants			
	Boosting Bootheel Math 12	—	84.367	<u>101,212</u>
Direct	Higher Education _ Institutional Aid - Title III Strengthening Institutions	P031A090131 -11	84.031	825,645
	Higher Education _ Institutional Aid - Title III Strengthening Institutions	P031A09131-10	84.031	21,410
	Total Higher Education - Institutional Aid			<u>847,055</u>
Direct	Fund for the Improvement of Postsecondary Education			
	Technology Upgrades 2011	P116Z100042	84.116	332,217
	Technology Upgrades Kent Info Commons	P116Z090129	84.116	51,509
	Total Fund for the Improvement of Postsecondary Education			<u>383,726</u>
Total United States Department of Education				<u>\$ 65,354,562</u>

**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
For The Year Ended June 30, 2012**

<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>Delta Regional Authority</b>				
Direct	Delta Area Economic Development			
	DRA Post Flood 12	MO10192	90.201	\$ 70,718
	DRA Accelerated Entre in the Delta	MO-5542	90.201	63,321
	Total Delta Area Economic Development			<u>134,039</u>
Passed through The University of Alabama	Delta Regional Development			
	Delta Leadership 12	09-074	90.200	19,971
	Delta Leadership 11	09-074	90.200	3,394
	USDA RCAP Operation Jump Start	RW0210	90.200	64,699
	USDA RBOG Red Delta Communities Phase II	RW0199	90.200	5,288
	Total Delta Regional Development			<u>93,352</u>
Passed through the U.S. Department of Agriculture	USDA Rural Business Opportunity Grants	29016436003569	10.773	<u>33,137</u>
Total Delta Regional Authority				<u>\$ 260,528</u>
<b>National Aeronautical and Space Administration</b>				
Direct	Aerospace Education Services Program			
	MO NASA Education Program - Project F	NNX10AH94G	43.001	<u>\$ 339,963</u>
<b>National Endowment for the Arts</b>				
Direct	Promotion of the Arts - Creating Music 11	—	45.024	<u>\$ 7,554</u>
<b>Small Business Administration</b>				
Passed through University of Missouri - Columbia	Small Business Development Center			
	SBDC Portable Assistance	SBAHQ-11-8-006	59.037	\$ 47,765
	SBDC 2012	E00035127-3	59.037	69,078
	SBDC 2011		59.037	11,104
	Total Small Business Development Center			<u>127,947</u>
Direct	SBA Reitalizaing Rural Communities	SDBAHQ-09-I-0042	59.007	<u>170,747</u>
	Prime Technical Assistance Program			
	Delta MDC 2011	SBAQ-10-Y-0066	59.050	97,197
	SBA Delta MDC 2012	SBAHQ-10-Y-0065	59.050	66,183
	SBA Growth Start 2012	SBAHQ-10-Y-0066	59.050	50,410
	Growth Start 2011	SBAQ-10-Y-0065	59.050	61,254
	Total Prime Technical Assistance Program			<u>275,044</u>
Total Small Business Administration				<u>\$ 573,738</u>

# SOUTHEAST MISSOURI STATE UNIVERSITY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)* For The Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
<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	\$ 66,906
	Rural Health Outreach Special Initiative 2010	D1ARH20082-01-00	93.888	96,375
	Total Rural Health Outreach Special Initiative			<u>163,281</u>
	Advanced Education Nursing Traineeships			
	Adv Ed Nursing Traineeships 2011	A10HP00196-11-00	93.358	2,098
	Adv Ed Nursing Traineeships 2012	A10HP00196-12-00	93.358	24,812
	Total Advanced Education Nursing Traineeships			<u>26,910</u>
Passed through Missouri Department of Mental Health	Block Grants for Prevention and Treatment of Substance Abuse Southeast Regional Support Center	SDA420P1009	93.959	<u>90,417</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 2011	—	93.044	83
	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior APPLE Paperwork Project AAA 2012		93.044	14,823
	Total Special Programs for the Aging			<u>14,906</u>
Passed through Southeast Missouri Area Agency on Aging	National Family Caregiver Support, Title III, Part B - AAA SA Eldercare 2011	—	93.052	<u>21,384</u>
Passed through Missouri Department of Health and Senior Services	Center for Disease Control and Prevention, Investigation and Technical Assistance Mosquito Surveillance		93.283	<u>3,319</u>
Passed through Missouri Department of Elementary and Secondary Education	Child Care and Development Block Grant Cluster			
	CDA Training	—	93.575	187
	CDA Training 2012	120-120	93.575	15,000
Passed through Missouri Department of Health and Senior Services	ARRA - Environmental Asthma Trigger Training in Schools	AOC10380389	93.713	117,811
	Total Child Care and Development Block Grant			<u>132,998</u>
Total United States Department of Health and Human Services				<u>\$ 453,215</u>
<b>Department of Homeland Security</b>				
Pass through State of Missouri Emergency Management	Pre-Disaster Mitigation Grant - Generator	EMK-2008-PD-0002	97.047	<u>\$ 383,106</u>
<b>United States Department of Housing and Urban Development</b>				
Direct	Rural Housing and Economic Development - HUD Construction 09	—	14.250	<u>\$ 28,296</u>
<b>United States Department of Justice</b>				
Direct	Forensics Laboratory 2011	2010-DD-BX-0410	16.753	\$ 3,237
	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking - Victory 2007	2006-WA-AX-0006	16.525	56,224
Total United States Department of Justice				<u>\$ 59,461</u>

**SOUTHEAST MISSOURI STATE UNIVERSITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**For The Year Ended June 30, 2012**

Federal Grantor/Pass-Through Grantor	Program Or Cluster Title	Grant Number	Federal CFDA Number	Federal Expenditures
<b>United States Department of Labor</b>				
Direct	WIA Pilots, Demonstrations, and Research Projects - DOL Entrepreneurship Training Initiative	EA-18260-09-06-A-29	17.261	<u>\$ 46,983</u>
<b>Institute of Museum and Library Sciences</b>				
Passed through Missouri State Library	Grants to States - Confluence and Crossroads	2011-LSD1-DIGC1C	45.310	<u>\$ 70,863</u>
<b>United States Department of Commerce</b>				
Direct	Public Telecommunications Facilities Planning and Construction Generator 2011	29-01-N10155	11.550	<u>\$ 105,159</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>\$ 1,044</u>
<b>United States Environmental Protection Agency</b>				
Direct	Surveys, Studies, Research Activities Related to the Clean Water Act Asthma in Home 2011	XA-97720101	66.034	<u>\$ 12,038</u>
<b>United States Fish and Wildlife Service</b>				
Direct	State Wildlife Grants - Insect Survey		15.634	<u>\$ 7,974</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 68,247,040</u>

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# SOUTHEAST MISSOURI STATE UNIVERSITY

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2012

### 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, 2012. 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, 2012:

	<u>CFDA</u>	<u>Advances</u>
Student Financial Aid:		
Department of Education:		
Federal Direct Loans	84.268	\$ 47,175,258
Federal Perkins Loans	84.038	542,213

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

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# SOUTHEAST MISSOURI STATE UNIVERSITY

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS For The Year Ended June 30, 2012

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

Noncompliance material to financial statements noted?      yes   X   no

#### **Federal Awards**

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?   X   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 #84.033 - 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 Grants

##### **TRIO Cluster**

CFDA #84.042 - U.S. Department of Education - Student Support Services

CFDA #84.217 - U.S. Department of Education - McNair Post-Baccalaureate Achievement

**CFDA #43.001** - National Aeronautical and Space Administration - Science Grants

**CFDA #84.116** - U.S. Department of Education - Fund for the Improvement of Postsecondary Education - Technology Upgrades

**CFDA #97.047** - Department of Homeland Security - Pre-Disaster Mitigation Grant

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, 2012**

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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. 2012-01**

**Federal Award  
Information:**

Student Financial Aid Cluster

**CFDA No:**

84.007, 84.033, 84.063, 84.268, 84.375, 84.376, 84.038, 84.379

**Criteria:**

Federal Regulations require the institution to notify the student or parent when the institution credits the student's account with Direct Loan, FFEL, Federal Perkins Loan, or TEACH Grant Program Funds. This notification must include the anticipated date and amount of the disbursement, the student's or parent's right to cancel all or a portion of the loan/disbursement, and the procedures and time by which the student/parent must notify the institution of desire to cancel the loan/disbursement. The notification must be sent no earlier than 30 days before, and no later than 30 days after, crediting the student's account at the institution if affirmative confirmation is obtained from the student or no earlier than 30 days before, and no later than 7 days after, crediting the student account at the institution if affirmative confirmation is not obtained from the student.

**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.

**Questioned Costs:**

None

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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, 2012

**Cause:** The University was unaware that the disbursement notification requirement extended to awards disbursed out of the TEACH grant program.

**Effect:** The University is not in compliance with TEACH grant notification requirements.

**Recommendation:** We recommend that the University send disbursement notification letters to all TEACH Grant recipients as required by federal regulations. Additionally, we recommend that the University revise its Student Financial Aid policies and procedures surrounding the distribution of disbursement notification letters to include students receiving TEACH grant disbursements in order to ensure that similar errors do not occur in future years.

**Corrective Action**

**Plan:** The University concurs with the finding and is taking steps for corrective action.

The University will modify the software used to generate disbursement letters to include all disbursements coded to the TEACH grant. The University believes that this process addition will ensure that disbursement notifications are appropriately sent to all TEACH grant recipients.

**Completion Date:** December 31, 2012

**Contact Person  
And Title:**

Karen Walker, Director of Student Financial Aid



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# SOUTHEAST MISSOURI STATE UNIVERSITY

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## SCHEDULE OF PRIOR AUDIT FINDINGS For The Year Ended June 30, 2012

### Finding No. 2011-01

**Condition:** For 1 student out of 40 selected for recalculation of benefits, it was determined that an incorrect cost of attendance was being used to calculate the student's financial need. This occurred because the cost of attendance budget for in-state, on-campus students incorrectly included the transportation costs applicable to in-state, off-campus students. This resulted in an overaward of the student's subsidized loan. The student's loans were reallocated to unsubsidized so that the student was not overawarded; however, this condition was found to impact more than just the student selected.

The University identified all students impacted by the error by running a query of all students with an on-campus residence hall address but a cost of attendance incorporating off-campus transportation costs. Where possible, the loans of affected students were reallocated from subsidized to unsubsidized to correct this error. However, even after this reallocation took place, it was determined that \$43,015 in subsidized loans had been overawarded to students where reallocation was not possible.

**Status:** The University added two steps to its current review procedures to assist in mitigating errors in future years. First, all professional level staff in the Financial Aid area are reviewing the budget set-up form in the Financial Aid management system (Banner) at the time budgets are established annually. This allowed five additional staff members to review the budgets and budget components prior to assigning budgets to individual student records. Secondly, Financial Aid is randomly reviewing student award notifications prior to printing to assure that budgets are consistent with student residency and living plans. The University believes these two controls will assure that the correct budgets and amounts are assigned to students prior to sending award notifications and processing aid payments.

Additionally, the University has contacted the Department of Education regarding the overawarding of \$43,015 in subsidized loans, and has taken appropriate corrective action based on this consultation.