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***UNIVERSITY OF CENTRAL MISSOURI***  
*OMB CIRCULAR A-133*  
*SINGLE AUDIT REPORT*  
*JUNE 30, 2012*

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RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

10975 Grandview Drive  
Suite 600  
Overland Park, KS 66210

T 913.491.4144  
F 913.491.6821

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

**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 Governors  
The University  
Warrensburg, Missouri

We have audited the financial statements of University of Central Missouri (the University) as of and for the year ended June 30, 2012 and have issued our report thereon dated November 5, 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 controls 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 opinions 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 entity'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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as items 2012-1 through 2012-3. A significant deficiency is a deficiency or 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.

### **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*.

The University's responses to the findings identified in our audit are 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 them.

This report is intended solely for the information and use of management, the Board of Governors 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 5, 2012



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10975 Grandview Drive  
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T 913.491.4144  
F 913.491.6821

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

**Independent Auditors' Report On Compliance  
With Requirements That Could Have A Direct And  
Material Effect On Each Major Program And On  
On Internal Control Over Compliance In Accordance  
With OMB Circular A-133 And On The Schedule Of  
Expenditures Of Federal Awards**

Board of Governors  
University of Central Missouri  
Warrensburg, Missouri

**Compliance**

We have audited the compliance of University of Central Missouri (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 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 on 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 instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-4 through 2012-12.

### **Internal Control Over Compliance**

Management of the 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 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 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 certain deficiencies in internal controls over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2012-4 through 2012-12. A significant deficiency in internal controls 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 responses to the findings identified in our audit are 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 the responses.

### **Schedule Of Expenditures Of Federal Awards**

We have audited the basic financial statements of the University as of and for the year ended June 30, 2012, and have issued our report thereon dated November 5, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the University's 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 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 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 financial statements as a whole.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the University's major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the University's compliance but not to provide an opinion on the effectiveness of the University's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose.

*RubinBrown LLP*

November 19, 2013

(except for paragraph 8,  
which is dated November 5, 2012)

**UNIVERSITY OF CENTRAL MISSOURI**

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department Of Education</b>			
Student Financial Aid Cluster			
Academic Competitiveness Grant	84.375		\$ 1,575
TEACH Grants	84.379		115,500
Federal SEOG	84.007		168,587
Federal Work Study	84.033		296,442
Federal Pell Grants	84.063		14,864,327
Federal Direct Student Loans	84.268		67,606,254
Federal Perkins Loan	84.038		760,764
<i>Total Student Financial Aid Cluster</i>			<u>83,813,449</u>
TRIO Cluster			
Student Support Services	84.042		275,495
McNair Central Achievers Program	84.217		215,762
<i>Total TRIO Cluster</i>			<u>491,257</u>
Benchmarking International Homeland Security Ed.	84.116		<u>15,579</u>
Preventing High Risk Drinking	84.184		<u>23,525</u>
<b>Passed Through Missouri Department Of Elementary And Secondary Education</b>			
Migrant English Language Learning	84.011	unknown	(47)
Migrant English Language Learning	84.011	unknown	178,648
<i>Total Migrant English Language Learning Program</i>			<u>178,601</u>
Special Education Cluster (IDEA)			
Special Education Consultants - RPDC	84.027	unknown	662
Special Education Consultants - RPDC	84.027	unknown	303
Special Education Consultants - RPDC	84.027	unknown	150,000
Special Education Consultants - RPDC	84.027	unknown	397,065
RTI Implementation Support	84.027	unknown	105,240
<i>Total IDEA Cluster</i>			<u>653,270</u>
<b>Passed Through Missouri Coordinating Board For Higher Education</b>			
Middle School Math Mastery	84.367	Cycle 9 ITQG	<u>165,421</u>
<b>Total U.S. Department Of Education</b>			<u>\$ 85,341,102</u>

# UNIVERSITY OF CENTRAL MISSOURI

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department Of Transportation</b>			
Highway Safety Cluster - Direct			
NHTSA Central Region Diversity Outreach Liaison	20.600		\$ 36,559
NHTSA Central Region Law Enforcement Liaison	20.600		63,481
<i>Total Highway Safety Cluster - Direct</i>			<u>100,040</u>
<b>Passed Through Missouri Division Of Highway Safety</b>			
Highway Safety Cluster - Indirect			
Driver Improvement Program	20.600	#11-DE-02-2	12,615
Statewide Seat Belt Survey	20.600	#11-OP-05-4	13,297
Teen Seatbelt Survey	20.600	#11-OP-05-6	6,151
Occupant Protection - Youth Enforcement	20.600	#11-OP-05-3	463
Crash Investigation	20.600	#11-AI-04-1	2,802
Click it or Ticket Enforcement	20.600	#11-OP-05-5	(46,281)
Driver Improvement Program	20.600	#12-DE-02-006	38,996
Crash Investigation Training	20.600	#12-AI-04-001	26,417
CIOT Enforcement	20.600	#12-OP-05-005	90,596
Statewide Seat Belt Survey	20.600	#12-OP-05-004	85,323
Teen (High School) Seat Belt Survey	20.600	#12-OP-05-001	57,703
Youth Seat Belt Enforcement	20.600	#12-OP-05-002	21,644
Statewide DWI Enforcement	20.601	#11-K8-03-93	103,140
Statewide Traffic Accident Reporting System	20.610	#11-K9-04-002	23,821
LETS Software Training	20.610	#11-K9-04-004	554
Click it or Ticket CPS	20.613	#11-K3-05-001	137,012
Click it or Ticket CPS	20.613	#12-K3-05-003	5,483
<i>Total Highway Safety Cluster - Indirect</i>			<u>579,736</u>
Alcohol Open Container Requirements Program			
Breath Alcohol Lab Operations	20.607	#11-154-AL-87	111,097
SFST Coordination	20.607	#11-154-AL-92	40,506
Ignition Interlock Monitoring	20.607	#11-154-AL-91	18,414
Sobriety Checkpoint Supervision Training	20.607	#11-154-AL-93	29,049
Alcohol Impaired Driving Measures	20.607	#12-154-AL-085	221,736
Statewide DWI Enforcement	20.607	#12-154-AL-083	69,849
<i>Total Alcohol Open Container Requirements Program</i>			<u>490,651</u>
<b>Total U.S. Department Of Transportation</b>			<u>\$ 1,170,427</u>
<b>U.S. Department Of Health And Humans Services</b>			
Midwest Clinic for Autism Spectrum Disorder	93.647		138,893
<b>Total U.S. Department Of Health And Human Services</b>			<u>\$ 138,893</u>
<b>U.S. Small Business Administration</b>			
Small Business Development Centers Program	59.037		198,338
<b>Total U.S. Small Business Administration</b>			<u>\$ 198,338</u>
<b>National Science Foundation</b>			
Undergraduate Mathematics Conference	47.049		\$ (690)
Education and Human Resources	47.076		1,821
Renovation of Research Space	47.082		56,934
<b>Total National Science Foundation</b>			<u>\$ 58,065</u>

# UNIVERSITY OF CENTRAL MISSOURI

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

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. Department Of Agriculture</b>			
Child and Adult Care Food Program	10.558		\$ 54,805
Public TV Station Digital Transition	10.861		576,246
<b>Total U.S. Department Of Agriculture</b>			<b>\$ 631,051</b>
<b>National Endowment For The Arts</b>			
Performing Arts Series 2010	45.025		\$ (114)
Social Justice Film Festival	45.024		359
<b>Passed Through Missouri Humanities Council</b>			
UCM Women's Week 2012	45.129	#1707	2,500
<b>Total National Endowment For The Arts</b>			<b>\$ 2,745</b>
<b>Institute Of Museum And Library Sciences</b>			
PRAXIS Librarians for Practice	45.313		\$ 244,195
<b>Total Institute Of Museum And Library Sciences</b>			<b>\$ 244,195</b>
<b>U.S. Department Of Justice</b>			
<b>Passed Through Missouri Department Of Public Safety</b>			
Enforcing Underage Drinking Laws Project	16.727	2009-EUDL-AF-01	\$ 152,160
Enforcing Underage Drinking Laws Project	16.727	2009-EUDL-27	4,441
<i>Total Enforcing Underage Drinking Laws Project</i>			156,601
<b>Total U.S. Department Of Justice</b>			<b>\$ 156,601</b>
<b>U.S. Department Of Labor</b>			
<b>Passed Through Missouri Department Of Economic Development Division Of Workforce Development</b>			
State Energy Sector Partnership	17.275	75-35-55-09	\$ 103
<b>Total U.S. Department Of Labor</b>			<b>\$ 103</b>
<b>U.S. Environmental Protection Agency</b>			
<b>Passed Through Missouri Conservation Commission</b>			
Clean Water Act Monitoring	66.436	106 Grant	\$ 32,621
<b>Total U.S. Environmental Protection Agency</b>			<b>\$ 32,621</b>
<b>U.S. Department Of Energy</b>			
<b>Passed Through Missouri University of Science and Technology</b>			
Advanced Electric Vehicles	81.086	00026334-01	\$ 181,982
<b>Total U.S. Department Of Energy</b>			<b>181,982</b>
<b>Total Expenditures Of Federal Awards</b>			<b>\$ 88,156,123</b>

See the accompanying notes to schedule of expenditures of federal awards.

# UNIVERSITY OF CENTRAL MISSOURI

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS June 30, 2012

### 1. Organization

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of University of Central Missouri (the University) for the year ended June 30, 2012. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

### 2. Basis Of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the University under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of State, Local Government, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

### 3. Summary Of Significant Accounting

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Education Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

# UNIVERSITY OF CENTRAL MISSOURI

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## Notes To Schedule Of Expenditures Of Federal Awards (*Continued*)

### 4. Federal Student Loan Programs

The federal student loan programs listed subsequently are administered directly by the University and balances and transactions relating to these programs are included in the University's basic financial statements. Loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding at June 30, 2012 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance</u>
84.038	Perkins Loan Program	\$ 8,363,568

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program and, accordingly, it is not practical to determine the balance of loans outstanding to students and former students of the University under this program at June 30, 2012.

### 5. Subrecipients

Of the federal expenditures presented in this schedule, the University provided no federal awards to subrecipients.

**UNIVERSITY OF CENTRAL MISSOURI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2012**

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

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? x yes \_\_\_\_\_ 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(ies) 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

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:

Name Of Federal Program Or Cluster	CFDA Number
Student Financial Aid Cluster	
Federal Supplement Educational Opportunity Grants	84.007
Federal Work Study	84.033
Federal Perkins Loans	84.038
Federal Pell Grants	84.063
Federal Direct Student Loans	84.268
Academic Competitiveness Grants	84.375
TEACH Grants	84.379
TRIO Cluster	
Student Support Services	84.042
McNair Central Achievers Program	84.217
Public TV Station Digital Transition	10.861

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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# UNIVERSITY OF CENTRAL MISSOURI

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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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#### **Finding: 2012-1 - Significant Deficiency**

**Criteria or specific requirement:** Lack of segregation of duties related to the accounts payable/disbursement process.

**Condition:** Within the cash disbursement and purchase cycle, the Accounts Payable Manager has the ability to issue a check, access signed checks, record transactions and add new vendors. The Accounts Payable Manager also reconciles accounts payable to the general ledger. This combination of duties results in an individual who can authorize, execute and record transactions without secondary review.

**Cause:** Segregation of duties issues arise due to limited staff in the Accounts Payable department and the need for multiple staff to have duplicative access in order to back up other staff in the case of absences.

**Effect:** The potential for misappropriation of University assets exists due to the lack of segregation of duties.

**Recommendation:** We recommend that the University consider having someone outside the Accounts Payable process complete monthly reviews of new vendors as well as regular (monthly) reviews of checks and ACH transactions to review for duplicate, fraudulent, or inappropriate disbursements.

**Corrective Action Plan:** To enhance internal controls, the responsibility for vendor master file maintenance, printing of check runs, and recording of transactions has been reassigned to individual members of the Accounts Payable staff. The Accounts Payable Manager continues to retain security access to these functions in order to support individual staff members during absence from the workplace, to troubleshoot, or to test new procedures.

Additional internal controls are:

- The Director of Treasury Services periodically runs reports to:
  - review check and ACH registers for duplicate, fraudulent, or inappropriate disbursements; and
  - reconcile accounts payable to the General Ledger.

## UNIVERSITY OF CENTRAL MISSOURI

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### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

- The University Budget Managers access their online budget reports which also provide the detailed disbursement activity. A fraudulent transaction by the Accounts Payable Manager charged to one of their departments would in most cases be detected by the budget managers.

The Office of Technology has developed a report that is now being used by the Director of Treasury Services to routinely monitor all additions and modifications to the vendor master file.

**Responsible Official:** Susan Brockhaus, Sr. Director Treasury Services

**Date Of Completion:** October 15, 2012

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

### **Finding: 2012-2 - Significant Deficiency**

**Criteria or specific requirement:** Lack of segregation of duties and lack of timely reconciliations related to the payroll process.

**Condition:** Within the payroll cycle, the Payroll Director and Payroll Specialist perform or have the ability to perform virtually all access, recording, and monitoring functions.

**Cause:** Segregation of duties issues arise due to limited staff in the Payroll department and the need for multiple staff to have duplicative access in order to back up other staff in the case of absences.

**Effect:** The potential for misappropriation of University assets exists due to the lack of segregation of duties. In addition, errors have occurred that were not always detected and corrected timely because the reconciliation process is not performed in conjunction with each payroll run.

**Recommendation:** We recommend that the Payroll department complete timely reconciliations of payroll ledgers and have someone outside of the Payroll department complete a review of the payroll register prior to final processing to verify amounts appear proper and consistent.

**Corrective Action Plan:** The Office of Payroll Services is a small operation. With three full-time employees, it is essential staff be cross-trained and have the ability to perform duties required to assist customers and support administrative requests during the usual course of business where absenteeism (planned and unplanned) is a reality.

The Payroll Director and the Payroll Specialist have the ability to perform virtually all system processes, recording and monitoring functions. Financial resources are not available to allow further segregation of these responsibilities; however, there are counter measures in place to reduce potential fraud and mismanagement of assets.

Segregation:

- Employees enter hours on electronic time sheet for each pay period. Supervisor approval is required for non-exempt hours to process.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

- Adjustments to master files by the payroll staff are necessary to correct user errors and/or omissions. Banner records the transaction as an “override.” All overrides required by the payroll staff prior to the time sheet deadlines are system stamped with the payroll employee’s name, and the date and time of the action. Corrections after the payroll process has begun require payroll intervention. Documentation is required by the department for the payroll staff to correct any master files. The exception documentation is retained by the payroll department.
- All payroll transactions require labor distribution to be recorded. Labor information is fed to the general ledger after any payroll event is finalized.
- Accounting Services reconciles the payroll bank statement monthly.
- Labor expenses by employee/amount are available to each department budget manager through NHIDIST for review. Budget managers are expected to monitor for any inconsistencies.
- Labor charges are again available by employee/amount to each department with the month-end accounting reports. Budget managers are expected to monitor for any inconsistencies and/or errors.
- Budget levels are encumbered and then monitored by the University’s budget analyst. Should any organization exceed their budgeted personnel services (student payroll included) during the fiscal year, the budget office contacts the department. The departments are responsible for any overages and subsequently investigate the shortages. This information is available immediately after each payroll is finalized.
- The University utilizes Banner Position Control where all full time positions are controlled by encumbering the anticipated employee expense per position at the beginning of the fiscal year. The Provost’s Office monitors the faculty positions to insure shortages are investigated and funded by each department. Encumbrances are updated after each payroll is finalized for projection of payroll expenses for the remainder of the fiscal year.
- Once each payroll is finalized, two automated Argos anomaly reports are circulated to the Payroll Director, the Payroll Specialist and the Assistant Director of Human Resources. One report lists any employees receiving a gross of more than \$15,000 for the pay period. The other report list employees whose pay for the period exceeds their last payroll by more than two times. All employee payments making the list are reviewed immediately.

### Reconciliations:

- Currently, all Banner related reports (original and adjustment payroll registers, original and adjustment deduction reports, original and adjustment finance interface reports, original and adjustment reports for ACH deposits and checks) are available to staff in Accounting Services, Budgeting and Human Resources immediately following the finalization of each payroll.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

- Adjustments to original payrolls are currently performed in a timely manner; however, the financial system design requires the original payroll event be adjusted. It is not always possible to process the adjustment in the same month, or fiscal year, as the original event. An example would be when an employee is paid on the last day of the month and an ACH deposit is returned from the bank the following day. As a result, it is not physically possible to adjustment and post to finance the same business month.

### Corrective Action Plan:

- The University is planning on implementing an Electronic Personnel Action Form (EPAF) process for hiring student employees in the spring of 2013. The EPAF will allow University departments to complete the process of hiring student employees electronically, the Office of Human Resources to electronically approve the job assignments and apply them directly to Banner. This will significantly reduce the number of jobs entered directly by Payroll Services, and will reduce the opportunity for possible fraud.
- The Payroll Office will benchmark other Banner institutions process improvement and best practices. Any spreadsheets and/or queries will be made available to Accounting Services for review as time allows prior to an effective pay date.

Payroll and benefit related accounts will be reconciled in a timely manner.

**Responsible Official:** Tena Duncan, Payroll Director

**Expected Date Of Completion:** January 1, 2013

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

### **Finding: 2012-3 - Significant Deficiency**

**Criteria or specific requirement:** Lack of segregation of duties related to student accounts.

**Condition:** Within the accounts receivable and cash receipts cycle, the Director of Student Accounts (the Director) has the ability to receive or be the custodian of payments and perform one or more recording functions including generating credit memos or billing adjustments, changing the online billing and making a credit entry to credit student accounts. In addition, the Director can also perform one of the monitoring functions of issuing monthly statements to students, or performing an accounts receivable reconciliation. With these capabilities, the Director can access, record, and monitor transactions within the accounts receivable and cash receipts cycle.

**Cause:** Segregation of duties issues arise due to limited staff in the Student Accounts department and the need for multiple staff to have duplicative access in order to back up other staff in the case of absences.

**Effect:** The potential for misappropriation of University assets exists due to the lack of segregation of duties.

**Recommendation:** We recommend that the University consider having someone outside the Student Accounts process complete monthly reviews of all the activity processed by the Director during the month including credits to accounts, payments processed, and billing statements prepared.

**Corrective Action Plan:** The Director of Student Accounts is responsible for the coordination of student billing. The billing process is handled by the University's Office of Technology department through a computer-generated process. Manual adjustments to the student account through the issuance of a credit are handled by the Director of Student Accounts at the recommendation of other University departmental staff after their review has been completed. The majority of credits issued are system generated during the course of University business.

The Director provides oversight for a number of cash related transactions. However, the Director rarely accepts payments or maintains a cash drawer. The Director is not involved in the nightly reconciliation of cash in the nightly bank deposit. The Director transports the locked bank bag to the depository on a nightly basis.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

As the resident expert of accounts receivable functions, the Director does have system security that allows access to all functions of the student and third-party accounts receivable. In addition, in the absence of staff, the Director is responsible for completing staff duties. Any transaction made by the Director in the system is identifiable by user ID.

The Office of Technology has created a report that shows all transactions made by the Director for the Sr. Director of Accounting Services and Student Accounts to review on a periodic basis beginning fiscal year 2013.

**Responsible Official:** Donna Bodenhamer, Director of Student Accounts & Loans

**Date Of Completion:** September 26, 2012

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# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

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

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#### **Finding: 2012-4 – Significant Deficiency**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379 Student Financial Aid Cluster**

**Criteria:** According to the 2011-2012 Federal Student Aid Handbook, Volume 2, Chapter 5, “All schools are required to report (using the E-App) to the Department adding an additional accredited and licensed location where they will be offering 50% or more of an eligible program if the school wants to disburse FSA program funds to students enrolled at that location. Schools must not disburse FSA program funds to students at a new location before the school has reported that location and submitted any required supporting documents to the Department. Once it has reported a new licensed and accredited location, unless it is a school that is required to apply for approval for a new location, a school may disburse FSA program funds to students enrolled at that location.”

In addition to locations, schools are required to report changes or additions of Career and Technical Education (CTE) programs to the Program Participation Agreement (PPA) and Eligibility and Certification Approval Reports (ECAR). “Before the school may determine these programs to be eligible and disburse funds to enrolled students, the school must have received both the required State and accrediting agency approvals. The school must include any “self-certified” programs on its next recertification application, and provide copies of the State and accreditor approvals.”

The University also has to report third party services on the PPA. According to the Federal Student Aid Handbook, Volume 2, Chapter 5: “A school notifies the Department by updating Section J of the E App within 10 days of the date of the change or action. This notification must include the name and address of the servicer and the nature of the change or action. A school is only required to submit a copy of its contract with a third party servicer if the Department requests it. A school is not required to submit the contract as part of the recertification process.”

**Condition:** Per review of the University’s ECAR/PPA, the University had not updated the ECAR for the addition of the Lee’s Summit Satellite Location (the Summit Center), the THRIVE program or the change in third party service providers.

**Effect:** Programs, locations, and third party service providers were not properly approved and reported to the Department of Education causing students receiving funds under these locations and programs to be have been improperly awarded Student Financial Aid.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

**Questioned Costs:** During the current year, the Department of Education completed a review of the University's 2010-2011 and 2011-2012 award years and found similar errors with the ECAR/PPA as those noted during our testing. Since the University did not properly report programs, locations and changes in third party service providers, approximately \$5,600,000 in student funding may be in question. Penalties, if any, for these errors are unknown at the time of this report, but are anticipated.

**Cause:** The previous Director of Student Financial Assistance was unaware of the aforementioned requirements needed on the PPA/ECAR.

**Recommendation:** RubinBrown recommends that the University update the ECAR for noted errors and review for any additional changes that need to be made.

**Corrective Action Plan:** The Director of Financial Assistance added the Summit Center to the ECAR/PPA on August 6, 2012 and was approved by the U.S. Department of Education on October 29, 2012. The Director is currently updating the ECAR/PPA to add the THRIVE program, the University's third party servicers, administrative personnel and the FAA flight certification expiration date with the U.S. Department of Education (DOE).

**Responsible Official:** Angela Karlin, Director of Student Financial Assistance

**Expected Date Of Completion:** November 9, 2012

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

### **Finding: 2012-5 - Significant Deficiency**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379 Student Financial Aid Cluster**

**Criteria:** According to the Federal Student Aid Handbook, Volume 2, Chapter 6, a University must confirm that the student has completed face-to-face or online counseling, or that the student has been mailed exit loan counseling material within 30 days of learning that the student has withdrawn or failed to participate in an exit counseling session.

**Condition:** In our sample of 40 students, there was no documentation of exit counseling for 26 students. All 26 of these students left the University prior to May 2012.

**Effect:** Students are not properly informed of their responsibilities for the repayment of loans received once leaving the University.

**Questioned Costs:** There were no questioned costs to report as the finding relates only to exit counseling and is not related to eligibility. During the current year the Department of Education completed a review of the University's 2010-2011 and 2011-2012 award years and found similar errors with the exit counseling process. Penalties, if any, for these errors are unknown at the time of this report.

**Cause:** The University does not appear to have had proper processes and related controls in place, prior to May 2012, to complete the exit counseling requirements for all students who have graduated or unofficially withdrawn within 30 days of the date of graduation or the date that the University determines that the student has withdrawn.

**Recommendation:** RubinBrown recommends that the Financial Aid department review and consider revisions to their processes and related controls in place to complete the exit counseling requirements for all students who have graduated or unofficially withdrawn within 30 days of the date of graduation or the date that the University determines that the student has withdrawn. It was noted that for all students leaving the University after May 2012, exit counseling was occurring and a new process had been put into place.

**Corrective Action Plan:** The Office of Financial Assistance is notified of students that have withdrawn or graduated by reports or by the Office of Student Engagement. Once notified, the loan processing staff will send a notice of exit loan counseling to a student's personal email or last known personal address that is on file in Banner. This will be completed within 30 days of their official or unofficial last date of attendance or graduation date.

**UNIVERSITY OF CENTRAL MISSOURI**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)  
For The Year Ended June 30, 2012**

**Responsible Official:** Angela Karlin, Director of Student Financial Assistance

**Date Of Completion:** September 4, 2012

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

### **Finding: 2012-6 - Significant Deficiency**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379 Student Financial Aid Cluster**

**Criteria:** According to the 2011-2012 Federal Student Aid Handbook, Volume 4, Chapter 1, “when loan funds are being credited to a student’s account, the school must also notify the student or parent in writing of the anticipated date and amount of the disbursement, student’s (or parent’s) right to cancel all or part of the loan or disbursement, and procedures and the time by which the student (or parent) must notify the school that he or she wishes to cancel the loan or disbursement.” Due to the University obtaining affirmative confirmation, the notification must be sent “no earlier than 30 days before and no later than 30 days after crediting the student’s account.”

**Condition:** Out of our sample of 40 students, for 30 students it was noted that the University was not sending letters/emails/notifications to students of their anticipated date and amount of disbursement, rights to cancel, and procedures to cancel within 30 days prior to or 30 days after the actual disbursement/credit to the student’s account.

**Effect:** Students are not properly notified of their rights and responsibilities with regard to loans being credited to their accounts.

**Questioned Costs:** Since students were not properly notified of their right to cancel, it is possible that eligible students would have chosen to cancel their disbursements/loans. It is not possible at this time to estimate the number of students that might have considered this option had they been properly notified; therefore we cannot estimate a monetary amount of questioned costs. No exceptions related to student eligibility were noted.

**Cause:** The University does not appear to have proper processes and related controls in place to notify students (or parents) of the required information, within the proper timeframe, when crediting student accounts with loan funds.

**Recommendation:** RubinBrown recommends that the Financial Aid department review and consider revisions to their processes and related controls in place to notify students (or parents) of the required information, within the proper timeframe, when crediting student accounts with loan funds.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

**Corrective Action Plan:** The Financial Aid Office has created processes that will notify all students (or parents) of the disbursement of their loan proceeds to their student accounts. A notice will be sent to all recipients within the 30 day timeframe with fund, date of disbursement and amount to all borrowers via their University email account. In the case of a PLUS loan, parental email addresses will be used or a paper notice will be sent to those parents without an email on file.

**Responsible Official:** Angela Karlin, Director of Student Financial Assistance

**Date Of Completion:** September 28, 2012

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

### **Finding: 2012-7 - Significant Deficiency**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379 Student Financial Aid Cluster**

**Criteria:** According to the 2011-2012 Federal Student Aid Handbook, Volume 4, Chapter 1, “Unless a student or parent (in the case of a Parent PLUS loan) authorizes a school to hold a credit balance, the credit balance must be paid to the student or parent as soon as possible, but no later than 14 calendar days after the balance is created (or 14 calendar days after the first day of class if the credit balance was created before the first day of class.)”

**Condition:** Out of the 40 students tested during Student File testing, for 1 student who had a credit balance, the University did not remit the funds to the student within 14 days of the credit occurring and there was no evidence provided to support that the student (or parent) authorized the University to hold the credit balance. This issue was also noted for 3 students during the Department of Education review.

**Effect:** Student funds were not properly handled and the University maintained control of funds that should have been remitted to the eligible student.

**Questioned Costs:** There were no questioned costs to report as the finding relates only to the timing of remitting funds to a student and is not related to eligibility. No exceptions related to student eligibility were noted.

**Cause:** The University does not appear to have proper processes and related controls in place to ensure that funds are remitted to a student within 14 days of crediting a student’s account.

**Recommendation:** RubinBrown recommends that the University’s Department of Student Financial Services review and consider revisions to their processes and related controls in place to remit funds to students within 14 days of crediting the student’s account.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

**Corrective Action Plan:** Currently, students are required to access a link in MyCentral to read and agree to the following text:

Attention - Students enrolled for the Fall 2012 semester! You **must** click below to accept your fall charges and notify the UCM Office of Student Financial Services that you want to apply your federal financial aid to your account and receive your Fall 2012 semester credit balance refund. As a condition of receiving federal financial aid you acknowledge and agree that you plan to attend and participate in all of the classes for which you have enrolled.

Remember to revisit this page in the future to request your credit balance refund.

[Submit Your Refund Request](#)

The link is made available to students 10 days before the start of the semester. When the student clicks on the "submit your refund request" button, the TVAAUTH screen in Banner is updated to indicate that the student has acknowledged the charges and agrees to allow the University to apply federal aid. The refund is not sent to the student until this screen has been updated.

Both Directors in Student Financial Services are investigating potential changes to the process to hold the federal aid in authorized status until the student completes this process. Currently, Student Financial Services is manually monitoring these exceptions and processing them on a case-by-case basis until a permanent solution can be developed.

**Responsible Official:** Donna Bodenhamer, Director Student Accounts & Loans

**Expected Date Of Completion:** January 1, 2013

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

### **Finding: 2012-8 - Significant Deficiency**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379 Student Financial Aid Cluster**

**Criteria:** According to the 2011-2012 Federal Student Aid Handbook, Volume 4, Chapter 2, “For each account that contains Federal Student Aid (FSA) program funds, a school must identify that FSA funds are maintained in the account by: including the phrase Federal funds in the name of the account, or notifying the bank or investment company of the account that contain FSA funds and keeping a copy of this notice in its records and, except for public institutions, filing a Uniform Commercial Code Form (UCC-1) statement with the appropriate state or municipal government entity that discloses that an account contains Federal funds. The school must keep a copy of the UCC-1 statement in its records.”

**Condition:** The University’s Perkins funds are held in the same bank account with the University’s operating funds and therefore separate reconciliations are performed monthly to verify amounts are being properly maintained. Per review of the 2011-2012 Federal Student Aid Handbook, Volume 4, Chapter 2, this practice is acceptable as long as FSA balances are readily identifiable and earnings are properly calculated per FSA balance. However, during the review completed by the DOE in the current year, it was noted that the account in which Perkins Loans were being held was not properly identified as Federal (as stipulated in the 2011-2012 Federal Student Aid Handbook) and/or a UCC-1 statement was not on file for these funds.

**Effect:** An opportunity exists for misappropriation of Perkins Fund assets due to the lack of proper identification of funds.

**Questioned Costs:** Unknown. During the current year, the Department of Education completed a review of the University’s 2010-2011 and 2011-2012 award years and similar findings. Penalties, if any, for these errors are unknown at the time of this report.

**Cause:** The cause of the condition upon which the audit finding is based is that the University’s bank account was not labeled as Federal when it was initially opened and the University did not notify the bank that the account contained FSA funds.

**Recommendation:** RubinBrown recommends that the University notify the bank that the account contains Federal funds and that the University keeps a copy of the notice in its records. RubinBrown also recommends that the University change the name of the bank account so that the account is labeled as Federal.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

**Corrective Action Plan:** Management does not concur with the finding above. In the FSA Handbook – Volume 4 Processing Aid & Managing FSA Funds 2011-2012 – the handbook states “The requirement that a school file a UCC-1 statement when an account’s name does not include the phrase **federal funds** was established to reduce the possibility that a school could misrepresent federal funds as its own funds to obtain a loan, or secure credit. Because public institutions generally do not seek to obtain credit in the same manner as private institutions, they are exempt from the requirement.” The University does not feel it is in noncompliance. In addition, the University’s banking institution has on record and it is documented in the banking services contract that the University depository account contains both federal and state funds. The federal funds that are in question, the Perkins Loan funds, are in a separate fund in the University’s financial system and the cash disposition is readily available at any time.

**Responsible Official:** Toni Kreke, Sr. Director Accounting Services & Student Accounts

**Expected Date Of Completion:** N/A

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

### **Finding: 2012-9 - Significant Deficiency**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379 Student Financial Aid Cluster**

**Criteria:** According to the Federal Student Aid Handbook, Volume 1, Chapter 6, “Both undergraduate and graduate students may receive Perkins loans, but those with exceptional financial need (as defined by your school) have priority. To receive a Perkins loan, a student must meet the general eligibility requirements and must not have borrowed the maximum amounts. A student who has earned a bachelor’s or first professional degree may receive a Perkins loan to pursue an additional undergraduate degree.”

Also, according to the 2011-2012 Federal Student Aid Handbook, Volume 3, Chapter 6, “When awarding Perkins Loans, you must give priority to those students with exceptional financial need, as defined by your school. Your school’s Perkins selection procedures must be in writing, uniformly applied, and kept on file at the school.”

**Condition:** Out of the 40 students tested during student file review testing, 2 of the students received Perkins loans, but did not appear to be exceptionally needy and no documentation was available as to why the students received aid.

**Effect:** This condition could result in the University being required to return federal funds for these students.

**Questioned Costs:** Out of the 40 students tested there was \$2,000 awarded to students noted during testing that did not appear to have “exceptional financial need.”

**Cause:** The University does not appear to have proper processes and related controls in place to ensure that students with exceptional financial need are given priority when awarding Perkins loans.

**Recommendation:** RubinBrown recommends that the Financial Aid department review and consider revisions to their processes and related controls in place to ensure that students with exceptional financial need are given priority when awarding Perkins loans.

**Corrective Action Plan:** The Financial Aid office reviewed our Perkins awarding rules and has found that our system is only awarding to those with exceptional need. The money awarded in this instance was placed on the account by an override of the federal awarding rules and no documentation was maintained on file to support the exceptions.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

Any overrides to existing fund rules must be discussed with the Director before processing to ensure we are complying with Federal regulations. The total amount of Perkins loans for Fiscal Year 2012 was \$1,375,147.

**Responsible Official:** Angela Karlin, Director Student Financial Assistance

**Date Of Completion:** September 28, 2012

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

### **Finding: 2012-10 - Significant Deficiency**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379 Student Financial Aid Cluster**

**Criteria:** According to the Student Financial Aid Handbook, Volume 1, Chapter 1, “to be eligible for FSA funds, a student must make satisfactory academic progress (SAP), and a school must have a reasonable policy for monitoring that progress. The SAP policy must be at least as strict as that for students who are not receiving FSA funds at the school, and it must apply consistently to all educational programs and to all students within categories. The policy must require an academic progress evaluation at the end of each payment period for students in programs lasting one year or less. For all other programs, the policy must require annual reviews and must correspond with the end of the payment period. For programs greater than one year, the policy may also call for progress reviews after each payment period. If you review at each payment period you must review SAP after the summer term if the student attends the summer term.”

**Condition:** During the Department of Education Program Review and RubinBrown’s 2011-2012 audit, it was noted that the SAP policy did not require the University to complete reviews after each payment period, instead only requiring review after the Spring Semester. The policy also allows students to appeal SAP and potentially receive aid for the following two semesters instead of reevaluating the SAP after the next payment period ends.

During RubinBrown’s testing it was noted that 1 student out of 40 tested received a Unsubsidized Direct Loan disbursement of \$3,980 for the Summer 2012 semester after UCM had determined the Student did not meet SAP after the completion of the Spring 2012 semester. This disbursement does not follow the SAP policy outlined by the Student Financial Aid Handbook.

**Effect:** Students could be receiving aid improperly as they are not meeting Satisfactory Academic Progress.

**Questioned Costs:** Questioned costs in our sample of 40 Student Files for the 1 error noted was \$3,980. Projecting this amount of known error over the entire population of students provides for an estimated potential error of \$893,000.

During the Department of Education Program Review, additional information was requested for students who did not meet SAP in order to determine the amount of questioned cost and potential penalties. These amounts have not been determined by the Department of Education at the time of this report.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

**Cause:** The previous Director of Student Financial Assistance was unaware of the SAP policy requirements.

**Recommendation:** RubinBrown recommends that the University update the SAP policy and procedures

**Corrective Action Plan:** The University has updated the SAP policy and has used it for evaluating students at the end of the Spring 2013 semester. All students, regardless of credit hours completed, are being measured based on the qualitative component of the policy, which is 2.0 cumulative GPA for undergraduate students and 3.0 for graduate students. As for the noncompliance in regards to granted SAP appeals, the University is awarding only Fall semester aid for students that are granted an appeal and have reporting mechanisms in place to reevaluate all students in an appeal status for continued eligibility at the end of the Fall semester 2013.

**Responsible Official:** Angela Karlin, Director Student Financial Assistance

**Date Of Completion:** Policy revised and is effective as of August 1, 2013

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

### **Finding: 2012-11 - Significant Deficiency**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379 Student Financial Aid Cluster**

**Criteria:** According to the Student Financial Aid Handbook, Application and Verification Guide, Chapter 5, “An aid administrator may use Professional Judgment on a case-by-case basis only to adjust the student’s Cost of Attendance (COA) or the data used to calculate her Expected Family Contribution (EFC). The reason for the adjustment must be documented in the student’s file, and it must relate to the special circumstances that differentiate him - not to conditions that exist for a whole class of students.”

**Condition:** The University does not have an institutional methodology for administering and processing professional judgment requests.

**Effect:** COA and EFC could be changed based on professional judgment without proper support and documentation being maintained in the student file.

**Questioned Costs:** Unknown. This issue was noted during the Department of Education program review and penalties, if any, for these errors are unknown at the time of this report.

**Cause:** The previous Director of Student Financial Assistance was unaware of the Professional Judgment policy requirements.

**Recommendation:** RubinBrown recommends that the University create a policy to address the documentation, retention, and determination of COA and EFC changes in the cases of professional judgment.

**Corrective Action Plan:** The University has created written policies and procedures for processing students’ requests for professional judgment. These policies include procedures of processing a request for separation of income also with verification and the University’s policies for the application of an institutional methodology administered by the institution’s financial aid staff to all professional judgment standard categories.

**Responsible Official:** Angela Karlin, Director Student Financial Assistance

**Date Of Completion:** Policy completed and implemented March 1, 2013

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2012

### **Finding: 2012-12 – Significant Deficiency**

#### **Federal Award No. 10.861**

#### **Public Television Station Digital Transition Grant**

**Criteria:** The University is required to submit to the U.S. Department of Agriculture, Rural Utilities Service (RUS) “on a semiannual basis, 30 working days after the end of June and December, periodic performance reports” using the Standard Form Performance Program Report (SF PPR).

**Condition:** During the University’s fiscal year 2011-2012, the June 2012 report was not submitted until October 31, 2012. The report due date was August 10, 2012 (30 working days after June 30, 2012), making the report approximately 3 months late.

**Effect:** RUS was not properly apprised of the program’s performance and effectiveness, and funds could have been held for future expenditures related to the program. Because the program was completed prior to the June 2012 report, no future funds are expected to be received related to this program.

**Questioned Costs:** There were no questioned costs to report as the finding is related to the timelines of the performance report submission. The financial reports were submitted to RUS and approved by RUS on a timely basis. Invoices were properly provided as support for purchases.

**Cause:** The University has a system (GrantLink) in place to notify all individuals charged with reporting of due dates. A notification to complete the aforementioned report was sent via email to the responsible individuals on a timely basis, however due to vacations, changes in personnel, and other circumstances, this notification was missed and the report was not submitted until the time of the single audit work.

**Recommendation:** The University should put in place a control over reporting deadlines such that all responsible parties receive ongoing notifications until the reports are submitted.

#### **Corrective Action Plan:** Office of Sponsored Programs (OSP)

The System Administrator for OSP is testing the systems ability to do ad-hoc reporting on prior events including re-sending notices during Program Director and/or Research Administrator transition or long-term absence. It is anticipated that this report can be developed and in use before the end of the calendar year.

**UNIVERSITY OF CENTRAL MISSOURI**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*)  
For The Year Ended June 30, 2012**

**Responsible Official:** Victoria Steel

**Expected Date Of Completion:** December 1, 2012

**Corrective Action Plan:** Broadcasting Services

The individuals charged with performance report completion have previously initiated weekly project progress meetings. Review of reporting system (GrantLink) email notifications on filing deadlines will be added to the weekly agenda. Completed performance reports will be added to the following week's agenda for review. Once reviewed, the appropriate forms will be completed and forwarded to OSP for signature and grantor filing.

**Responsible Official:** Rosemary L. Olas

**Expected Date Of Completion:** November 5, 2012

**UNIVERSITY OF CENTRAL MISSOURI**

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For The Year Ended June 30, 2011**

No Matters Are Reportable