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***UNIVERSITY OF CENTRAL MISSOURI***  
*OMB CIRCULAR A-133*  
*SINGLE AUDIT REPORT*  
*JUNE 30, 2013*

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**Independent Auditors' Report On Internal Control  
Over Financial Reporting And On Compliance And  
Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With  
*Government Auditing Standards***

Board of Governors  
University of Central Missouri  
Warrensburg, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Central Missouri (the University) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 14, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency as item 2013-01.

### **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*.

### **University Of Central Missouri's Response To Finding**

The University's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose Of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RubinBrown LLP*

October 14, 2013



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**Independent Auditors' Report On Compliance  
For Each Major Federal Program; Report On  
Internal Control Over Compliance; And Report On  
Schedule Of Expenditures OF Federal Awards  
Required By OMB Circular A-133**

Board of Governors  
University of Central Missouri  
Warrensburg, Missouri

**Report On Compliance For Each Major Federal Program**

We have audited the University of Central Missouri's (the University) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2013. The University's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

### ***Opinion On Each Major Federal Program***

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, 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 2013-2 through 2013-15. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report On Internal Control Over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2013-2 through 2013-15, that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report On Schedule Of Expenditures Of Federal Awards Required By OMB Circular A-133**

We have audited the basic financial statements of the University as of and for the year ended June 30, 2013, and have issued our report thereon dated October 14, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and 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.

*RubinBrown LLP*

October 14, 2013

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

<b>Federal Grantor/ Pass-Through Grantor/ Program Or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department Of Education</b>			
Student Financial Aid Cluster -Direct			
TEACH Grants	84.379		\$ 140,306
Federal SEOG	84.007		80,000
Federal Work Study	84.033		280,969
Federal Pell Grants	84.063		15,610,274
Federal Direct Student Loans	84.268		68,158,972
Federal Perkins Loan	84.038		977,586
<i>Total Student Financial Aid Cluster - Direct</i>			<u>85,248,107</u>
TRIO Cluster - Direct			
Student Support Services	84.042		350,792
McNair Central Achievers Program	84.217		245,218
<i>Total TRIO Cluster - Direct</i>			<u>596,010</u>
<b>Passed Through Missouri Department Of Elementary And Secondary Education</b>			
Migrant English Language Learning - Indirect	84.011	unknown	<u>176,723</u>
Special Education Cluster (IDEA) - Indirect			
Special Education Consultants - RPDC	84.027	unknown	75,000
Special Education Consultants - RPDC	84.027	unknown	983
Special Education Consultants - RPDC	84.027	unknown	1,000
Special Education Consultants - RPDC	84.027	unknown	9,925
Special Education Consultants - RPDC	84.027	unknown	99,780
Special Education Consultants - RPDC	84.027	unknown	100,000
Special Education Consultants - RPDC	84.027	unknown	275,000
RTI Implementation Support	84.027	unknown	93,606
<i>Total IDEA Cluster - Indirect</i>			<u>655,294</u>
<b>Passed Through Missouri Coordinating Board For Higher Education</b>			
Middle School Math Mastery - Indirect	84.367	Cycle 9 ITQG	<u>8,557</u>
<b>Total U.S. Department Of Education</b>			<u><u>\$ 86,684,691</u></u>

**UNIVERSITY OF CENTRAL MISSOURI**

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

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		\$ 10,496
NHTSA Central Region Law Enforcement Liaison	20.600		59,834
<i>Total Highway Safety Cluster - Direct</i>			<u>70,330</u>
<b>Passed Through Missouri Division Of Highway Safety</b>			
Airport Improvement Program - Indirect	20.106	#12-019A-1	<u>19,911</u>
Highway Safety Cluster - Indirect			
Driver Improvement Program	20.600	#12-DE-02-006	2,642
Crash Investigation Training	20.600	#12-AI-04-001	21,960
CIOT Enforcement	20.600	#12-OP-05-005	(6,864)
Statewide Seat Belt Survey	20.600	#12-OP-05-004	9,770
Teen (High School) Seat Belt Survey	20.600	#12-OP-05-001	5,745
Youth Seat Belt Enforcement	20.600	#12-OP-05-002	4,784
Drug Evaluation Program Coordination	20.600	#12-AL-03-002	14,412
Statewide Seat Belt Survey	20.600	#13-OP-05-006	122,307
Teen Seatbelt Survey	20.600	#13-OP-05-007	56,327
Crash Investigation	20.600	#13-AI-04-002	29,629
Youth Seat Belt Survey	20.600	#13-OP-05-008	21,152
Youth Seat Belt Survey	20.600	#13-DE-02-004	19,625
Youth Seat Belt Survey	20.600	#13-MC-12-001	15,301
CIOT Enforcement	20.600	#13-OP-05-003	71,295
Driving Countermeasures Project	20.601	#13-K8-03-001	299,888
Click It or Ticket CPS	20.613	#12-K3-05-003	52,415
CPS Week Enforcement	20.613	#13-K3-05-003	4,311
<i>Total Highway Safety Cluster - Indirect</i>			<u>744,699</u>
Alcohol Open Container Requirements Program - Indirect			
Alcohol Impaired Driving Measures	20.607	#12-154-AL-085	99,682
Statewide DWI Enforcement	20.607	#12-154-AL-083	96,174
Statewide DWI Enforcement	20.607	#13-154-AL-074	121,080
<i>Total Alcohol Open Container Requirements Program - Indirect</i>			<u>316,936</u>
Breath Instrument Upgrade - Indirect	20.608	unknown	<u>434,930</u>

# UNIVERSITY OF CENTRAL MISSOURI

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

Federal Grantor/ Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>Passed Through Missouri Department Of Transportation</b>			
National Motor Carrier Safety - Indirect	20.218	unknown	\$ 44,949
<b>Total U.S. Department Of Transportation</b>			<u>\$ 1,631,755</u>
<b>U.S. Department Of Health And Humans Services</b>			
NIOSH/IPA - Direct	93.362		<u>\$ 24,750</u>
<b>U.S. Small Business Administration</b>			
<b>Passed-Through The Curators Of The University Of Missouri</b>			
SBA Jobs	59.037	unknown	3,618
SBDC Grant	59.037	unknown	41,704
SBDC Grant	59.037	unknown	<u>103,982</u>
<b>Total U.S. Small Business Administration</b>			<u>\$ 149,304</u>
<b>National Science Foundation</b>			
Renovation of Research Space-ARRA - Direct	47.082		<u>\$ 394,880</u>
<b>Passed-Through The University Of Evansville</b>			
Resequencing Calculus Phase 2	47.076	290206-04	<u>7,236</u>
<b>Total National Science Foundation</b>			<u>\$ 402,116</u>
<b>U.S. Department Of Agriculture</b>			
Child and Adult Care Food Program - Direct	10.558		\$ 46,746
Public TV Station Digital Transition - Direct	10.861		674,373
Public TV Station Digital Transition - Direct	10.861		<u>479</u>
<b>Total U.S. Department Of Agriculture</b>			<u>\$ 721,598</u>
<b>National Endowment For The Arts</b>			
Social Justice Film Festival - Direct	45.024		<u>\$ 14,641</u>
<b>Passed Through Mid-America Arts Alliance</b>			
Capital Steps - Indirect	45.025	FY-2013-46828	<u>5,000</u>
<b>Total National Endowment For The Arts</b>			<u>\$ 19,641</u>
<b>Institute Of Museum And Library Sciences</b>			
PRAXIS Librarians for Practice - Direct	45.313		<u>\$ 325,417</u>

# UNIVERSITY OF CENTRAL MISSOURI

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

Federal Grantor/ Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<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	\$ 166,904
Body Armor	16.738	2011-LLEBG-072	<u>8,640</u>
<b>Total U.S. Department Of Justice</b>			<u><u>\$ 175,544</u></u>
<b>U.S. Department Of Housing And Urban Development</b>			
<b>Passed-Through Missouri Department Of Economic Development Community Development Block Grant Program</b>			
JCEDC Missouri Innovation Campus	14.228	2008-DI-93	<u>\$ 19,673</u>
<b>U.S. Environmental Protection Agency</b>			
<b>Passed-Through Childrens Mercy Hospital</b>			
CMH Air quality	66.034	12-0003	<u>\$ 5,000</u>
<b>Passed-Through Missouri Department Of Natural Resources</b>			
MO Wetland Rapid Assessment Method & Education Outreach	66.461	CD-97738401	<u>24,198</u>
<b>Total U.S. Environmental Protection Agency</b>			<u><u>\$ 29,198</u></u>
<b>U.S. Department Of Energy</b>			
<b>Passed Through Missouri State University At Rolla</b>			
Advanced Electric Vehicles	81.086	00026334-01	<u>150,652</u>
<b>Passed Through Mid-America Regional Council</b>			
Energy Efficiency	81.128	PO #001865	<u>87,038</u>
<b>Total U.S. Department Of Energy</b>			<u><u>\$ 237,690</u></u>
<b>Total Expenditures Of Federal Awards</b>			<u><u>\$ 90,421,377</u></u>

# UNIVERSITY OF CENTRAL MISSOURI

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## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

### 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, 2013. 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, 2013. 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 position, 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, 2013 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance</u>
84.038	Perkins Loan Program	\$ 8,243,310

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, 2013.

### 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, 2013**

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

**Financial Statements**

Type of auditors' report issued: Unmodified

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: Unmodified

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 SEOG	84.007
Federal Work Study	84.033
Federal Perkins Loans	84.038
Federal Pell Grants	84.063
Federal Direct Student Loans	84.268
TEACH Grants	84.379
Highway Safety Cluster	
State and Community Highway Safety	20.600
Driving Countermeasures Project	20.601
Click it or Ticket CPS	20.613
Public TV Station Digital Transition	10.861
Alcohol Impaired Driving Measures	20.607
Breath Instrument Upgrade	20.608
PRAXIS Librarians for Practice	45.313
Renovation of Research Space-ARRA	47.082

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

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes   x   no

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

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### Section II - Financial Statement Findings

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#### **Finding: 2013-01 - Significant Deficiency (Repeat of 2012-2)**

**Criteria Or Specific Requirement:** Lack of segregation of duties related to the payroll process.

**Condition:** Within the payroll cycle, the Payroll Director, Payroll Specialist and other employees 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.

**Recommendation:** We recommend that the Payroll department review and where appropriate limit access that will help prevent or deter a misappropriation of assets.

**Corrective Action Plan:** The Office of Payroll Services is a small operation. With three full-time employees, it is essential that 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, 2013

- 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 electronically 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 Budget Analyst monitors the 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.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

- In April of 2013, the University implemented an Electronic Personnel Action Form (EPAF) process for hiring student employees effective for the summer of 2013 and beyond. The EPAF allows University departments to complete the process of hiring student employees electronically, and allows the Office of Human Resources to electronically approve the job assignments and apply them directly to Banner. The Office of Payroll Services no longer enters student job assignments in Banner.

### Corrective Action Plan:

- The University is in the process of creating an audit report that will identify any changes made by the payroll staff, system generated changes, and/or unauthorized user changes affecting an employee's pay record. Banner currently does not provide an audit report with these capabilities. Our technology staff has made progress towards developing the report and our goal is to have the report functional in fiscal year 2014. Ideally, the report will be sent to and reviewed for inconsistencies and discrepancies by personnel in areas outside of Payroll Services, most likely Accounting Services.

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

**Expected Date of Completion:** 6/30/2014

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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, 2013

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

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#### **Finding: 2013-02 - Significant Deficiency (Repeat of 2012-10)**

##### **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 (“Performance Reports”) and permit periodic inspection of the project by a representative of the RUS.” The University is also required to submit to RUS “on a quarterly basis, 30 working days after the end of each calendar quarter, periodic financial reports (“Financial Reports”) on Standard Form 425, Federal Financial Report.”

**Condition:** Of the one performance report and two SF-425 reports tested, two reports were submitted past the due date. The performance report was submitted 133 days after the reporting submission deadline and one of the SF-425 reports was submitted 14 days after the reporting submission deadline.

**Effect:** RUS was not properly apprised of the program’s performance and effectiveness as well as the program’s progress, and funds could have been held for future expenditures related to the program.

**Questioned Costs:** There were no questioned costs to report as the finding is related to the timelines of the performance report and financial report submission. Information within the reports was properly supported and accurate. 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 reports were not submitted until the time of the single audit work.

**Recommendation:** The University should consider additional controls over reporting deadlines such that all responsible parties receive ongoing notifications until the reports are submitted.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

**Corrective Action Plan:** Office of Sponsored Programs and Research Integrity (OSPRI) Office of Sponsored Programs and Research Integrity (OSPRI) has implemented a new electronic tool that not only sends email reminder notices of due dates on deliverables to principal investigators and other responsible personnel (previously handled by the GrantLink system), but now sends ongoing email notifications until the deliverables are submitted. The corrective action of the new tool was not fully implemented due to vacations, changes in personnel, and other circumstances. Deliverable due dates have been transferred/input in the new tool.

**Responsible Official:** Janice Putnam, Interim Director OSPRI

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

**Corrective Action Plan:** Broadcasting Services

In an effort to provided KMOS-TV's viewing audience with the quality of local and national programs associated with public broadcasting in the mandated broadcast format, KMOS-TV pursued and was awarded this digital transition grant. The challenge involved with this effort was meeting all the reporting requirements with a reduced workforce. KMOS-TV has been without a director for two years. Two members of the station's workforce have served as interim director during this time period. While performing the director's duties, they continued to cover their own duties. The first interim retired leaving two sets of duties to be covered by others. Reporting requirements were part of these duties. During this same period, the station's engineering department has had to adjust to a decrease and then change of personnel. Finding an opportunity to unite all personnel required to complete a substantiated performance report became a challenge. Fulfilling the physical requirements of the grant, while continuing to keep the station broadcasting, delayed performance reporting.

The Standard Form 425, Federal Financial Report delay can be attributed to this same reduction in workforce. The University is in the final stages of starting a national search for a new station director.

**Responsible Official:** Sarah R. Bailey, Broadcasting Services Operations Manager

**Expected Date Of Completion:** January 1, 2014

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

### **Finding: 2013-03 - Significant Deficiency**

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

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

**Criteria:** According to OMB Circular A-133, “When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300)”.

**Condition:** RubinBrown tested one contract, which was the only contract entered into during FY 2013. RubinBrown was unable to verify that the University performed a verification check for covered transactions, by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the contract to ensure that the covered transactions were not awarded to suspended or debarred parties.

**Effect:** There is a risk that the contract could have been awarded to suspended or debarred parties. The effects of this condition is that the University could lose funding for not performing a verification check for covered transactions.

**Questioned Costs:** There are no questioned costs for this finding. RubinBrown reviewed EPLS to ensure that the contractor has not been suspended or debarred at the time of the award.

**Cause:** The University does not have any current policies or related controls in place requiring verification that the entity they are contracting with is not suspended or debarred.

**Recommendation:** RubinBrown recommends that the University implement policies and procedures requiring a certification to be provided by the contracted entity verifying that they are not suspended or debarred, or add a clause or condition to the contract certifying that the contracted entity is not suspended or debarred.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

**Corrective Action Plan:** Management agrees the policy should be revised, outlining the requirement for certification to be provided by the contracted entity verifying that they are not suspended or debarred. The Director of Procurement and Materials Management will evaluate and establish Procurement policies and procedures for the certification requirement. The following changes will be implemented:

- A standard checklist will be used for all formal bid solicitations that includes acknowledgement of the Buyer of Record (initials and date) that the Excluded Party Listing System (EPLS) was verified and that the entity or agency is not currently debarred or suspended.
- Standard Terms and Conditions of Procurement document templates will be updated, and additional language will be added immediately preceding the signature line of each solicitation, whereby the vendor/contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the transaction (contract) by any governmental department or agency.

**Responsible Official:** Lisa Butler, Director Procurement & Materials Management

**Expected Date Of Completion:** The standard checklist was implemented September 1, 2013. A formal update to the Procurement Policies and Procedure Manual with full review and modifications will be presented to the Board of Governors in Spring 2014.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

### **Finding: 2013-04 - Significant Deficiency**

**Federal Award No. 47.082**

**Renovation of Research Space - ARRA**

**Criteria:** According to OMB Circular A-133, "Section 1512 of the Recovery Act requires reporting on the use of Recovery Act funding by recipients.....the recipient reports are required to include the following detailed information: Total amount of funds received; and of that the amount spent on projects and activities".

**Condition:** Of the two ARRA 1512 reports tested, one did not report the correct amount of "Total Federal Amount of ARRA Funds Received/Invoiced" or "Total Federal Amount of ARRA Expenditures" as recorded in the General Ledger.

**Effect:** The National Science Foundation was not properly apprised of the program's performance. Because the program was completed prior to the June 2013 report, no future funds are expected to be received related to this program.

**Questioned Costs:** No questioned costs were identified.

**Cause:** The University does not have current policies or related controls in place to ensure that ARRA reports are submitted accurately.

**Recommendation:** It is recommended that the University implement processes and controls to ensure that reports are accurate before being submitting.

**Corrective Action Plan:** Management concurs with this finding. The ARRA report in question was completed by the Interim Director of OSPRI. In completing the form there were fields that were auto populated from the previous quarter report and did not reflect updates made to other fields. In the future, OSPRI staff will complete required reports and have the Director of OSPRI review the reports for accuracy prior to submission.

**Responsible Official:** Janice Putnam, Interim Director OSPRI

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

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

### **Finding: 2013-05 - Significant Deficiency**

#### **Federal Award No. 47.082**

#### **Renovation of Research Space - ARRA**

**Criteria:** According to OMB Circular A-133, “When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300)”.

**Condition:** RubinBrown tested one contract, which was the only contract entered into during FY 2013. RubinBrown was unable to verify that the University performed a verification check for covered transactions, by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the contract to ensure that the covered transactions were not awarded to suspended or debarred parties.

**Effect:** There is a risk that the contract could have been awarded to suspended or debarred parties. Effects of this condition are that the University could lose funding for not performing a verification check for covered transactions.

**Questioned Costs:** There are no questioned costs for this finding. RubinBrown reviewed EPLS to ensure that the contractor has not been suspended or debarred at the time of the award.

**Cause:** The University does not have current policies or related controls in place requiring verification that the entity they are contracting with is not suspended or debarred.

**Recommendation:** RubinBrown recommends that the University implement policies and procedures requiring a certification to be provided by the contracted entity verifying that they are not suspended or debarred, or add a clause or condition to the contract certifying that the contracted entity is not suspended or debarred.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

**Corrective Action Plan:** Management agrees the policy should be revised, outlining the requirement for certification to be provided by the contracted entity verifying that they are not suspended or debarred. The Director of Procurement and Materials Management will evaluate and establish Procurement policies and procedures for the certification requirement. The following changes will be implemented:

- A standard checklist will be used for all formal bid solicitations that includes acknowledgement of the Buyer of Record (initials and date) that the Excluded Party Listing System (EPLS) was verified and that the entity or agency is not currently debarred or suspended.
- Standard Terms and Conditions of Procurement document templates will be updated, and additional language will be added immediately preceding the signature line of each solicitation, whereby the vendor/contractor certifies that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the transaction (contract) by any governmental department or agency.

**Responsible Official:** Lisa Butler, Director Procurement & Materials Management

**Expected Date Of Completion:** The standard checklist was implemented September 1, 2013. A formal update to the Procurement Policies and Procedure Manual with full review and modifications will be presented to the Board of Governors in Spring 2014.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

### **Finding: 2013-06 - Significant Deficiency**

#### **Federal Award No. 47.082**

#### **Renovation of Research Space - ARRA**

**Criteria:** According to OMB Circular A-133, "Section 1605 of ARRA prohibits the use of ARRA funds for a project for the construction, alteration, maintenance, or repair of a public building or work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States. This results in making the Buy-American Act apply to these ARRA award. An award term is required in all ARRA-funded awards for construction, alteration, maintenance, or repair of a public building or public work (2 CFR section 176.140)".

**Condition:** RubinBrown tested one contract, which was the only contract entered into during FY 2013. RubinBrown was unable to verify that the University included a Buy-American award term for construction, alteration, maintenance, or repair of a public building or public work.

**Effect:** There is a risk that the contractor or subcontractor could have used construction materials that were not produced in the United States. Effects of this condition are that the University could lose funding for not including an award term in its construction contract or be required to return funding spent on materials not produced in the United States.

**Questioned Costs:** Questioned costs were not able to be determined.

**Cause:** The University does not have current policies or related controls in place ensuring that a Buy-American award term is included in construction contracts.

**Recommendation:** RubinBrown recommends that the University implement policies and procedures requiring a Buy-American award term be included in construction contracts for ARRA-funded awards.

**Corrective Action Plan:** Management concurs with the finding and will evaluate and establish Procurement policies and procedures for future contracts where Buy American Act is a requirement.

**Responsible Official:** Lisa Butler, Director Procurement & Materials Management

**Expected Date Of Completion:** Spring 2014

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

### **Finding: 2013-07 - Significant Deficiency (Repeat of 2012-5)**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 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 2 students. This issue was also noted in the Department of Education's Program Review for 6 students conducted from April 23, 2012 to April 27, 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 prior 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 as noted above. Penalties, if any, for these errors are unknown at the time of this report.

**Cause:** During the 2012-2013 year, in response to the prior A-133 finding and the Department of Education review, the University was in the process of updating processes and related controls 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.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

**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.

Although the University did not provide loan exit counseling for 20% of the students the Department reviewed, the University has low default rates on its Federal Direct Loans and all of the students listed in this finding are in repayment, deferment or forbearance. Since the University has continued to have Direct Loan default rates lower than 6% and all of the students are in good standing on their Federal loans, the Department will not require the University to provide a comprehensive review of loan exit counseling for all Title IV, HEA loan recipients who graduated or withdrew during 2010-11 and 2011-12 award years. The University of Central Missouri created a Policy and Procedure for sending Exit Loan Counseling information via interactive electronic means to all students who graduate or withdraw from the University. The University of Central Missouri has sent Exit Loan Counseling information to the 6 Students noted in the Department of Education review.

The two students missed in the 2012-13 aid year were late graduation candidates and were missed due to reporting being suspended after our graduation date. We have now implemented procedures to sweep the system until we receive word from the Registrar that all graduation applications are processed for the graduation term.

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

**Date Of Completion:** June 1, 2013

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

### **Finding: 2013-08 - Significant Deficiency (Partial Repeat of 2012-4)**

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

**Criteria:** According to the 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.”

The University also has to report third party services on the PPA. According to the Federal Student Aid Handbook, Volume 2, and 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 THRIVE program or the change in third party service providers as of June 30, 2013. The ECAR with these updates was submitted to the Department of Education on December 17, 2012 and subsequently approved on August 22, 2013.

**Effect:** Programs 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.

**Questioned Costs:** During the prior 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 \$29,950 in student funding may be in question. Penalties, if any, for these errors are unknown at the time of this report, but are anticipated.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

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

**Recommendation:** RubinBrown recommends that the University update the ECAR/PPA 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 26, 2012. The Director updated the ECAR with the names of the servicers. The University also removed a servicer that is no longer under contract for collection and Perkins services. This ECAR change submission occurred in December along with the change to list THRIVE as a CPT program. On December 17, 2012, THRIVE was added to The University's ECAR and supporting documents were sent via email to the FSA PEPS email as noted on the ECAR submission page. Both of these Corrections were approved by the U.S Department of Education on August 22, 2013.

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

**Expected Date Of Completion:** Completed

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

### **Finding: 2013-09 - 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 3, Chapter 2, “the Cost of Attendance (COA) is the cornerstone of establishing a student’s financial need, as it sets a limit on the total aid the student may receive...The COA for a student is an estimate of that student’s educational expenses (for students with the same enrollment status)...”

**Condition:** During the Department of Education Program Review it was noted that the University does not make adjustments to the COA for students that are enrolled less than full time to reflect the student’s academic year workload, which could cause overawarding. It was noted that all students were given a full-time COA, and the only differences in the COA are the rates for the undergraduate and graduate tuition. During RubinBrown’s audit it was also noted that for 5 students out of the sample of 40, the COA was not properly adjusted to reflect the student’s enrollment status of less than full-time and therefore these students could have been overawarded. RubinBrown also noted the COA that is approved and published on the website does not specify the decrease for students that are not full-time or, in general, how the COA is reduced in determining awards in any situation. RubinBrown also noted that the approved and published COA does not address the COA given to students who attend summer classes, instead the COA reads that the 9 month COA is just “extended” for the summer courses.

**Effect:** Students could be overawarded based on the use of a COA that is other than what their enrollment status would prescribe.

**Questioned Costs:** Of the 5 students with less than full time status noted in our testing, the COA budget used for awarding student financial aid was listed as full-time, which resulted in 1 of the 5 students being overawarded direct loans by a total of \$500. During the Department of Education Program Review, this same finding was noted, with specific students identified and with the Department of Education making a request that the University evaluate how many students were affected by this issue. Based upon a review conducted of the University’s records, the University currently estimates that the potential amount of overaward related to this finding for the 2009-2010, 2010-2011, and 2011-2012 award years is approximately \$6,400,000. The University further estimated the potential amount of overaward related to the 2012-2013 award year to be approximately \$1,750,000. The estimated amount for 2012-2013 was derived from the actual data provided to the Department of Education for award years 2009-2012. Questioned costs and penalties related to the overaward amounts are still undetermined 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, 2013

**Cause:** The previous Director of Student Financial Assistance was unaware of the requirements to identify a COA for each type of student.

**Recommendation:** RubinBrown recommends that the University create an annual COA that lists out each category of student and the associated COA for that category.

**Corrective Action Plan:** The University did not make adjustments to COA for students that were enrolled less than full time to reflect the actual academic workload which could cause overawarding. During the program review, former Director, Phil Shreves stated that all students are given a full-time COA and that the only COA differences were rates for undergraduate and graduate tuition. Reviewers indicated that students attending the University were not required to be enrolled full-time and a significant percentage of the University students were less than full time students.

In response to the PPR, the University has provided a revised COA for each student that was not full time for any term in 2009-10, 2010-11 and 2011-12. A review was conducted of all students enrolled in less than 12 credit hours for each term within the aid years listed above.

The University also updated the budgets for each group and the breakdown of each budget based on three-quarter enrollment (9-11 hours), half-time enrollment (6-8 hours) and less than half-time students for students in less than 3 hours. The methodology used to determine the new COA amounts was to take the tuition and fees allotment and multiplying the amounts by 75% for three-quarter time students and 50% for half-time students. These numbers were then assigned to each student based on their enrollment status. Individual budgets may be different due to professional judgment increases on a student-by-student basis.

The University has since revised the policy and procedures for determining COA.

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

**Expected Date Of Completion:** October 21, 2013

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

### **Finding: 2013-10 - Significant Deficiency**

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

**Criteria:** According the Student Financial Aid Handbook Volume 5, Chapter 1 “A school should provide sufficient information for a student or prospective student to be able to determine the procedures for withdrawing and the financial consequences for doing so. In addition, a student should be able to estimate how much Federal Student Aid he or she will retain, and how much he or she may have to return upon withdrawing.”

**Condition:** It was noted during the Department of Education’s Program Review and during RubinBrown’s review of the 2012-2013 aid year that the Return of Title IV policy lacked a statement providing students with information regarding the financial consequences of withdrawing, and providing an estimate of the amount of aid a student may earn or may have to return. It was also noted that the policy published was incorrect, see the Department of Education’s Program Review Report Finding number 6.

**Effect:** Students may not be aware of their responsibilities to return aid if it is not earned in accordance with Federal Regulations. The University could also be incorrectly determining when a Return of Title IV calculation is necessary.

**Questioned Costs:** RubinBrown found no incorrect Return of Title IV calculations during the 2012-2103 aid year in our testing, however due to policy errors, calculation errors could occur.

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

**Recommendation:** RubinBrown recommends that the University updates the Policy to follow regulations.

**Corrective Action Plan:** At the Department’s request, the University has reviewed and revised the University’s Return of Title IV Funds policy and procedure to ensure that the University is in compliance with the regulations cited above.

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

**Expected Date Of Completion:** Completed policy was implemented July 1, 2013

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

### **Finding: 2013-11 - Significant Deficiency**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 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 2012-2103 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.

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

**Questioned Costs:** Unknown. 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.

**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.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

**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 of Student Financial Assistance

**Expected 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, 2013

### **Finding: 2013-12 - Significant Deficiency (Repeat 2012-9)**

#### **Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 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 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:** During the Department of Education Program Review and RubinBrown’s audit, it was noted that the University does not have a written Perkins Loan selection policy on file. Therefore, the University does not have a definition of how students are determined to have exceptional financial need.

**Effect:** Students could be overawarded Perkins loans, and students who become subsequently eligible for Perkins loans would not be properly awarded.

**Questioned Costs:** Unknown. RubinBrown found no errors in the awarding of Perkins Loans during the 2012-2013 audit; however errors were noted in the 2011-2012 audit. Penalties, if any, have not been assessed by the Department of Education as of the date of this report.

**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 University has created a Perkins Loan awarding policy to meet the requirements as set forth in regulation.

**UNIVERSITY OF CENTRAL MISSOURI**

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

**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, 2013

### **Finding: 2013-13 - Significant Deficiency (Partial Repeat of 2012-7)**

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

**Criteria:** According to the Student Financial Aid Handbook Volume 4, Chapter 1 “A school may not require a student to take any action to obtain his or her credit balance. It is the sole responsibility of the school to pay, or make available, any FSA credit balance within the 14-day regulatory time frames. A school must obtain authorization from a student or parent before a school can hold an FSA credit balance. A school may not require or coerce the student or parent to provide an authorization and it must clearly explain to the student or parent how to cancel or modify the authorization.”

**Condition:** While no instances of noncompliance were noted during our testing for 2012-2013, the Department of Education noted during their program review that the University requires students who have a credit balance to go online and authorize the University to release the credit balance. The University does not release a credit balance to a student until the student has completed this online authorization or until the end of the semester, whichever happens first.

**Effect:** Students may not be receiving a refund of their credit balances within the prescribed 14 days.

**Questioned Costs:** Unknown. Instances of noncompliance were noted in the Program Review conducted by the Department of Education and in our 2011-2012 audit of students not receiving the refund of credit balances within the prescribed 14 day requirement. Penalties, if any, have not been assessed by the Department of Education as of the date of this report.

**Cause:** The University does not appear to have proper processes and related controls in place to ensure that funds are remitted in accordance with federal regulations.

**Recommendation:** RubinBrown recommends that the University update the policy for refunds of credit balances to comply with the Student Financial Aid Handbook and Regulations.

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

**Corrective Action Plan:** After review, it is the intent and practice of the University to disburse federal aid funds to students and parents (in the case of parent loans) within the 14-day regulatory time frame after the credit balance occurs. The University does not intend to hold credit balances with a voluntary authorization and has in place a process to ensure compliance.

However, the University will continue to collect authorization from students to allow the University to apply FSA funds to allowable educationally related charges.

Authorizations:

34 CFR 668.165(b) requires Universities to collect an authorization from a student before applying FSA funds to allowable educationally related charges other than tuition, fees, textbooks, and room and board charged by the school.

The University uses an electronic system to collect the authorization. Students can log in to the secure student portal with their credentials to authorize payment of allowable educationally related charges. After reading the authorization the student signs the agreement with their electronic signature by clicking on the "accept" button. The University stores the electronic record in its enterprise system. Students may opt out of the agreement by not accepting. Each individual record will be stored in The University's enterprise system.

After receiving the agreement and updating the student record in the enterprise system, the University will use FSA funds to clear all charges on the student account/bill. If the student has more FSA funds than charges, a refund will be generated. Refunds are made available to the student at the close of the first week or courses and no later than 14 days after the credit is created on the student account/bill. Refunds of parent loans (PLUS) are made on the same schedule.

Notification:

Students are notified via an email to their the University Google account of the requirement to collect the authorization with instructions on how to access the link in MyCentral allow students sufficient time to take action, the email is sent at the time that the semester billing statements are mailed.

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

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

# UNIVERSITY OF CENTRAL MISSOURI

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## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2013

### **Finding: 2013-14 - Significant Deficiency (Repeat 2012-8)**

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

**Criteria:** According to the 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 contains 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 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 program review completed by the Department of Education, it was noted that the account in which Perkins Loans were being held was not properly identified as Federal (as stipulated in the 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. This issue was noted during the Department of Education program review and penalties, if any, for this issue 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 keep 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, 2013

**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, 2013

### **Finding: 2013-15 - Significant Deficiency**

**Federal Award No. 84.007, 84.033, 84.038, 84.063, 84.268, 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 judgement on a case-by-case basis only to adjust the student’s Cost of Attendance (COA) or the data used to calculate the student’s 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 the student - 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 without the proper support and documentation being maintained in the student’s file to support the use of professional judgment.

**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 of Student Financial Assistance

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

**UNIVERSITY OF CENTRAL MISSOURI**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For The Year Ended June 30, 2012**

Finding No.	CFDA No.	Program	Condition	Current Year Status
2012-1	NA	Financial Statement Finding	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	RESOLVED
2012-2	NA	Financial Statement Finding	Within the payroll cycle, the Payroll Director and Payroll Specialist perform or have the ability to perform virtually all access, recording, and monitoring functions.	REPEATED 2013-01
2012-3	NA	Financial Statement Finding	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.	RESOLVED
2012-4	84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379	Student Financial Aid Cluster	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.	PARTIALLY REPEATED 2013-08
2012-5	84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379	Student Financial Aid Cluster	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.	REPEATED 2013-07

**UNIVERSITY OF CENTRAL MISSOURI**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS *(Continued)*  
For The Year Ended June 30, 2012**

<b>Finding No.</b>	<b>CFDA No.</b>	<b>Program</b>	<b>Condition</b>	<b>Current Year Status</b>
2012-6	84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379	Student Financial Aid Cluster	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	RESOLVED
2012-7	84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379	Student Financial Aid Cluster	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.	PARTIALLY REPEATED 2013-13
2012-8	84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379	Student Financial Aid Cluster	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.	REPEATED 2013-14
2012-9	84.007, 84.033, 84.038, 84.063, 84.268, 84.375, 84.379	Student Financial Aid Cluster	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.	REPEATED 2013-12
2012-10	10.861	Public Television Station Digital Transition Grant	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.	REPEATED 2013-02