
UNIVERSITY OF CENTRAL MISSOURI
OMB CIRCULAR A-133
SINGLE AUDIT REPORT
JUNE 30, 2014

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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, 2014, 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 10, 2014. Our report includes a reference to other auditors who audited the financial statements of University of Central Missouri Foundation, a discretely presented component unit of the University, as described in our report on the University's financial statements. The financial statements of the University of Central Missouri Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the University of Central Missouri Foundation.

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 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 significant deficiencies or material weaknesses 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 that we consider to be a significant deficiency.

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 10, 2014



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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, 2014. 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, 2014.

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 2014-002 through 2014-003. 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 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.

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 2014-002 through 2014-003 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 financial statements of the University as of and for the year ended June 30, 2014, and have issued our report thereon dated October 10, 2014, 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 10, 2014

UNIVERSITY OF CENTRAL MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Award/ Identifying Number	Federal Expenditures
U.S. Department Of Education			
Student Financial Aid Cluster -Direct			
TEACH Grants	84.379		\$ 87,298
Federal SEOG	84.007		293,434
Federal Work Study	84.033		181,460
Federal Pell Grants	84.063		15,819,430
Federal Direct Student Loans	84.268		65,132,566
Federal Perkins Loan	84.038		944,731
<i>Total Student Financial Aid Cluster - Direct</i>			<u>82,458,919</u>
TRIO Cluster - Direct			
Student Support Services	84.042		294,788
McNair Central Achievers Program	84.217		219,166
<i>Total TRIO Cluster - Direct</i>			<u>513,954</u>
Passed Through Missouri Department Of Elementary And Secondary Education			
Migrant English Language Learning - Indirect	84.011	unknown	<u>170,814</u>
Special Education Cluster (IDEA) - Indirect			
Special Education Consultants - RPDC	84.027	unknown	75,000
Special Education Consultants - RPDC	84.027	unknown	54,889
Special Education Consultants - RPDC	84.027	unknown	54,889
Special Education Consultants - RPDC	84.027	unknown	40,000
Special Education Consultants - RPDC	84.027	unknown	100,000
Special Education Consultants - RPDC	84.027	unknown	98,325
Special Education Consultants - RPDC	84.027	unknown	274,986
<i>Total IDEA Cluster - Indirect</i>			<u>698,089</u>
Revolving Educator Eval Training	84.367	unknown	<u>10,000</u>
IES Grant - Educator Evaluation	84.372	unknown	<u>6,800</u>
Total U.S. Department Of Education			<u><u>\$ 83,858,576</u></u>

UNIVERSITY OF CENTRAL MISSOURI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2014**

Federal Grantor/ Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Transportation			
Highway Safety Cluster - Direct			
NHTSA Central Region Diversity Outreach Liaison	20.600		\$ 85
NHTSA Central Region Law Enforcement Liaison	20.600		21,575
<i>Total Highway Safety Cluster - Direct</i>			<u>21,660</u>
Passed Through Missouri Division Of Highway Safety			
Airport Improvement Program - Indirect	20.106	#12-019A-1	<u>313,619</u>
Highway Safety Cluster - Indirect			
Driver Improvement Program	20.600	#13-DE-02-004	6,958
Crash Investigation Training	20.600	#13-AI-04-002	11,188
CIOT Enforcement	20.600	#14-OP-05-002	79,085
Statewide Seat Belt Survey	20.600	#13-OP-05-006	24,658
Teen (High School) Seat Belt Survey	20.600	#13-OP-05-007	15,825
Youth Seat Belt Enforcement	20.600	#14-OP-05-022	36,087
Motorcycle Helmet Survey	20.600	#13-MC-12-001	2,993
Statewide Seat Belt Survey	20.600	#14-OP-05-003	125,922
Teen Seatbelt Survey	20.600	#14-OP-05-024	59,890
Crash Investigation	20.600	#14-AI-04-001	30,175
Youth Seat Belt Survey	20.600	#13-OP-05-008	3,661
Driver Improvement Program	20.600	#14-DE-02-002	24,757
Survey - Child Passenger Seat	20.600	#14-OP-05-023	29,289
CIOT Enforcement	20.600	#13-OP-05-003	20,616
Driving Countermeasures Project	20.601	#13-K8-03-001	111,132
CPS Week Enforcement	20.613	#13-K3-05-003	38,021
Enforcement CPS Week	20.613	#14-K3-05-001	6,319
<i>Total Highway Safety Cluster - Indirect</i>			<u>626,576</u>
Alcohol Open Container Requirements Program - Indirect			
Alcohol Impaired Driving Measures	20.607	#14-154-AL-063	146,807
Statewide DWI Enforcement	20.607	#13-154-AL-074	129,572
Statewide DWI Enforcement	20.607	#14-154-AL-062	136,001
<i>Total Alcohol Open Container Requirements Program - Indirect</i>			<u>412,380</u>
Breath Instrument Upgrade - Indirect	20.608	#13-164-AL-002	316,028
Breath Alcohol Instrument Upgrade	20.608	#14-164-AL-001	625,139
			<u>941,167</u>
Drug Impaired Driving FY14	20.616	#14-M5TR-03-001	<u>50,113</u>
Passed Through Missouri Department Of Transportation			
National Motor Carrier Safety - Indirect	20.218	#12-CMV-MC-009	(5,874)
FY2014 CMV Seatbelt Survey	20.218	#14-CMV-MC-003	507
			<u>(5,367)</u>
Total U.S. Department Of Transportation			<u>\$ 2,360,148</u>

UNIVERSITY OF CENTRAL MISSOURI

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2014**

Federal Grantor/ Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department Of Health And Human Services			
NIOSH/IPA - Direct	93.362	#12-IPA-1213320	\$ 26,680
U.S. Small Business Administration			
Passed-Through The Curators Of The University Of Missouri			
SBDC Grant	59.037	E00038387-1	42,601
SBDC Grant	59.037	E00042414-5	122,865
Total U.S. Small Business Administration			165,466
National Science Foundation			
Passed-Through The University Of Evansville			
Resequencing Calculus Phase 2	47.076		6,462
U.S. Department Of Agriculture			
Passed-Through The Missouri Department Of Health And Senior Services			
USDA Sustainability Building Grant	10.326	#13004-002	15,229
Food Security Through Linking Resources	10.326	#13173-004	13,922
			29,151
Child and Adult Care Food Program - Indirect	10.558	unknown	43,103
Public TV Station Digital Transition - Direct	10.861	MO1601-D33	7,595
Public TV Station Digital Transition - Direct	10.861	MO1601-E33	268,590
UCM SBTDC Technical Assistance	10.769	unknown	5,787
Total U.S. Department Of Agriculture			\$ 354,226

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)* For The Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Institute Of Museum And Library Sciences PRAXIS Librarians for Practice - Direct	45.313	RE-01-110021-11	\$ 149,474
U.S. Department Of Justice Passed Through Missouri Department Of Public Safety Enforcing Underage Drinking Laws Project	16.727	2009-EUDL-AF-01	150,537
U.S. Department Of Housing And Urban Development Passed-Through Missouri Department Of Economic Development Community Development Block Grant Program JCEDC Missouri Innovation Campus	14.228	2008-DI-93	49,673
U.S. Environmental Protection Agency Passed-Through Missouri Department Of Natural Resources MO Wetland Rapid Assessment Method & Education Outreach	66.461	CD-97738401	39,269
U.S. Department Of Labor Passed Through Missouri Department of Elementary and Secondary Education MCCE Administration	17.275	unknown	29,250
U.S. Department Of Energy Passed Through Missouri State University At Rolla Advanced Electric Vehicles	81.086	00026334-01	102,569
Passed Through Mid-America Regional Council Energy Efficiency	81.128	PO #001865	33,108
Total U.S. Department Of Energy			135,677
Total Expenditures Of Federal Awards			\$ 87,325,438

UNIVERSITY OF CENTRAL MISSOURI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

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, 2014. 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, 2014. 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

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, 2014 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance</u>
84.038	Perkins Loan Program	\$ 7,828,163

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, 2014.

5. Subrecipients

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

6. Correction Of Prior Year Reported Expenditures

Subsequent to the issuance of the June 30, 2013 report, the University learned that the amounts presented in the Schedule of Expenditures of Federal Awards for the Airport Improvement Program grant were not properly presented by the University. The amounts should have been:

<u>Federal Funding Agency, CFDA Number And Grant Description, Agency Awarding Funds to UCM</u>	<u>CFDA Number</u>	<u>UCM Grant Number</u>	<u>Reported Total Expenditures June 30, 2013</u>	<u>Corrected Total Expenditures</u>
United States Department Of Transportation				
Passed Through Missouri Division Of Highway Safety Airport Improvement Program - Indirect	20.106	8-019A-1 10-019A-1	\$ 19,911	\$ 301,475

UNIVERSITY OF CENTRAL MISSOURI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2014

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
Special Education Cluster (IDEA)	84.027
Airport Improvement Program	20.106
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? yes x no

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)* For The Year Ended June 30, 2014

Section II - Financial Statement Findings

Finding: 2014-001 - Significant Deficiency (Repeat of 2013-01)

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2014

- 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.

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2014

- 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.
- 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 has succeeded in creating an audit report that identifies all changes made to employee records and/or pay between time sheets being pulled in and final payroll processing. The report identifies and list any manual changes made to an employee record by users, including the payroll staff, as well as identifies any system generated changes made as a result of leave cascades, shift differentials, overtime, etc. The PHREARN_SM--_Changes_Final report is generated and posted to the HR/PR Drive for each payroll where it can be reviewed for inconsistencies by personnel in areas outside the Payroll Office. The Controller is currently auditing the report and reviewing for supporting documentation and accuracy. Since the report is generated automatically, any potential misappropriation of University assets by the payroll staff would be identified almost immediately and the threat eliminated.

Responsible Official: Payroll Director

Expected Date of Completion: June 30, 2014

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2014

Section III – Federal Award Findings And Questioned Costs

Finding: 2014-002 - Significant Deficiency (Repeat of 2013-07)

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 one student whose exit interview occurred after 30 days from when the University learned that the student withdrew. This issue was also noted in the prior year when there was no documentation of exit counseling for 2 students from our sample of 40 students. This issue was also noted in the Department of Education's Program Review for 6 students.

Effect: Students are not informed in a timely manner 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. 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 2013-2014 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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2014

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.

The one student missed in the 2013-14 aid year withdrew after our monthly report was run and the timing was such that they were not caught until the next month. We have implemented a procedure to run our withdraw reports every two weeks to ensure compliance.

Responsible Official: Director of Student Financial Assistance

Date Of Completion: June 1, 2014

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended June 30, 2014

Finding: 2014-003 - Significant Deficiency (Repeat 2013-14)

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)* For The Year Ended June 30, 2014

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: Controller

Expected Date Of Completion: N/A

UNIVERSITY OF CENTRAL MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2013

Finding No.	CFDA No.	Program	Condition	Current Year Status
2013-01	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 2014-001
2013-02	10.861	Public Television Station Digital Transition Grant	During the University's fiscal year 2012-2013, 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.	RESOLVED
2013-03	10.861	Public Television Station Digital Transition Grant	For the only contract entered into during FY 2013, we were 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.	RESOLVED
2013-04	47.082	Renovation of Research Space - ARRA	In our sample of two ARRA 1512 reports tested, one did not report the correct amount of "Total Federal Amount of AFFA Funds Received/Invoiced" or "Total Federal Amount of ARRA Expenditures" as recorded in the General Ledger.	RESOLVED
2013-05	47.082	Renovation of Research Space - ARRA	For the only contract entered into during FY 2013, we were 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.	RESOLVED
2013-06	47.082	Renovation of Research Space - ARRA	For the only contract entered into during FY 2013, we were 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.	RESOLVED
2013-07	84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Aid Cluster	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.	REPEATED 2014-002

UNIVERSITY OF CENTRAL MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)
For The Year Ended June 30, 2013

Finding No.	CFDA No.	Program	Condition	Current Year Status
2013-08	84.007, 84.033, 84.038, 84.063, 84.268, 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 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.	RESOLVED
2013-09	84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Aid Cluster	For 5 students out of a sample of 40, it was noted that 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 over awarded. 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.	RESOLVED
2013-10	84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Aid Cluster	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.	RESOLVED
2013-11	84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Aid Cluster	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.	RESOLVED

UNIVERSITY OF CENTRAL MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)
For The Year Ended June 30, 2013

Finding No.	CFDA No.	Program	Condition	Current Year Status
2013-12	84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Aid Cluster	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.	RESOLVED
2013-13	84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Aid Cluster	While no instances of noncompliance were noted during our testing for 2012-2013, during the Department of Education's program review it was noted 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.	RESOLVED
2013-14	84.007, 84.033, 84.038, 84.063, 84.268, 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 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 Federal Student Aid Handbook) and/or a UCC-1 statement was not on file for these funds.	REPEATED 2014-003
2013-15	84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Aid Cluster	The University does not have an institutional methodology for administering and processing professional judgment requests.	RESOLVED