
UNIVERSITY OF CENTRAL MISSOURI
UNIFORM GUIDANCE
SINGLE AUDIT REPORT
JUNE 30, 2018

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Independent Auditors' Report On Internal Control
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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 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University of Central Missouri's basic financial statements, and have issued our report thereon dated October 15, 2018. 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 of Central Missouri, as described in our report on the University of Central Missouri'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 of Central Missouri'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 of Central Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the University of Central Missouri'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. 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.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the University of Central Missouri'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 o.92

Opinion On Each Major Federal Program

In our opinion, the University of Central Missouri 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, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002. Our opinion on each major federal program is not modified with respect to these matters.

The University of Central Missouri's responses to the compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and the Corrective Action Plans. The University of Central Missouri'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 of Central Missouri 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 of Central Missouri'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 the Uniform Guidance, 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 of Central Missouri'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 a 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 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 2018-001 and 2018-002 that we consider to be significant deficiencies.

The University of Central Missouri's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs and Corrective Action Plans. The University of Central Missouri'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance

We have audited the financial statements of the University of Central Missouri as of and for the year ended June 30, 2018, and have issued our report thereon dated October 15, 2018, 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 the Uniform Guidance 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.

October 15, 2018

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Sub- recipients	Federal Expenditures
U.S. Department Of Education				
Student Financial Aid Cluster -Direct				
TEACH Grants	84.379		\$ —	\$ 44,292
Federal SEOG	84.007		—	184,708
Federal Work Study	84.033		—	215,035
Federal Pell Grants	84.063		—	14,267,292
Federal Direct Student Loans	84.268		—	49,655,646
Federal Perkins Loan	84.038		—	7,317,703
Total Student Financial Aid Cluster - Direct				

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Sub- recipients	Federal Expenditures
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UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For The Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/ Program Or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through To Sub- recipients	Federal Expenditures
National Endowment For The Humanities Centennial of Women's Suffrage Speaker and Event Series	45.129	2083	\$ —	\$ 3,323
Passed-Through The National Endowment for the Arts Pleiades Website Development	45.024	15-5200-7076	—	25
Total National Endowment For The Humanities			—	3,348
National Science Foundation MoLSAMO	47.076		—	4,119
U.S. Department Of Agriculture Passed-Through The Missouri Department Of Health And Senior Services				
Building Partnerships Between Stakeholders in Western Missouri	10.326	2018TJu375ent Fo		—

UNIVERSITY OF CENTRAL MISSOURI

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

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, 2018. 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, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Uniform Guidance). 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 Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. 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.

4. Indirect Cost Rate

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2018

Section I - Summary Of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

 y Material weakness(es) identified? ___ yes x no
 y Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted?

___ yes x no

Federal Awards

Internal control over major programs:

 y Material weakness(es) identified? ___ yes x no
 y Significant deficiency(ies) identified? 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 2 CFR 200.516(a)?

x yes ___ no

Identification of major programs:

<u>Name Of Federal Program Or Cluster</u>	<u>CFDA Number</u>
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
TRIO Cluster	
Student Support Services	84.042
Veterans Upward Bound	84.047V
McNair Central Achievers Program	84.217

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

x yes ___ no

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For The Year Ended June 30, 2018

Section II - Financial Statement Findings

None

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) For The Year Ended June 30, 2018

Section III - Federal Award Findings And Questioned Costs

Finding 2018-001 – Significant Deficiency

Federal Award. No. 84.268, 84.007, 84.033, 84.038, 84.063 & 84.379

U.S. Department of Education

Student Financial Aid Cluster

Criteria: According to Volume 5, Chapter 2 of the Student Financial Aid Handbook, universities must make the determination of a student's unofficial withdrawal from the school within 30 days after the end of the earlier of: (1) the payment period or period of enrollment, as applicable, (2) the academic year, or (3) the program.

Condition: In our nonstatistical sample of 41 students, we noted 11 students who were unofficial withdrawals in the Spring 2018 semester based on the students' failure to earn a passing grade for which the withdrawal determination was made between 32 – 35 days after the end of the semester. The semester end date was considered the end of the period of enrollment.

Effect: The delay in making the withdrawal determination could delay the processing of the return of Title IV funds to the Department of Education; however, it was noted that for all 11 students a return was processed within 3 days of the withdrawal determination for those students for which a return of Title IV funds was required.

Questioned Costs: There were no questioned costs identified related to this finding.

Cause: The University had a delay in processing these withdrawals due to scheduling conflicts related to turnover in the student financial aid department.

Recommendation: The Financial Aid office should put in place controls that would ensure that all students who are required to be evaluated as an unofficial withdrawal have their enrollment status/withdrawal evaluated in a timely manner.

View of Responsible Officials (Unaudited): See the corrective action plan provided by management included in their response included with this report.

Anticipated Completion Date: November 1, 2018

Responsible Official: Director of Student Financial Aid

UNIVERSITY OF CENTRAL MISSOURI

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) For The Year Ended June 30, 2018

Finding 2018-002 – Significant Deficiency

Federal Award. No. 84.268, 84.007, 84.033, 84.038, 84.063 & 84.379

U.S. Department of Education

Student Financial Aid Cluster

Criteria: According to Volume 3, Chapter 5 of the Student Financial Aid Handbook, students are eligible to receive certain prescribed amounts of Federal Direct Subsidized and Unsubsidized Loans during each year of their study, dependent on certain criteria, and the loans for students are required to be repackaged and students are required to be notified of additional loan availability when certain status changes occur.

Condition: In our nonstatistical sample of 40 students, we noted 3 students who had a change in status during the year or before the beginning of the academic year, but did not have their direct loans adjusted adequately to match this change, causing the students to be under-awarded.

Effect: The improper repackaging and notification of additional aid availability for each student caused the students to not receive or be aware of all available aid they were eligible to receive.

Questioned Costs: There were no questioned costs identified related to this finding as each exception noted related to an underaward of direct loans.

Cause: The University did not have controls in place to review the repackaging completed upon a change in status to ensure that ea

UNIVERSITY OF CENTRAL MISSOURI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended June 30, 2017

Finding No.	CFDA No.	Program	Condition	Current Year Status
2017-001	NA	Financial Statement Finding	During our financial audit fieldwork, it was noted that vendor information changes were not always reviewed and approved.	Corrective Action Taken
2017-002	84.268, 84.007, 84.033, 84.038, 84.063, 84.379	Student Financial Aid Cluster	In our nonstatistical sample of 25 students, we noted three	