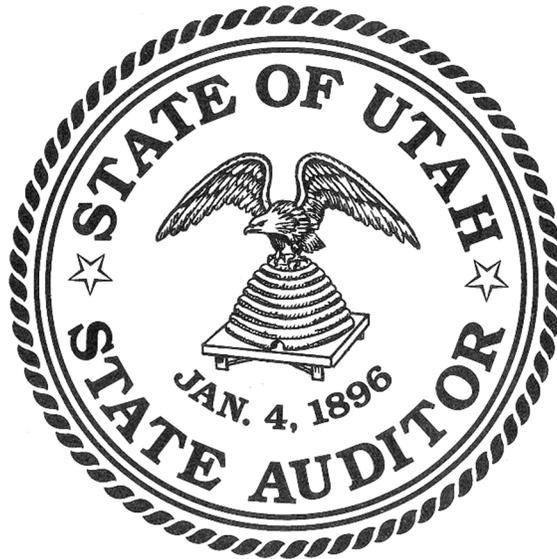


SOUTHERN UTAH UNIVERSITY

Single Audit Management Letter
For the Year Ended June 30, 2019

Report No. 19-11



OFFICE OF THE STATE AUDITOR

AUDIT LEADERSHIP:

John Dougall, State Auditor
Hollie Andrus, CPA, Audit Director
Gregg Hastings, CPA, Audit Manager

SOUTHERN UTAH UNIVERSITY

Single Audit Management Letter FOR THE YEAR ENDED JUNE 30, 2019

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Finding Type:

SD Significant Deficiency of Internal Control

RN Reportable Noncompliance or Illegal Acts

Applicable To:

f Federal Program



OFFICE OF THE
STATE AUDITOR

SINGLE AUDIT MANAGEMENT LETTER NO. 19-11

December 3, 2019

Scott L. Wyatt, President
Southern Utah University
351 W. Center Street
Cedar City, Utah 84720

Dear President Wyatt:

This management letter is issued as a result of Southern Utah University's (University's) portion of the statewide single audit for the year ended June 30, 2019. Our final report on compliance and internal control over compliance issued to meet the reporting requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is issued under separate cover. We tested the University's portion of the Student Financial Assistance cluster of programs, including:

- 84.007 Federal Supplemental Educational Opportunity Grants
- 84.033 Federal Work-Study Program
- 84.038 Federal Perkins Loan Program
- 84.063 Federal Pell Grant Program
- 84.268 Federal Direct Student Loans

In planning and performing our statewide compliance audit of the programs listed above, we considered the University's compliance with the types of compliance requirements subject to audit as described in the *OMB Compliance Supplement* for the year ended June 30, 2019. We also considered the University's internal control over compliance with the types of requirements described above that could have a direct and material effect on the programs tested in order to determine the audit procedures that were appropriate in the circumstances for the purpose of expressing an opinion on compliance 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'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 to detect and correct on a timely basis noncompliance with a type of compliance requirement of a federal program. *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 that is less severe than a material weakness, yet important enough to be reported under Uniform Guidance.

Our consideration of internal control over compliance was for the limited purposes described in the second paragraph 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. Given these limitations, during our audit we did not identify any deficiencies in the University's internal control over compliance that we consider to be material weaknesses. We did identify certain deficiencies in internal control over compliance (Findings 1 and 2) that we consider to be significant deficiencies.

We also identified Findings 1 and 2 as instances of noncompliance which we are required to report under Uniform Guidance.

The University's written responses to and Corrective Action Plans for the findings identified in our audit were not subjected to the audit procedures applied in our audit and, accordingly, we express no opinion on them.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing and not to provide an opinion on the effectiveness of the University's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

We appreciate the courtesy and assistance extended to us by the University's personnel during the course of our audit, and we look forward to a continuing professional relationship. If you have any questions, please contact me.

Sincerely,



Hollie Andrus, CPA
Audit Director
801-808-0467
handrus@utah.gov

cc: Marvin Dodge, Vice President for Finance & Administration
Mitch Bealer, Assistant Vice President for Finance & Administration
Brian Wright, Controller
David Hughes, Financial Aid Director

FINDINGS AND RECOMMENDATIONS

1. INACCURATE LINE ITEMS IN THE FISAP REPORT

Federal Agency: **Department of Education**

CFDA Numbers and Titles: **84.007 Federal Supplemental Educational Opportunity Grants**
84.033 Federal Work-Study Program
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans

Federal Award Numbers: **Various**

Questioned Costs: \$0

Pass-through Entity: N/A

Prior Year Single Audit Report Finding Number: **2016-11**

The 2017-2018 Fiscal Operations Report and Application to Participate (FISAP report) submitted by Southern Utah University included information that either did not agree to supporting documentation or did not have supporting documentation:

Line	Reported Amount	Supporting Documentation
Part II, Section E, Line 22.a	\$64,956,052	No supporting documentation
Part II, Section E, Line 22.b	\$6,936,732	No supporting documentation
Part III, Section B, Line 8.b	\$9,370	\$5,908
Part III, Section B, Line 9.a	97 Borrowers	129 Borrowers
Part III, Section C, Line 2.b	362 Borrowers	361 Borrowers
Part III, Section C, Line 2.c	\$802,751	\$791,835
Part III, Section C, Line 2.2.b	7 Borrowers	6 Borrowers
Part III, Section C, Line 2.2.c	\$48,845	\$37,929
Part IV, Section D, Line 15	\$9,767	\$7,470
Part V, Section D, Line 14	\$213,260	\$213,340
Part V, Section D, Line 14(b)	\$16,915	\$16,995
Part V, Section D, Line 15	\$14,218	\$10,159
Part V, Section D, Line 17	\$227,478	\$223,449
Part V, Section D, Line 28	\$12,686	\$16,995
Part V, Section D, Line 28(a)	\$4,229	\$16,995
Part V, Section D, Line 29	\$16,915	\$16,995
Part VI, Section A, Line 3.d	\$20,788	\$21,067
Part VI, Section A, Line 6.a	0 Recipients	1 Recipient
Part VI, Section A, Line 6.b	\$0	\$4,000

According to the FISAP instructions, each institution's chief executive officer must certify that the data on the report is accurate. Although the report was certified, the University does not have adequate internal control to allow for proper verification of the report's accuracy. During the report preparation, the University relied on a Common Origination Disbursement (COD) system validation report rather than performing a thorough review. Errors on the FISAP report could potentially affect the amount of aid awarded the University in future years.

Recommendation:

We recommend the University establish internal controls to verify the accuracy of the FISAP report.

University's Response:

We concur that there were several errors on the FISAP report due to input errors, wrong calculations, and other incorrect reporting errors. We acknowledge we have a responsibility to establish internal controls to ensure the accuracy of the FISAP report.

Corrective Action Plan:

We will implement a thorough review process prior to submission of the FISAP report. This review process will include a meeting of personnel from Accounting Services, Financial Aid & Scholarships, and Institutional Research well ahead of the submission deadline to plan and prepare for the FISAP reporting cycle. Following the preparation of the FISAP report, we will perform a follow-up review to ensure 1) adequate documentation supporting data entered, and 2) the accuracy of the information entered in the FISAP report.

*Contact Person: David Hughes, Director of Financial Aid & Scholarships, 435-586-7734
Anticipated Correction Date: With submission of the 2018-19 FISAP report.*

2. UNTIMELY AND INACCURATE ENROLLMENT REPORTING

Federal Agency: **Department of Education**

CFDA Numbers and Titles: **84.007 Federal Supplemental Educational Opportunity Grants**
84.033 Federal Work-Study Program
84.063 Federal Pell Grant Program
84.268 Federal Direct Student Loans
84.038 Federal Perkins Loan Program

Federal Award Numbers: **Various**

Questioned Costs: \$0

Pass-through Entity: N/A

Prior Year Single Audit Report Finding Number: N/A

The University does not have sufficient controls to verify that student enrollment changes being submitted, via 3rd party, to the National Student Loan Data System (NSLDS) are accurate, timely, or complete. Due to the insufficient controls, the enrollment status for 12 out of 25 students tested was improperly reported to NSLDS, as follows:

- The University reported the enrollment status of six students between 2 and 213 days after the required time frame of 60 days.
- The enrollment status for eight students was reported inaccurately.

According to 34 CFR 682.610 step c and 34 CFR 685.300, institutions are required to ensure accurate, timely (within 60 days), and complete enrollment reporting to NSLDS, even when utilizing a 3rd party servicer. The University was unaware of the requirements and was relying upon the 3rd party servicer to ensure the accuracy and timeliness of the submissions. Noncompliance with enrollment reporting requirements could result in the University's loss of future grant funding.

Recommendation:

We recommend the University establish internal controls to ensure student enrollment changes are reported in an accurate and timely manner to NSLDS.

University's Response:

We concur with this finding, as it exposed multiple holes in the enrollment reporting process through our third-party provider, which we have already begun addressing.

Corrective Action Plan:

Our corrective action plan includes various steps to ensure accurate and timely reporting of enrollment changes, as follows:

- 1. Establish a good working relationship with an assigned Clearinghouse caseworker. This will give us a better line for accountability with the Clearinghouse when compliance issues are discovered.*
- 2. Implement internal verification of data exchanged between the Clearinghouse and NSLDS via direct access to the NSLDS. This access was previously unavailable to the enrollment reporting officer prior to this audit. This will take place 10 days after enrollment data is reported to the Clearinghouse.*
- 3. Maintain training and implementation of enrollment reporting tools and changes offered by the Clearinghouse to maintain compliance and communication.*
- 4. Create and verify information between Financial Aid and the Registrars' offices to verify timely status issues for correct program reporting to the NSLDS.*

*Contact Person: Blair Bentley, Enrollment Specialist/Enrollment Reporting Officer, 435-586-1964
Anticipated Correction Date: With submission of the 2018-19 FISAP report.*