

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FEDERAL SINGLE AUDIT REPORT
UNIVERSITY OF SOUTHERN INDIANA
EVANSVILLE, INDIANA
July 1, 2015 to June 30, 2016



FILED
01/06/2017

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SCHEDULE OF UNIVERSITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President	Dr. Linda L.M. Bennett	07-01-15 to 6-30-17
Vice President for Finance and Administration and Treasurer	Steven J. Bridges	07-01-15 to 6-30-17
Chairman of the Board of Trustees	Jeffrey L. Knight	07-01-15 to 6-30-17



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AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF UNIVERSITY OF SOUTHERN INDIANA, EVANSVILLE, INDIANA

We have audited the financial statements of the business-type activities and the discretely presented component unit of University of Southern Indiana (University), a component unit of the State of Indiana, as of and for the year ended June 30, 2016 and have issued our report thereon dated October 26, 2016, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 26, 2016. Our report includes a reference to other auditors who audited the financial statements of the University of Southern Indiana Foundation, as described in our report on the University's financial statements.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is not a required part of the basic 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. This 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 basic financial statements or to the basic 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 Award is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

October 26, 2016



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INDEPENDENT AUDITOR'S 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*

TO: THE OFFICIALS OF UNIVERSITY OF SOUTHERN INDIANA, EVANSVILLE, INDIANA

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 business-type activities and the discretely presented component unit of University of Southern Indiana (University), as of and for the year ended June 30, 2016, 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 26, 2016. Our report includes a reference to other auditors who audited the financial statements of the University of Southern Indiana Foundation (Foundation), as described in our report on the University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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 opinions 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.


INDEPENDENT AUDITOR'S 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*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from 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*.

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 results 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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

October 26, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE UNIVERSITY OF SOUTHERN INDIANA, EVANSVILLE, INDIANA

Report on Compliance for the Major Federal Program

We have audited the University of Southern Indiana's (University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2016. The University's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the University's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2016.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)


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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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'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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.


Paul D. Joyce, CPA
State Examiner

December 19, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were prepared by management of the University. The schedule and notes are presented as intended by the University.

UNIVERSITY OF SOUTHERN INDIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2016

Cluster Title Federal Grantor Agency Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Federal Awards Expended	Expenditures to Subrecipients
Student Financial Assistance Cluster				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Direct Grant				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 172,137	\$ -
Federal Work-Study Program	84.033		183,132	-
Federal Pell Grant Program	84.063		10,911,654	-
Federal Direct Student Loans	84.268		<u>33,298,007</u>	<u>-</u>
Total for U.S. Department of Education			<u>44,564,930</u>	<u>-</u>
Total for Student Financial Assistance Cluster			44,564,930	-
TRIO Cluster				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Direct Grant				
TRIO_Student Support Services	84.042		<u>214,068</u>	<u>-</u>
Total for U.S. Department of Education			<u>214,068</u>	<u>-</u>
Total for TRIO Cluster			214,068	-
Research and Development Cluster				
Highway Planning and Construction Cluster				
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through University of Illinois				
Highway Planning and Construction	20.205	2011-05776-28	<u>2,895</u>	<u>-</u>
Total for U.S. Department of Transportation			<u>2,895</u>	<u>-</u>
Total for Highway Planning and Construction Cluster			2,895	-
<u>NATIONAL SCIENCE FOUNDATION</u>				
Direct Grant				
Biological Sciences	47.074		15,675	-
Direct Grant				
Social, Behavioral, and Economic Sciences	47.075		<u>(2,736)</u>	<u>-</u>
Total for National Science Foundation			<u>12,939</u>	<u>-</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Temple University				
Education Research, Development, and Dissemination	84.305	300161-USI	<u>13,519</u>	<u>-</u>
Total for U.S. Department of Education			<u>13,519</u>	<u>-</u>
Total for Research and Development Cluster			29,353	-
Other Programs				
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child and Adult Care Food Program	10.558	1820441	<u>13,126</u>	<u>-</u>
Total for U.S. Department of Agriculture			<u>13,126</u>	<u>-</u>
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>				
Pass-Through Purdue University				
Education	43.008	4103-69168	<u>6,000</u>	<u>-</u>
Total for National Aeronautics and Space Administration			<u>6,000</u>	<u>-</u>
<u>NATIONAL ENDOWMENT FOR THE ARTS</u>				
Pass-Through Indiana Arts Commission				
Promotion of the Arts_Partnership Agreements	45.025	160008	4,925	-
Promotion of the Arts_Partnership Agreements	45.025	160011	4,378	-
Promotion of the Arts_Partnership Agreements	45.025	AIPO-160028	<u>1,250</u>	<u>-</u>
Total CFDA Number 45.025			10,553	-
Total for National Endowment for the Arts			<u>10,553</u>	<u>-</u>
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES</u>				
Pass-Through Indiana Humanities Council				
Promotion of the Humanities_Federal/State Partnership	45.129	15-1048	<u>1,616</u>	<u>-</u>
Total for National Endowment for the Humanities			<u>1,616</u>	<u>-</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Mathematics and Science Partnerships	84.366	A58-5-15CI-2882	196,515	123,238
Mathematics and Science Partnerships	84.366	A58-5-15CI-2887	<u>8,762</u>	<u>-</u>
Total CFDA Number 84.366			205,277	123,238
Total for U.S. Department of Education			<u>205,277</u>	<u>123,238</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Direct Grant				
Nurse Education, Practice Quality and Retention Grants	93.359		584,830	-

Pass-Through Indiana University				
Area Health Education Centers	93.107	IN-4683366-USI	30,576	12,103
Area Health Education Centers	93.107	IN-4683368-USI	<u>56,071</u>	<u>875</u>
Total CFDA Number 93.107			86,647	12,978
Pass-Through Vanderburgh Superior Court				
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	22573	<u>(4,122)</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>667,355</u>	<u>12,978</u>
Total for Other Programs			903,927	136,216
Total Federal Awards Expended			<u>\$ 45,712,278</u>	<u>\$ 136,216</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

UNIVERSITY OF SOUTHERN INDIANA
EVANSVILLE, INDIANA
NOTES TO SCHEDULE OF FEDERAL AWARDS
June 30, 2016

Note 1. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the University of Southern Indiana (University) and is presented on the accrual basis of accounting 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* (Uniform Guidance). Expenditures reported on the Schedule are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general-purpose financial statements. 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. The University has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 2. Federal Direct Student Loans

The number of guaranteed student loans and total amount for each program for University of Southern Indiana students for the year ended June 30, 2016, were as follows:

	No. of Students	Amount
Direct Loan Program (Subsidized and Unsubsidized)	4,647	\$ 29,634,614
Direct PLUS Loans (Parent and Graduate PLUS Loans)	472	3,663,393
Totals	5,119	\$ 33,298,007

UNIVERSITY OF SOUTHERN INDIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

Name of Federal Program or Cluster	Opinion Issued
Student Financial Assistance Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the University. The document is presented as intended by the University.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2015
 Federal Agency: U.S. Department of Education
 Contact Person Responsible for Corrective Action: Suzanne Devine
 Contact Phone Number: 812-464-1842

Status of Audit Finding:

Action	Anticipated Completion Date	Actual Completion Date	Responsible Person	Status	Comments
Develop report to track credit balances	December 2015	December 2015	Suzanne Devine/USI IT	Completed	Document is delivered to Suzanne Devine's email then reviewed and saved on the N drive (Bursar Drive) in the Refund Check Reviews file
Document process for student account refunds	January 2016	January 2016	Suzanne Devine	Completed	Document is saved on the N drive (Bursar Drive) in the Refund Check Reviews file
Transfer primary responsibility for refund processing to Associate Bursar	January 2016	January 2016	Suzanne Devine	Completed	Effective with Spring 2016 disbursements, Associate Bursar became the staff member who is responsible for refund processing
Review credit balances report daily	January 2016	January 2016	Suzanne Devine	Completed	Beginning January 19, 2016 reports are being reviewed by Bursar and saved on the N Drive (Bursar Drive) in the Refund Check Reviews file.
Develop checklist of essential refund process tasks	March 2016	July 2016	Suzanne Devine	Completed	Task list has been created and saved on the N Drive (Bursar Drive) in Refund Check Reviews file.
investigate further automation of refund process	August 2016		Suzanne Devine	Not completed	Task has been delayed until March 2017 due to the delay of the Touchnet upgrade. Touchnet has capabilities to assist with this process that we need to evaluate.


 Jeffrey M. Sickman
 Controller and Assistant Treasurer
 October 24, 2016

Business Office

OTHER REPORTS

In addition to this report, other reports may have been issued for the University. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.