

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

FEDERAL SINGLE AUDIT REPORT

VINCENNES UNIVERSITY

KNOX COUNTY, INDIANA

July 1, 2014 to June 30, 2015



FILED
05/06/2016

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SCHEDULE OF UNIVERSITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President	Dr. Richard Helton	07-01-14 to 07-31-15
	Dr. Charles Johnson (Interim)	08-01-15 to 12-01-15
	Dr. Charles Johnson	12-02-15 to 06-30-16
Vice President of Financial Services and Governmental Relations	Phillip S. Rath	07-01-14 to 06-30-16
President of the Board of Trustees	John R. Gaylor	07-01-14 to 10-04-15
	John Stachura	10-05-15 to 06-30-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 VINCENNES UNIVERSITY, VINCENNES, 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 aggregate discretely presented component unit of Vincennes University (University), a component unit of the State of Indiana, as of and for the year ended June 30, 2015, 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 23, 2015. Our report includes a reference to other auditors who audited the financial statements of Vincennes University Foundation (Foundation), as described in our report on University's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

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 a 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 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.


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 23, 2015, except for the Schedule of Expenditures of Federal Awards,
which is as of March 21, 2016



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INDEPENDENT AUDITOR'S 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

TO: THE OFFICIALS OF VINCENNES UNIVERSITY, VINCENNES, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Vincennes University's (University) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. The University's major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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, 2015.

INDEPENDENT AUDITOR'S 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
(Continued)

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 2015-001, 2015-002, 2015-003, and 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 our 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-003 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002 and 2015-004 to be significant deficiencies.


INDEPENDENT AUDITOR'S 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
(Continued)

The University's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 business-type activities, and the aggregate discretely presented component unit of the University, a component unit of the State of Indiana, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated October 23, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 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. 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 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 Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.


Paul D. Joyce, CPA
State Examiner

March 21, 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.

VINCENNES UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Grant			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants	84.007		\$ 227,669
Federal Work-Study Program	84.033		237,428
Federal Perkins Loan Program_Federal Capital Contributions	84.038		1,299,230
Federal Pell Grant Program	84.063		16,874,567
Federal Direct Student Loans - Plus	84.268		4,781,658
Federal Direct Student Loans - Stafford	84.268		<u>30,223,888</u>
Total for federal agency			<u>53,644,440</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Direct Grant			
Student Financial Assistance Cluster			
Nursing Student Loans	93.364		<u>149,488</u>
Total for federal grantor agency			<u>149,488</u>
Total for cluster			<u>53,793,928</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Grant			
Public Television Station Digital Transition Grant Program			
	10.861		<u>12,318</u>
Pass-Through Indiana Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	C2-9-74201	<u>5,713</u>
Total for federal grantor agency			<u>18,031</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Pass-Through South Central Indiana Workforce Board, Inc			
Employment Service Cluster			
Region 8			
Employment Service/Wagner-Peyser Funded Activities	17.207	WIA-14-ADW-VU / BC-14-VU	<u>35,865</u>
Pass-Through Western Indiana Workforce Investment Board			
WIA Cluster			
Region 7			
WIA/WIOA Adult Program	17.258	C1-5-WIB-4-07	511,376
WIA/WIOA Youth Activities	17.259	C1-5-WIB-4-07	535,494
WIA/WIOA Dislocated Worker Formula Grants	17.278	C1-5-WIB-4-07 / C1-5-RR-4-07	<u>287,956</u>
Total for program			<u>1,334,826</u>
Pass-Through South Central Indiana Workforce Board, Inc			
WIA Cluster			
Region 8			
WIA/WIOA Adult Program	17.258	WIA-14-ADW-VU	718,121
WIA/WIOA Youth Activities	17.259	WIA-14-Y-VU	789,300
WIA/WIOA Dislocated Worker Formula Grants	17.278	WIA-14-ADW-VU / BC-14-VU	<u>462,072</u>
Total for program			<u>1,969,493</u>
Pass-Through Indiana Employment Insurance Board			
WIA Cluster			
WIA/WIOA Youth Activities	17.259	C1-5-DISC-4-68B	<u>300,000</u>
Total for cluster			<u>3,604,319</u>
Direct Grants			
Mine Health and Safety Grants			
	17.600		<u>190,597</u>
Trade Adjustment Assistance Community College and Career Training (TAACCT) Grants			
	17.282		<u>1,430,303</u>
Pass-Through Western Indiana Workforce Investment Board			
Region 7			
WIOA National Dislocated Workers Grants / WIA National Emergency Grants	17.277	C1-5-NEGDWT-4-07	<u>28,337</u>
Total for federal grantor agency			<u>5,289,421</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	D3-15-9168	<u>106,451</u>
Total for federal grantor agency			<u>106,451</u>

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

VINCENNES UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TREASURY</u>			
Pass-Through Indiana Department of Family and Social Services Administration Tax Counseling for the Elderly	21.006	14TCEP0009	18,000
Total for federal grantor agency			18,000
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>			
Pass-Through Purdue University Cross Agency Support	43.009	4103-64605	20,250
Total for federal grantor agency			20,250
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Grant			
Trio Cluster			
Trio_Student Support Services	84.042		369,012
Trio_Talent Search	84.044		347,471
Trio_Project Aspiree	84.044A		232,239
Trio_Upward Bound	84.047		379,584
Trio_Veteran's Upward Bound	84.047V		266,845
Total for cluster			1,595,151
Pass-Through Trustees of Indiana University - Indiana Institute on Disability and Community Transition Programs for Students with Intellectual Disabilities into Higher Education	84.407A	BL-4243004-VU	83,987
Pass-Through Indiana Department of Workforce Development			
Adult Education - Basic Grants to States	84.002A	C1-5-AE-4-68-A/ C1-5-AE-4-68-B	242,488
Career and Technical Education - Basic Grants to States	84.048	C1-5-PPS-4-68	542,625
Pass-Through Monroe County Community School Corporation Adult Education - Basic Grants to States	84.002A	C1-3-AE-4-41	2,052
Total for federal grantor agency			2,466,303
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Family and Social Services Administration			
Aging Cluster			
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	42-15-0V-1556-02	244,188
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	42-15-0V-1556-04	445,246
Nutrition Services Incentive Program	93.053	42-15-02-1556-01	91,383
Total for cluster			780,817
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	42-15-2V-1556-02	8,057
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	42-15-0V-1556-05	17,128
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	42-14-ST-1456	4,415
National Family Caregiver Support, Title III, Part E	93.052	42-15-0V-1556-06	99,421
Social Services Block Grant	93.667	42-15-0G-1556-01	226,329
Pass-Through Indiana Department of Insurance Medicare Enrollment Assistance Program	93.071	43-14-IDOI-VINUGEN	4,400
Total for federal grantor agency			1,140,567
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>			
Pass-Through Indiana Department of Family and Social Services Administration Retired and Senior Volunteer Program	94.002	11SRNIN004	41,302
Total for federal grantor agency			41,302
Total federal awards expended			<u>\$ 62,894,253</u>

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

VINCENNES UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of Vincennes University (University) and is presented in conformity with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs.

The purpose of the Schedule is to present a summary of those activities of the University for the year ended June 30, 2015, which have been financed by the U.S. Government (federal awards). For purposes of the Schedule, federal awards include all federal assistance and procurement relationships entered into directly between the University and the federal government and sub-awards from non-federal organizations made under federally sponsored agreements. The Schedule presents only a selective portion of the activities of the University; therefore, it is not intended to and does not present the financial position, change in financial position, or cash flow of the University.

Student Financial Assistance

Expenditures for non-loan assistance made to students are recognized and reported in the Schedule of Expenditures of Federal Awards.

Student loan programs are funded by the federal government under various programs; e.g., Perkins Student Loan Program and Nursing Student Loan Program. Activity related to these loan programs include federal and university capital contributions, loan repayments, interest earned on loans, cancellation of loans, and administrative and collection costs.

Note 2. Federal Direct Student Loans

The Schedule of Expenditures of Federal Awards includes Federal Direct Student Loans which were not made by the University but were received by its students. The University is responsible only for the performance of certain administrative duties with respect to these loans.

VINCENNES UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

The number of guaranteed loans and the total amount processed for each Direct Loan Program for the year ended June 30, 2015, were as follows:

Program Title	Number of Students	Loan Amount
Direct Loan Program (Subsidized and Unsubsidized)	4,899	\$ 30,223,888
Direct PLUS Loans (Parent(PLUS) and Graduate PLUS)	613	<u>4,781,658</u>
Totals		<u>\$ 35,005,546</u>

Note 3. Federal Student Loan Program

The University participates in various loan programs. The University maintains revolving loan funds for the Perkins and Nursing Student Loan Programs. The Perkins Loan and the Nursing Student Loan Programs are administered by the University and balances and transactions relating to these programs are included in the University's financial statements. Therefore, the federal expenditures include the entire amount of that fund, including outstanding loans to students. The following schedule represents loans outstanding as of June 30, 2015:

Program Title	Federal CDFA Number	Loans Outstanding
Federal Perkins Loan Program_Federal Capital Contributions	84.038	\$ 1,299,230
Nursing Student Loans	93.364	149,488

VINCENNES UNIVERSITY
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 programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Type of auditor's 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 OMB Circular A-133?	yes

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Cluster
	WIA Cluster
	TRIO Cluster
84.002A	Adult Education - Basic Grants to States

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

VINCENNES UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-001 - SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Education

Federal Program: Adult Education - Basic Grants to States

CFDA Number: 84.002

Federal Award Number and Year (or Other Identifying Number): C1-5-AE-4-68-A and
C1-5-AE-4-68-B for FY2015

Pass-Through Entity: Indiana Department of Workforce Development

Management of the University has not established an effective internal control system related to the grant agreement and the Suspension and Debarment compliance requirement. The failure to establish an effective internal control system places the University at risk of noncompliance with the grant agreement and the compliance requirement.

The University has a policy for verifying that a vendor has not been suspended or debarred, which details the documentation that is to be maintained to show the verification was performed. The University, however, failed to provide documentation that the verification was performed. Acceptable verification would include evidence that a search of the Excluded Parties List Systems through the System of Award Manager Center at www.sam.gov was conducted; a certification collected from the entity; or a clause or condition added to the contract.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

24 CFR 85.35 states in part:

"Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party that is debarred or suspended or is otherwise excluded from or ineligible for participation in federal assistance programs. . . ."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls enabled a material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirement could result in the loss of federal funds to the University.

We recommended that the University's management establish controls to ensure compliance and comply with the Suspension and Debarment requirements of the program.

VINCENNES UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2015-002 - SPECIAL TESTS AND PROVISIONS - ENROLLMENT REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Federal Direct Student Loans
CFDA Number: 84.268
Federal Award Number and Year (or Other Identifying Number): FY15

The University uses the services of the National Student Clearinghouse (NSC) to report status changes to the National Student Loan Data System (NSLDS). Under this arrangement, the University reports all students enrolled and their status to the NSC. The NSC then identifies any changes in status and reports those changes when required to the respective lender and guarantors. Additionally, the NSC completes the roster file on the University's behalf and communicates status changes to the NSLDS as applicable. Although the University uses the services of the NSC, it is still ultimately the University's responsibility to submit timely, accurate and complete responses to roster files and to maintain proper documentation. (NSLDS Enrollment Reporting Guide, Chapter 1)

We selected a sample of 25 students who either withdrew (officially or unofficially) or graduated from the University to determine whether enrollment changes were being properly reported to the NSLDS. The following errors were noted:

1. One of the three students with an unofficial withdrawal, did not have their status change reported within 60 days to the NSLDS.
2. Two of the eight students who graduated were reported to the NSLDS, but not within the 60 day time limit.

34 CFR 685.309(b) states in part:

"Enrollment reporting process.

- (1) Upon receipt of an enrollment report from the Secretary, a school must update all information included in the report . . .
- (2) Unless it expects to submit its next updated enrollment report to the Secretary within the next 60 days, a school must notify the Secretary within 30 days after the date the school discovers that— (i) a loan under title IV of the Act was made to or on behalf of a student who was enrolled or accepted for enrollment at the school, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended. . . ."

The University has established controls over enrollment reporting. However, those controls were not effective to ensure that enrollment data is submitted timely and accurately for all students.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

VINCENNES UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Inaccurate and delayed submission of information affects the determinations that lenders and servicers of student loans make related to in-school status, deferments, grace periods, and repayment schedules, as well as the federal government's payment of interest subsidies.

We recommended that the University strengthen its controls to help ensure that the enrollment files submitted to the NSC are complete and accurate. Procedures should be implemented to ensure that the University accurately reports student status change dates and types to the NSLDS in a timely manner.

FINDING 2015-003 - ELIGIBILITY

Federal Agency: U.S. Department of Education

Federal Program: Veteran's Upward Bound

CFDA Number: 84.047V

Federal Award Number and Year (or Other Identifying Number): FY15

The Veteran's Upward Bound program is required to verify a participant's eligibility. Specifically, an eligible participant is to be a citizen, national, or permanent resident of the United States, or is to be in the United States for other than a temporary purpose. We selected a sample of seven participants to determine if eligibility was verified prior to admission to the Veteran's Upward Bound program. During testing, it was discovered that the Veteran's Upward Bound program did not verify the participant's eligibility status. Therefore, it was determined that all participants in the Veteran's Upward Bound program had not been verified for eligibility.

34 CFR 645.3 states in part:

"An individual is eligible to participate in a Regular, Veterans, or a Math and Science Upward Bound project if the individual meets all of the following requirements:

- (a)(1) Is a citizen or national of the United States.
- (2) Is a permanent resident of the United States.
- (3) Is in the United States for other than a temporary purpose and provides evidence from the Immigration and Naturalization Service of his or her intent to become a permanent resident.
- (4) Is a permanent resident of Guam, the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.
- (5) Is a resident of the Freely Associated States - the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau . . ."

Additionally, we tested all participants who received stipends during the audit period to determine if stipends for participation were paid accurately. Testing noted that two prior year participants received stipends in 2014-2015 and were not active participants during the period in which they were paid.

34 CFR 645.42 states in part:

"(a) An Upward Bound project may provide stipends for all participants who participate on a full-time basis. . . .

(d)(2) For Veterans Upward Bound projects, the stipend may not exceed \$40 per month."

VINCENNES UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Management of the University has not established an effective internal control system relating to the Eligibility requirement.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls enabled a material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the University.

We recommended that the University's management establish controls and comply with the grant agreement and compliance requirements listed above.

FINDING 2015-004 - REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Veteran's Upward Bound
CFDA Number: 84.047V
Federal Award Number and Year (or Other Identifying Number): FY15

The Veteran's Upward Bound program is required to submit an annual performance report (APR) to the Department of Education. The APR includes the Record Structure for Participant List for Upward Bound and Upward Bound Math-Science Projects (participant database). The participant database consists of 125 participants with 50 field codes which describe the participant's eligibility, need for education support, services provided to participant, and educational progress in the Veteran's Upward Bound program.

34 CFR 80.40(b)(1) states in part: "Grantees shall submit annual performance reports . . ."

We selected a sample of 13 participants and traced information from the participants' files to the participant database to determine if the codes were properly reported. The following errors were noted:

1. One participant was coded incorrectly in field number 34 - Short Term Remedial or Refresher Courses, for reporting year (2014-15).
2. One participant was coded incorrectly in field number 16 - Eligibility (at time of initial selection).
3. One participant was coded incorrectly in field number 36 - Special Services for Transition to Post-Secondary Education (PSE), for reporting year (2014-15).

VINCENNES UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

34 CFR 645.43(c) states in part:

"*Recordkeeping.* For each participant, a grantee shall maintain a record of -

- (1) The basis for the grantee's determination that the participant is eligible to participate in the project under sec. 645.3;
- (2) The basis for the grantee's determination that the participant has a need for academic support in order to pursue successfully a program of education beyond secondary school;
- (3) The services that are provided to the participant;
- (4) The educational progress of the participant . . . during the participant's pursuit of a post-secondary education program . . ."

Management of the University has not established effective internal controls relating to the Reporting compliance requirement.

An internal control system should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls enabled a material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the University.

We recommended that the University's management establish controls and comply with the grant agreement and compliance requirements listed above.

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AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the University. The documents are presented as intended by the University.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2014-001

Original Assigned SBA Audit Report Number: B44961

Report Period: July 1, 2013 to June 30, 2014

Federal Program: Federal Direct Student Loans

Contact Person Responsible for Corrective Action: Rebecca Little

Contact Phone Number: 812-888-4220

Status of Audit Finding:

The University was in the process of modifying its automated controls during 14-15 to ensure complete and accurate enrollment reporting to the National Student Clearinghouse.

Rebecca K Little
(Signature)

Registrar
(Title)

3-4-16
(Date)



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2014-002

Original Assigned SBA Audit Report Number: B44961
Report Period: July 1, 2013 to June 30, 2014
Federal Program: Workforce Investment Act (WIA) Cluster
Contact Person Responsible for Corrective Action: David Tucker
Contact Phone Number: 812-888-4266

Status of Audit Finding:

The University's policies and procedures and a Regional Workforce manual are being followed. All timecards are approved by the director. Reimbursement requests and formal reconciliations are approved by the director.

Finding Number 2014-003

Original Assigned SBA Audit Report Number: B44961
Report Period: July 1, 2013 to June 30, 2014
Federal Program: Workforce Investment Act (WIA) Cluster
Contact Person Responsible for Corrective Action: David Tucker
Contact Phone Number: 812-888-4266

Status of Audit Finding:

Region 7 has implemented procedures to properly close a month on the system. There is a formal reconciliation from the subsidiary ledger to the University's accounting system which is reviewed by the director on a monthly basis.

Finding Number 2014-004

Original Assigned SBA Audit Report Number: B44961
Report Period: July 1, 2013 to June 30, 2014
Federal Program: Workforce Investment Act (WIA) Cluster
Contact Person Responsible for Corrective Action: David Tucker
Contact Phone Number: 812-888-4266

Status of Audit Finding:

The University has detailed support for salary and wage allocations.

Finding Number 2014-005

Original Assigned SBA Audit Report Number: B44961
Report Period: July 1, 2013 to June 30, 2014
Federal Program: Adult Education – Basic Grants to States
Contact Person Responsible for Corrective Action: David Tucker
Contact Phone Number: 812-888-4266

Status of Audit Finding:


The University's policies and procedures are being followed. All timecards are approved by the director. The formal reconciliation which supports the reimbursement request is being approved by the Vice President of Workforce Development/Community Services.

Finding Number 2014-006

Original Assigned SBA Audit Report Number: B44961
Report Period: July 1, 2013 to June 30, 2014
Federal Program: Adult Education – Basic Grants to States
Contact Person Responsible for Corrective Action: David Tucker
Contact Phone Number: 812-888-4266

Status of Audit Finding:

The University has detailed support for salary and wage allocations. The reimbursement request from the high schools also contains the detailed support.



(Signature)
David A. Tucker
Vice President Workforce Development/

(Title) Community Services

3-9-16

(Date)



Finding Number 2015-001


Contact Person Responsible for Corrective Action: David Tucker

Title of Contact Person: VP of Workforce Development

Description of Corrective Action Plan:

Vincennes University acknowledges the finding related to Suspension and Debarment. Payments were made to Indiana public school corporations and print screens were not properly secured from the sam.gov website. The University has written policies and procedures for the Suspension and Debarment compliance requirement that is now being followed.

Anticipated Completion Date: Correction Action has been taken.



(Signature)
David A Tucker
VP Workforce Development/Community

(Title) Services
3-21-16

(Date)



Finding Number 2015-002

Contact Person Responsible for Corrective Action: Rebecca Little
Title of Contact Person: Registrar

Description of Corrective Action Plan:

Vincennes University had changed its reporting tool during the 14-15 fiscal year to ensure timely and accurate reporting for graduates. The previous reporting tool had release changes which caused their program not to be compliant with the federal reporting requirements for graduates. The University discovered this problem and instantly took the corrective measures to obtain a new tool to properly report graduates. The University understands the importance of timely and accurate reporting.

Anticipated Completion Date: Corrective Action had been taken.

Rebecca Little
(Signature)

Registrar
(Title)

3-17-2016
(Date)



Finding Number 2015-003

Contact Person Responsible for Corrective Action: David Tucker

Title of Contact Person: VP of Workforce Development

Description of Corrective Action Plan:

The citizenship status of potential Veterans Upward participants is now included in the program intake and requires a response corresponding to the applicants' status and a verifying signature. All new participants in the program since September 1, 2015 received correspondence to obtain this information.

Controls have been modified when preparing a stipend voucher. After a designated individual prepares the voucher request, the director of the program will confirm the eligibility status prior to the approval and submission of the voucher for payment.

Anticipated Completion Date: Corrective Action has been taken

DA Tucker
(Signature)
David A Tucker
VP Workforce Development/Community Services
(Title)
3-21-16
(Date)



Finding Number 2015-004

Contact Person Responsible for Corrective Action: David Tucker
Title of Contact Person: VP of Workforce Development

Description of Corrective Action Plan:

Vincennes University has modified its internal controls for the reporting compliance requirement. The Veterans Upward Bound Education Specialists will review the required final Department of Education (DOE) reporting data, as input into a database by the program secretary, for their assigned participants and compare it against the written records for accuracy, making any necessary corrections within both the database and the written record. The director will review the file for accuracy and follow up on all incorrect data before the final submission of the Annual Performance Report.

Anticipated Completion Date: Corrective Action has been taken

(Signature)

David A Tucker

VP Workforce Development / Community Service

(Title)

3-21-16

(Date)