

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

BALL STATE UNIVERSITY

MUNCIE, INDIANA

July 1, 2019 to June 30, 2020



FILED
02/04/2021

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SCHEDULE OF UNIVERSITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
President	Geoffrey S. Mearns	07-01-19 to 06-30-21
Vice President, Business Affairs, and Treasurer	(Vacant) Alan T. Finn	07-01-19 to 08-14-19 08-15-19 to 06-30-21
Associate Vice President and Chief Budget Officer	Scott M. Stachler	07-01-19 to 06-30-21
President of the Board of Trustees	Richard J. Hall E. Renae Conley	07-01-19 to 12-31-19 01-01-20 to 12-31-20



STATE OF INDIANA

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

TO: THE OFFICIALS OF BALL STATE UNIVERSITY, MUNCIE, INDIANA

We have audited the financial statements of the business-type activities and the discretely presented component units of Ball State University (University), a component unit of the State of Indiana, as of and for the year ended June 30, 2020, 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, 2020, 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. We have not performed any procedures with respect to the audited financial statements subsequent to October 23, 2020. Our report includes a reference to other auditors who audited the financial statements of the Ball State University Foundation, Inc. (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 basic 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.

A handwritten signature in black ink that reads "Paul D. Joyce".
Paul D. Joyce, CPA
State Examiner

October 23, 2020



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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 THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF BALL STATE UNIVERSITY, MUNCIE, INDIANA

We have audited, in accordance with 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 units of Ball State University (University), as of and for the year ended June 30, 2020, 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, 2020. Our report includes a reference to other auditors who audited the financial statements of Ball State University Foundation, Inc. (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*. 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 THE 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
Paul D. Joyce, CPA
State Examiner

October 23, 2020



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

TO: THE OFFICIALS OF BALL STATE UNIVERSITY, MUNCIE, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Ball State University's (University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. 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 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 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 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 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, 2020.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND REPORT 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 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 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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be material weaknesses.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

January 13, 2021

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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.

BALL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor Agency/ Pass-Through Entity/ Cluster Title/ Program Title/ Project Title	Federal CFDA Number	Federal Identifier	Total Federal Awards Expended	Amounts Passed-Through To Subrecipients
Student Financial Assistance Cluster				
DEPARTMENT OF EDUCATION				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 815,220	-
Federal Work-Study Program	84.033		747,265	-
Federal Perkins Loan Program_Federal Capital Contributions	84.038		9,948,524	-
Federal Pell Grant Program	84.063		25,233,605	-
Federal Direct Student Loans	84.268		128,421,466	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		25,347	-
Total Department of Education			<u>165,191,427</u>	-
Total Student Financial Assistance Cluster			<u>165,191,427</u>	-
Research and Development Cluster				
DEPARTMENT OF AGRICULTURE				
Direct				
Agriculture and Food Research Initiative (AFRI)	10.310	20196800629639	<u>12,348</u>	-
Pass-Through Old Dominion University Research Foundation				
Consumer Data and Nutrition Research	10.253	58-4000-6-0061-R	<u>2,497</u>	-
Pass-Through Western Michigan University				
National Fish and Wildlife Foundation	10.683	17-CA-11132422-145	717	-
National Fish and Wildlife Foundation	10.683	16-CA-11132422-213	830	-
Total for CFDA 10.683			<u>1,547</u>	-
Total Department of Agriculture			<u>16,392</u>	-
DEPARTMENT OF DEFENSE				
Pass-Through University of California, Irvine				
Research and Technology Development	12.910	FA87501620021	<u>16,665</u>	-
Total Department Of Defense			<u>16,665</u>	-
DEPARTMENT OF THE INTERIOR				
Direct				
Cooperative Ecosystem Studies Units	15.678	F19AC00023	90,178	82,428
Pass-Through Indiana Department of Natural Resources				
Sport Fish Restoration	15.605	NONE	(5)	-
Wildlife Restoration and Basic Hunter Education	15.611	TBA W-49-R-02	157,938	47,808
Pass-Through Illinois Department of Military Affairs				
Cooperative Ecosystem Studies Units	15.678	NONE	17,985	8,231
Pass-Through Trustees of Purdue University				
Assistance to State Water Resources Research Institutes	15.805	G16AP00052	14,041	-
National Land Remote Sensing Education Outreach and Research	15.815	G18AP00077	802	
Pass-Through Indiana Department of Natural Resources				
Historic Preservation Fund Grants-In-Aid	15.904	NONE	148,364	-
Pass-Through National Park Service				
Historic Preservation Fund Grants-In-Aid	15.904	P18AP00169	23,462	-
Total for CFDA 15.904			<u>171,826</u>	-
Pass-Through National Park Service				
Native American Graves Protection and Repatriation Act	15.922		2,645	-
Native American Graves Protection and Repatriation Act	15.922	P18AP00337	16,460	-
Total for CFDA 15.922			<u>19,105</u>	-
Pass-Through Western Michigan University				
Endangered Species Recovery Implementation	15.657	F16AC01282	<u>4,349</u>	-
Pass-Through Western Michigan University				
NFWF-USFWS Conservation Partnership	15.663	F16AF00398	525	-
Total Department Of The Interior			<u>476,744</u>	<u>138,467</u>
DEPARTMENT OF JUSTICE				
Direct				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2015-IJ-CX-0011	<u>2,584</u>	-
Total Department Of Justice			<u>2,584</u>	-

BALL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor Agency/ Pass-Through Entity/ Cluster Title/ Program Title/ Project Title	Federal CFDA Number	Federal Identifier	Total Federal Awards Expended	Amounts Passed-Through To Subrecipients
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Pass-Through Trustees of Purdue University Education	43.008	12000145-236	<u>13,832</u>	3,000
Total National Aeronautics And Space Administration			<u>13,832</u>	3,000
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Direct				
Promotion of the Humanities Office of Digital Humanities	45.169	HAA-269032-20	9,144	-
Pass-Through Buffalo Bill Center of the West	45.161	RA22859215	1,646	-
Promotion of the Humanities Research				
Pass-Through Buffalo Bill Center of the West	45.161	RQ-249753-16	3,468	-
Promotion of the Humanities Research			<u>5,114</u>	-
Total for CFDA 45.161				
Total National Endowment For The Humanities			<u>14,258</u>	-
NATIONAL SCIENCE FOUNDATION				
Direct				
Engineering	47.041	1923712	8,255	-
Engineering	47.041	IIP-1464654	122,970	-
Engineering	47.041	1464654	74,120	-
Engineering	47.041	S2ERC	10,833	-
Total for CFDA 47.041			<u>216,178</u>	-
Direct				
Mathematical and Physical Sciences	47.049	1758709	34,910	-
Mathematical and Physical Sciences	47.049	1806266	31,386	17,077
Mathematical and Physical Sciences	47.049	1808468	42,471	-
Mathematical and Physical Sciences	47.049	1607746	<u>37,053</u>	-
Total for CFDA 47.049			<u>145,820</u>	17,077
Computer and Information Science and Engineering	47.070	1835602	3,309	
Computer and Information Science and Engineering	47.070	1660569	<u>20,098</u>	-
Total for CFDA 47.074			<u>23,407</u>	-
Biological Sciences	47.074	1442581	9,676	-
Biological Sciences	47.074	1651195	<u>29,809</u>	-
Total for CFDA 47.074			<u>39,485</u>	-
Social, Behavioral, and Economic Sciences	47.075	1723877	7,289	-
Social, Behavioral, and Economic Sciences	47.075	1917631	<u>52,276</u>	-
Total for CFDA 47.075			<u>59,565</u>	-
Pass-Through Indiana University				
Education and Human Resources	47.076	1618408	<u>92,858</u>	-
Total for CFDA 47.076			<u>92,858</u>	-
Total National Science Foundation			<u>577,313</u>	17,077
DEPARTMENT OF VETERANS AFFAIRS				
Direct				
Federal Contract	64.RD	NONE	<u>34,656</u>	-
Total Department of Veterans Affairs			<u>34,656</u>	-
DEPARTMENT OF EDUCATION				
Pass-Through A Better Way Services, Inc				
Twenty-First Century Community Learning Centers	84.287	NONE	(296)	-
Pass-Through Back To School Teachers Store, Inc.				
Twenty-First Century Community Learning Centers	84.287	S287C150014	109	-
Twenty-First Century Community Learning Centers	84.287	21878	7,957	-
Total for CFDA 84.287			<u>7,770</u>	-
Total Department Of Education			<u>7,770</u>	-
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Volunteers of America				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	NONE	39,759	-
Pass-Through National Institutes of Health				
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	1R03EB027910-01	42,680	

BALL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor Agency/ Pass-Through Entity/ Cluster Title/ Program Title/ Project Title	Federal CFDA Number	Federal Identifier	Total Federal Awards Expended	Amounts Passed-Through To Subrecipients
Pass-Through Indiana State Department of Health Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	93.323	6NU50CK000395-04-05	39,703	-
Pass-Through Indiana University National Center for Advancing Translational Sciences	93.350	UL1TR002529	5,861	-
Pass-Through National Institutes of Health Allergy and Infectious Diseases Research	93.855	1R15AI130950-01	87,291	-
Pass-Through National Institutes of Health Biomedical Research and Research Training	93.859	1R15GM111713	4,504	-
Biomedical Research and Research Training	93.859	R15GM116032	1,258	-
Biomedical Research and Research Training	93.859	2R15GM111713	178,837	-
Pass-Through North Carolina at Charlotte Biomedical Research and Research Training	93.859	1R01GM120487-01A1	49,408	-
Total for CFDA 93.859			<u>234,007</u>	-
Pass-Through National Institutes of Health Child Health and Human Development Extramural Research	93.865	1R03HD087875	12,909	5,836
Pass-Through National Institutes of Health Aging Research	93.866	1R15AG067291-01	26,148	-
Pass-Through Marquette University Aging Research	93.866	1R01AG048262	16,929	-
Total for CFDA 93.866			<u>43,077</u>	-
Pass-Through University of Alabama Birmingham Trans-NIH Research Support	93.310	1U01AR071133-01	555,155	-
Total Department Health and Human Services			<u>1,060,442</u>	5,836
Total Research And Development Cluster			<u>2,220,656</u>	164,380
Child Nutrition Cluster				
DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education School Breakfast Program	10.553	None	15,201	-
National School Lunch Program	10.555	None	<u>64,992</u>	-
Total Department of Agriculture			<u>80,193</u>	-
Total Child Nutrition Cluster			<u>80,193</u>	-
Highway Planning and Construction Cluster				
DEPARTMENT OF TRANSPORTATION				
Pass-Through Madison County Council of Governments Highway Planning and Construction	20.205	NONE	28,570	-
Pass-Through Delaware-Muncie Metropolitan Planning Commission Highway Planning and Construction	20.205	NONE	15,592	-
Total Department of Transportation			<u>44,162</u>	-
Total Highway Planning And Construction Cluster			<u>44,162</u>	-
Special Education Cluster				
DEPARTMENT OF EDUCATION				
Pass-Through Alexandria Community School Corporation Special Education Grants to States	84.027	NONE	32,803	-
Pass-Through Jay County Special Education Services Special Education Grants to States	84.027	NONE	37,648	-
Pass-Through East Central Indiana Special Services Special Education Grants to States	84.027	NONE	13,200	-
Total for CFDA 84.027			<u>83,651</u>	-
Pass-Through Indiana Department of Education Special Education Grants to States	84.027A	14217-514-PN01	820	-
Special Education Grants to States	84.027A	19611-514-PN01	171,764	-
Special Education Grants to States	84.027A	18611-514-PN01	15,145	-
Total for CFDA 84.027A			<u>187,729</u>	-
Total Department of Education			<u>271,380</u>	-
Total Special Education Cluster			<u>271,380</u>	-

BALL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor Agency/ Pass-Through Entity/ Cluster Title/ Program Title/ Project Title	Federal CFDA Number	Federal Identifier	Total Federal Awards Expended	Amounts Passed-Through To Subrecipients
Other Programs				
DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Office of Community and Rural Affairs				
Rural Business Development Grant	10.351	40999	39,290	-
Rural Business Enterprise Grants	10.769	31668	(4,169)	-
Total Department of Agriculture			35,121	-
DEPARTMENT OF COMMERCE				
Direct				
Economic Development Technical Assistance	11.303	ED18CHI3030033	116,708	-
Economic Development Technical Assistance	11.303	ED16CHI3030030	30,349	-
Economic Adjustment Assistance	11.307	ED16CHI3030030	2,863	-
Total Department of Commerce			149,920	-
Department of Defense				
Direct				
Federal	12.U01	NONE	220,626	-
Total Department Of Interior			220,626	-
DEPARTMENT OF INTERIOR				
Pass-Through National Park Service				
American Battlefield Protection	15.926	P18AP00516	41,960	-
Pass-Through City of Fishers				
Federal	15.U01	NONE	400	-
Total Department Of Interior			42,360	-
DEPARTMENT OF STATE				
Direct				
Public Diplomacy Programs	19.040	SIN65018GR0018	11,448	
Public Diplomacy Programs for Afghanistan and Pakistan	19.501	SAF20018CA0041	221,312	27,100
Public Diplomacy Programs for Afghanistan and Pakistan	19.501	SPK33016CA0093	(1,328)	
AEECA/ESF PD Programs	19.900	SKZ10018CA0010	185,324	
Pass-Through Council for International Research and Exchange Board				
Investing in People in The Middle East and North Africa	19.021	SIZ-100-15-GR025	11,041	-
Pass-Through American -Mideast Educational and Training Services, Inc.				
Investing in People in The Middle East and North Africa	19.021	SIZ-100-18-GR0014	29	-
Total for CFDA 19.021			11,070	-
Pass-Through American Education Research Association				
Academic Exchange Programs - Graduate Students	19.400	S-ECAGD-19-CA-0034	46,717	-
Pass-Through Meridian International Center				
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415	S-ECAGD-16-CA-1096	(23,747)	-
Pass-Through The Aspen Institute				
Professional and Cultural Exchange Programs - Citizen Exchanges	19.415	S-ECAGD-16-CA-1126	31,049	24,023
Total for CFDA 19.415			7,302	24,023
Total Department Of State			481,845	51,123
NATIONAL ENDOWMENT FOR THE ARTS				
Pass-Through Arts Midwest				
Promotion of the Arts Grants to Organizations and Individuals	45.024	FY15-2260	(14,712)	-
Total National Endowment for the Arts			(14,712)	-
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Direct				
Promotion of the Humanities Public Programs	45.164	GE-261129-18	37,094	6,867
Promotion of the Humanities Office of Digital Humanities	45.169	HAA-266457-19	12,002	-
Total National Endowment for the Humanities			49,096	6,867

BALL STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

Federal Grantor Agency/ Pass-Through Entity/ Cluster Title/ Program Title/ Project Title	Federal CFDA Number	Federal Identifier	Total Federal Awards Expended	Amounts Passed-Through To Subrecipients
SMALL BUSINESS ADMINISTRATION				
Pass-Through Indiana Office of Small Business and Entrepreneurship Small Business Development Centers	59.037	A69-16-SBDC-2010	1,773	-
Pass-Through Indiana Economic Development Corporation Small Business Development Centers	59.037	SBAHQ-19-B-0051	71,073	-
Small Business Development Centers	59.037	SBAHQ-20-B00	81,868	-
Total for CFDA 59.037			<u>154,714</u>	-
Total Small Business Administration			<u>154,714</u>	-
DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010	S010A180014	23,022	-
Title I Grants to Local Educational Agencies	84.010	S010A190014	66,311	-
Total for CFDA 84.10			<u>89,333</u>	-
Pass-Through Indiana Department of Education Career and Technical Education -- Basic Grants to States	84.048	21525	15,342	9,431
Career and Technical Education -- Basic Grants to States	84.048	37003	93,831	30,689
Total for CFDA 84.048			<u>109,173</u>	40,120
Pass-Through Indiana Department of Education Twenty-First Century Community Learning Centers	84.287	S287C190014	<u>265,599</u>	141,113
Pass-Through Indiana Department of Education Supporting Effective Instruction State Grants	84.367A	S367A170013	3,763	-
Pass-Through Indiana Department of Education Supporting Effective Instruction State Grants	84.367	S367A180013	483	-
Total for CFDA 84.367			<u>4,246</u>	-
Pass-Through Corporation for Public Broadcasting Ready-To-Learn Television	84.295	U295A150003	68,867	-
Total for CFDA 84.295			<u>68,867</u>	-
Pass-Through Indiana Department of Education Pass-Through Indiana Department of Education Student Support and Academic Enrichment Program	84.424A	S424A180015	3,131	-
COVID 19- Education Stabilization Fund	84.425		<u>10,934,300</u>	-
Total Department Of Education			<u>11,474,649</u>	181,233
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Indiana University Area Health Education Centers	93.107	2U77HP23068-09-00	51,920	-
Area Health Education Centers	93.107	U77HP23068-07-00	(1,321)	-
Area Health Education Centers	93.107	2U77HP23068-08-00	26,208	-
Total for CFDA 84.295			<u>76,807</u>	-
Pass-Through Indiana University Foster Care Title IV-E	93.658	3A93-7-17-TC-WO-3627	140,814	-
Pass-Through Indiana State Department of Health PPHF 2018: Office of Smoking and Health-National State- Based Tobacco Control Programs	93.305	NONE	40,217	-
Pass-Through Youth National Movement Federal	93.U01	S280201500007C	1,000	-
Total Department of Health and Human Services			<u>258,838</u>	-
Total Other Programs			<u>12,852,457</u>	239,223
Total Federal Awards			<u>\$ 180,660,275</u>	\$ 403,603

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

BALL STATE UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Ball State University (University) under programs of the federal government for the year ended June 30, 2020. The information in the SEFA is presented in accordance with the requirements of Uniform Guidance. Because the SEFA presents only a select portion of the operations of the University, it is not intended to and does not present the financial position of the University.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. The University has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

Note 3. Other Programs Student Loans

The University participates in the Federal Perkins Loan Program. Amounts loaned to students are recorded as notes receivable. Gross student notes receivable outstanding at June 30, 2020:

Program Title	Federal CFDA Number	2020
Federal Perkins Loan Program – Notes Receivable	84.038	\$ 8,492,977

BALL STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
	Name of Opinion Unit
Business-Type Activities	Opinion Issued
Aggregate Discretely Presented Component Unit	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?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Student Financial Assistance Cluster	Unmodified
84.287	Twenty-First Century Community Learning Centers	Unmodified
84.425	Covid-19- Education Stabilization Fund	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes

Section II - Financial Statement Findings

No matters are reportable.

BALL STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2020-001

Subject: Student Financial Assistance Cluster - Special Tests and Provisions - Verification and Return of Title IV Funds

Federal Agencies: Department of Education

Federal Programs: Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Work-Study Program, Federal Pell Grant Program, Federal Direct Students Loans

CFDA Numbers: 84.007, 84.033, 84.063, 84.268

Compliance Requirements: Special Tests and Provisions - Verification and Return of Title IV Funds

Audit Finding: Material Weakness

Condition and Context

The University did not properly design or implement an effective internal control system to ensure compliance with the requirements related to the Special Tests and Provisions - Verification and Return of Title IV Funds compliance requirements.

Special Tests and Provisions - Verification

There was no evidence of a review or oversight process to ensure student verifications were completed properly. One employee had the sole responsibility to update student information based on documentation received from those selected for verification. After discussion of internal controls with the University in December 2020, the University implemented additional procedures over the student verifications.

Special Tests and Provisions - Return of Title IV Funds

The University established a process where one employee entered the student withdrawal dates into the Banner software system (system) for purposes of performing the Return of Title IV Funds calculations. The system would then run the calculation to determine the amount of aid required to be returned. There was no evidence of a review or oversight process to ensure that the student withdrawal dates had been entered correctly.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

BALL STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

The University had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Verification and Return of Title IV Funds compliance requirements.

Effect

The failure to establish an effective internal control system placed the University at risk of noncompliance with the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the University modify its existing internal control structure to include internal controls that would ensure compliance with the Special Tests and Provisions - Verification and Return of Title IV Funds compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENT

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



CORRECTIVE ACTION PLAN

FINDING 2020-001

Contact Person Responsible for Corrective Action: John McPherson
Contact Phone Number: (765) 285-8894

Views of Responsible Official:

Although we concur with the recommendation by the external auditor to improve our internal controls via sampling, we do not agree that this finding constitutes a material internal control weakness. The external Auditor identified no costs associated with this recommendation, nor did a peer review of an internal sample reveal any errors or discrepancies. However, we understand that a secondary review process may be good practice and a means to implement corrective action when needed and have already taken initial action to implement the auditor recommendation.

Description of Corrective Action Plan:

We will begin a secondary review process on both verification and R2T4 as a means to strengthen internal controls. This will be accomplished by annually drawing a sample of verification and R2T4 completions for peer review. Any identified issues will result in additional staff training.

Anticipated Completion Date:

2019-20	Complete
2020-21	To be completed by February 15, 2021
2021-22	To be completed in the fall semester each year.

Office of Financial Aid and Scholarships

Muncie, Indiana 47306-0880 1 Phone: 765-285-5600 1 Toll Free: 800-227-4017 1 Fax: 765-285-4247

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/>.