

SOUTHERN UTAH UNIVERSITY

Single Audit Management Letter
For the Year Ended June 30, 2013

Report No. 13-03



OFFICE OF THE
UTAH STATE AUDITOR

SOUTHERN UTAH UNIVERSITY

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AUDIT TEAM:

Hollie Andrus, CPA, Audit Director
Bertha Lui, CPA, Audit Supervisor



OFFICE OF THE
UTAH STATE AUDITOR

SINGLE AUDIT MANAGEMENT LETTER NO. 13-03

September 17, 2013

To the Board of Trustees, Audit Committee,
and
Richard E. Kendell, Interim President
Southern Utah University

This management letter is issued as a result of Southern Utah University's (the University) portion of the statewide federal compliance audit for the year ended June 30, 2013. Our report on the statewide federal compliance audit for the year ended June 30, 2013 is issued under separate cover. The federal program tested as a major program at the University was the Student Financial Assistance (SFA) Program.

In planning and performing our audit of the federal program listed above, we considered the University's compliance with the applicable types of compliance requirements as described in the OMB Circular A-133 Compliance Supplement for the year ended June 30, 2013. We also considered the University's internal control over compliance with the requirements previously described that could have a direct and material effect on the federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance 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 purposes 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 a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct on a timely basis noncompliance with a type of compliance requirement of a federal program. A material weakness over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified a certain deficiency in internal control that we consider to be a significant deficiency. This significant deficiency is described in the accompanying finding and recommendation.

The University's written response to the finding identified in our audit has not been subjected to the audit procedures applied in our audit and, accordingly, we express no opinion on it.

The purpose of this communication is solely to describe the scope of our testing of internal control over compliance and the results of that testing. This communication is an integral part of an audit performed in accordance with OMB Circular A-133 in considering the College's internal control over compliance. Accordingly, this communication is not suitable for any other purpose.

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

Sincerely,

A handwritten signature in cursive script that reads "Hollie Andrus".

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

cc: Dorian G. Page, Vice President for Finance and Government Relations
A. Mitchell Bealer, Assistant Vice President for Financial Services
Michael Beach, Controller
Jan Carey-McDonald, Financial Aid Director

SOUTHERN UTAH UNIVERSITY
Student Financial Assistance

FINDING AND RECOMMENDATION
FOR THE YEAR ENDED JUNE 30, 2013

ENROLLMENT REPORTING ERRORS

(Significant Deficiency, Reportable Noncompliance)

Federal Agency: **Department of Education**

CFDA Numbers and Titles: **84.268 Federal Direct Student Loans**

Federal Award Numbers: **N/A**

Questioned Costs: **\$-0-**

Pass-through Entity: **N/A**

We selected a sample of 10 students, out of a statewide sample of 40, who either withdrew (officially or unofficially) or graduated from Southern Utah University to determine whether enrollment changes were being properly reported to the National Student Loan Data System (NSLDS). In four instances, the students graduated from the University at the end of the Fall semester but their status was not reported to NSLDS within the required time. Per the NSLDS Enrollment Reporting Guide the University must report within 30 days whenever attendance changes for students, unless the next roster will be submitted within 60 days. An incorrect enrollment status reported to NSLDS could cause a student's loan to be inappropriately delayed in being converted to repayment status. This occurred because of an error on the part of the person who runs the report.

Recommendation:

We recommend that the University take greater care in submitting the proper data to the Clearinghouse to ensure NSLDS receives the data in a timely manner as required.

University's Response:

Enrollment and degree completion are reported to the National Student Clearinghouse by the Registrar's Office. Enrollment is reported monthly through the Clearinghouse Enrollment Transmission process. Program/degree completion through the Clearinghouse Degree Transmission has been on a separate submission timeline after degrees have been posted. Because of the different timelines there are times when the degree completion data were not reported to the Clearinghouse within the required time.

To rectify this discrepancy, the degree reporting process will be run monthly during graduation periods until degree posting is complete. This will be done on the same submission calendar as the enrollment report.

Contact Person: *Jan Carey-McDonald, Financial Aid Director, (435) 586-7734*

Anticipated Correction Date: *September 6, 2013*