

## ITEMS FOR DISCUSSION AND ACTION FISCAL, FACILITIES AND AUDIT

January 14, 2020

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**ACTION:** **Approve Acceptance of Single Audit for Year Ended June 30, 2019**

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BKD has completed the Nebraska State College System (NSCS) Single (federal) audit for the year ending June 30, 2019. A copy of the audit is attached.

The audit contains an unmodified opinion with no significant deficiencies or material weaknesses.

Pages three (3) through six (6) of the audit provide a summary of all of the federal awards expenditures made during FY 2018-19.

The System Office recommends approval of the Acceptance of Single Audit for Year Ended June 30, 2019.

**ATTACHMENTS:**

- NSCS Single Audit Report (PDF)

**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
Single Audit Reports  
June 30, 2019



**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
**June 30, 2019**

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## Independent Auditor's Report

The Board of Trustees  
Nebraska State College System  
Lincoln, Nebraska

### Report on the Schedule of Expenditures of Federal Awards

We have audited the accompanying schedule of expenditures of federal awards of the Nebraska State College System (System), a component unit of the State of Nebraska, for the year ended June 30, 2019 and the related notes to the schedule of expenditures of federal awards.

#### *Management's Responsibility*

Management is responsible for the preparation and fair presentation of the schedule of expenditures of federal awards in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of a schedule of expenditures of federal awards that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the schedule of expenditures of federal awards based on our audit. We conducted our audit 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 the schedule of expenditures of federal awards is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of expenditures of federal awards. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule of expenditures of federal awards, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of expenditures of federal awards in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of expenditures of federal awards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the schedule of expenditures of federal awards referred to above presents fairly, in all material respects, the expenditures of federal awards of the Nebraska State College System for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

*BKD, LLP*

Lincoln, Nebraska  
December 17, 2019

**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

| Federal Grantor<br>Cluster/Program                     | Federal Agency<br>Subdivision    | Pass-Through<br>Entity | CFDA # | Grant<br>Number/Pass-<br>Through Entity<br>Identifying<br>Number   | Wayne     | Peru      | Chadron   | FY 2019<br>Expenditures | Passed<br>Through to<br>Subrecipients |
|--|----------------------------------|------------------------|--------|--|-----------|-----------|-----------|-------------------------|---------------------------------------|
| <i>Student Financial Aid Cluster:</i>                  |                                  |                        |        |  |           |           |           |                         |                                       |
| <i>U.S. Department of Education:</i>                   |                                  |                        |        |  |           |           |           |                         |                                       |
| Federal Supplemental Educational<br>Opportunity Grants | Office of Federal<br>Student Aid |                        | 84.007 | P007A1824810<br>P007A1824690<br>P007A1824400<br>P033A1824810<br>P033A1824690   | \$ 60,329 | \$ 50,834 | \$ 57,325 | \$ 168,488              | \$ -                                  |
| Federal Work-Study Program                             | Office of Federal<br>Student Aid |                        | 84.033 | P033A1724400<br>P033A1824400   | 102,389   | 93,944    | 284,548   | 480,881                 | -                                     |
| Federal Perkins Loan Program                           | Office of Federal<br>Student Aid |                        | 84.038 |  | 1,110,631 | -         | -         | 1,110,631               | -                                     |
| Federal Pell Grant Program                             | Office of Federal<br>Student Aid |                        | 84.063 | P063P1717870<br>P063P1817870<br>P063Q1717870<br>P063Q1817870<br>P063P1717840<br>P063P1817840<br>P063Q1517840<br>P063Q1717840<br>P063Q1817840<br>P063P1702640<br>P063P1802640<br>P063Q1702640<br>P063Q1802640 | 4,878,134 | 3,017,522 | 3,038,712 | 10,934,368              | -                                     |

**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
**Schedule of Expenditures of Federal Awards - Continued**  
**Year Ended June 30, 2019**

| Federal Grantor<br>Cluster/Program  | Federal Agency<br>Subdivision                 | Pass-Through<br>Entity   | CFDA # | Grant<br>Number/Pass-<br>Through Entity<br>Identifying<br>Number | Wayne             | Peru              | Chadron           | FY 2019<br>Expenditures | Passed<br>Through to<br>Subrecipients |
|---|---|--|--------|--|-------------------|-------------------|-------------------|-------------------------|---------------------------------------|
|   |   |  |        | P268K1817870   |                   |                   |                   |                         |                                       |
|   |   |  |        | P268K1917870   |                   |                   |                   |                         |                                       |
|   |   |  |        | P268K1817840   |                   |                   |                   |                         |                                       |
|   |   |  |        | P268K1917840   |                   |                   |                   |                         |                                       |
|   |   |  |        | P268K1802640   |                   |                   |                   |                         |                                       |
| Federal Direct Student Loans  | Office of Federal<br>Student Aid              |  | 84.268 | P268K1902640   | \$ 13,492,940     | \$ 8,332,909      | \$ 8,882,858      | \$ 30,708,707           | \$ -                                  |
| Teacher Education Assistance for<br>College & Higher Education<br>Grants (TEACH Grants) | Office of Federal<br>Student Aid              |  | 84.379 | P379T1917840   |                   |                   |                   |                         |                                       |
|   |   |  |        | P379T1917870   | 22,903            | 3,736             | -                 | 26,639                  | -                                     |
| <b>Total Student Financial Aid Cluster</b>  |   |  |        |  | <b>19,667,326</b> | <b>11,498,945</b> | <b>12,263,443</b> | <b>43,429,714</b>       | <b>-</b>                              |
| <b>TRIO Cluster:</b>  |   |  |        |  |                   |                   |                   |                         |                                       |
| <i>U.S. Department of Education:</i>  |   |  |        |  |                   |                   |                   |                         |                                       |
|   |   |  |        | P042A1511580   |                   |                   |                   |                         |                                       |
|   |   |  |        | P042A1504830   |                   |                   |                   |                         |                                       |
| TRIO - Student Support Services   | Office of Postsecondary<br>Education          |  | 84.042 | P042A1504220   | 324,007           | 299,456           | 228,603           | 852,066                 | -                                     |
| TRIO - Upward Bound   | Office of Postsecondary<br>Education          |  | 84.047 | P047A1703580   | -                 | -                 | 234,451           | 234,451                 | -                                     |
| <b>Total TRIO Cluster</b>   |   |  |        |  | <b>324,007</b>    | <b>299,456</b>    | <b>463,054</b>    | <b>1,086,517</b>        | <b>-</b>                              |
|   |   |  |        |  |                   |                   |                   |                         |                                       |
| Improving Teacher Quality<br>State Grants   | Office of Elementary &<br>Secondary Education | Coordinating Commission<br>for Postsecondary<br>Education (CCPE) | 84.367 | S367B160024  | 421               | -                 | -                 | 421                     | -                                     |
| <b>Total U.S. Department of Education</b>   |   |  |        |  | <b>19,991,754</b> | <b>11,798,401</b> | <b>12,726,497</b> | <b>44,516,652</b>       | <b>-</b>                              |

**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
**Schedule of Expenditures of Federal Awards - Continued**  
**Year Ended June 30, 2019**

| Federal Grantor<br>Cluster/Program                     | Federal Agency<br>Subdivision    | Pass-Through<br>Entity   | CFDA # | Grant<br>Number/Pass-<br>Through Entity<br>Identifying<br>Number | Wayne         | Peru          | Chadron       | FY 2019<br>Expenditures | Passed<br>Through to<br>Subrecipients |
|--|----------------------------------|--|--------|--|---------------|---------------|---------------|-------------------------|---------------------------------------|
| <i>Research and Development Cluster:</i>               |                                  |  |        |  |               |               |               |                         |                                       |
| <i>National Science Foundation:</i>                    |                                  |  |        |  |               |               |               |                         |                                       |
| Biological Sciences                                    |                                  |  | 47.074 | DEB-1019419<br>DEB-1253129<br>1555727                            | \$ -          | \$ 175        | \$ 18,571     | \$ 18,746               | \$ -                                  |
| Mathematical and Physical Sciences                     |                                  |  | 47.049 | DMR-1709912  | -             | 13,072        | -             | 13,072                  | -                                     |
| <i>U.S. Department of Health &amp; Human Services:</i> |                                  |  |        |  |               |               |               |                         |                                       |
| Biomedical Research & Research<br>Training             | National Institutes<br>of Health | University of Nebraska<br>Medical Center (UNMC) &<br>NE Health & Human<br>Services | 93.859 | 5P20GM103427-17<br>5P20GM103427-17                               | 72,851        | -             | 40,588        | 113,439                 | -                                     |
| <b>Total Research and Development Cluster</b>          |                                  |  |        |  | <b>72,851</b> | <b>13,247</b> | <b>59,159</b> | <b>145,257</b>          | <b>-</b>                              |



**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
**Schedule of Expenditures of Federal Awards - Continued**  
**Year Ended June 30, 2019**

| Federal Grantor<br>Cluster/Program                      | Federal Agency<br>Subdivision           | Pass-Through<br>Entity | CFDA # | Grant<br>Number/Pass-<br>Through Entity<br>Identifying<br>Number             | Wayne                | Peru                 | Chadron              | FY 2019<br>Expenditures | Passed<br>Through to<br>Subrecipients |
|---|---|------------------------|--------|--|----------------------|----------------------|----------------------|-------------------------|---------------------------------------|
| <i>Other Programs:</i>                                  |   |                        |        |  |                      |                      |                      |                         |                                       |
| <i>Child Nutrition Cluster:</i>                         |   |                        |        |  |                      |                      |                      |                         |                                       |
| <i>U.S. Department of Agriculture:</i>                  |   |                        |        |  |                      |                      |                      |                         |                                       |
| Summer Food Service Program for Children                |   |                        | 10.559 | 201919N109943  | \$ -                 | \$ -                 | \$ 4,302             | \$ 4,302                | \$ -                                  |
| <b>Total Child Nutrition Cluster</b>                    |   |                        |        |  | <b>-</b>             | <b>-</b>             | <b>4,302</b>         | <b>4,302</b>            | <b>-</b>                              |
| <i>National Aeronautics &amp; Space Administration:</i> |   |                        |        |  |                      |                      |                      |                         |                                       |
| Education   | NASA NE Space<br>Grant Consortium       |                        | 43.008 | 44-0307-1019-436<br>44-0307-1020-314   | -                    | -                    | 5,417                | 5,417                   | -                                     |
| <i>U.S. Small Business Administration:</i>              |   |                        |        |  |                      |                      |                      |                         |                                       |
| Small Business Development Centers                      | University of Nebraska -<br>Omaha (UNO) |                        | 59.037 | 45-0606-1100-202<br>45-0606-1095-202<br>45-0606-1092-201<br>45-0606-1100-201 | 65,497               | -                    | 15,212               | 80,709                  | -                                     |
| <i>Environmental Protection Agency:</i>                 |   |                        |        |  |                      |                      |                      |                         |                                       |
| Environmental Education Grants                          |   |                        | 66.951 | EPA-WTW-02   | -                    | -                    | 117                  | 117                     | -                                     |
| <b>Total Other Programs</b>                             |   |                        |        |  | <b>65,497</b>        | <b>-</b>             | <b>25,048</b>        | <b>90,545</b>           | <b>-</b>                              |
| Total Expenditures of Federal Awards                    |   |                        |        |  | <u>\$ 20,130,102</u> | <u>\$ 11,811,648</u> | <u>\$ 12,810,704</u> | <u>\$ 44,752,454</u>    | <u>\$ -</u>                           |

**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2019**

**Notes to Schedule**

***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 Nebraska State College System (System) under programs of the federal government for the fiscal year ended June 30, 2019. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented 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). Because the Schedule presents only a selected portion of the operations of the System, it is not intended to and does not present the financial position, changes in net position or cash flows of the System.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. 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 System has elected not to use the ten percent de minimis cost rate allowed under the Uniform Guidance.

***Loans Outstanding***

The federal loan program listed subsequently is administered directly by the System, and balances and transactions relating to this program are included in the System's basic financial statements, which are issued separately. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2019 consists of:

**Program Title**

|                              |              |
|------------------------------|--------------|
| Federal Perkins Loan Program | CFDA #84.038 |
| Wayne                        | \$ 938,678   |

## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance**

### **Independent Auditor's Report**

The Board of Trustees  
Nebraska State College System  
Lincoln, Nebraska

#### **Report on Compliance for Each Major Federal Program**

We have audited the compliance of the Nebraska State College System (the System), a component unit of the State of Nebraska, 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, 2019. The System'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 System'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 System'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 System's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the System 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, 2019.

### **Report on Internal Control Over Compliance**

Management of the System 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 System'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 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 System'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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance 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.

**BKD, LLP**

Lincoln, Nebraska  
December 17, 2019

**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2019**

***Summary of Auditor's Results***

The financial statements of the Nebraska State College System were audited by the Nebraska Auditor of Public Accounts and were provided under separate cover. Certain items are summarized below.

*Financial Statements*

1. The type of report the Nebraska Auditor of Public Accounts issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:

Unmodified       Qualified       Adverse       Disclaimer

2. The Nebraska Auditor of Public Accounts independent auditor's report on internal control over financial reporting disclosed:

Significant deficiency(ies)?       Yes       None reported  
Material weakness(es)?       Yes       No

3. Noncompliance considered material to the financial statements was disclosed by the audit by the Nebraska Auditor of Public Accounts?       Yes       No

*Federal Awards*

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

Significant deficiency(ies)?       Yes       None reported  
Material weakness(es)?       Yes       No

5. The opinion expressed in the independent auditor's report on compliance for major federal award programs was:

Unmodified       Qualified       Adverse       Disclaimer

**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
**Schedule of Findings and Questioned Costs - Continued**  
**Year Ended June 30, 2019**

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?  Yes  No

7. The System's major programs were:

| <b>Cluster/Program</b>   | <b>CFDA Number</b> |
|--|--------------------|
| Student Financial Assistance Cluster   |                    |
| Federal Supplemental Educational Opportunity Grants                          | 84.007             |
| Federal Work-Study Program   | 84.033             |
| Federal Perkins Loan Program   | 84.038             |
| Federal Pell Grant Program   | 84.063             |
| Federal Direct Student Loans   | 84.268             |
| Teacher Education Assistance for College and Higher Education (TEACH) Grants | 84.379             |
| TRIO Cluster   |                    |
| TRIO – Student Support Services  | 84.042             |
| TRIO – Upward Bound  | 84.047             |

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The System qualified as a low-risk auditee?  Yes  No

**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
**Schedule of Findings and Questioned Costs - Continued**  
**Year Ended June 30, 2019**

**Findings Required to be Reported by *Government Auditing Standards***

| <b>Reference<br/>Number</b> | <b>Finding</b>  |
|-----------------------------|---|
|                             | The Nebraska Auditor of Public Accounts issued under separate cover the report in accordance with <i>Government Auditing Standards</i> related to the financial statements of the System. No matters were reported. |

**Findings Required to be Reported by the Uniform Guidance**

| <b>Reference<br/>Number</b> | <b>Finding</b>             |
|-----------------------------|----------------------------|
|                             | No matters are reportable. |

**Nebraska State College System**  
**A Component Unit of the State of Nebraska**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2019**

| Reference Number                      | Summary of Finding  | Status    |
|---------------------------------------|---|-----------|
| 2018-001,<br>2017-001 and<br>2016-001 | <p>The Nebraska Auditor of Public Accounts (APA) issued under separate cover the report in accordance with <i>Government Auditing Standards</i> related to the financial statements for the System for the year ended June 30, 2018, that identified the following.</p> <p><b>Finding</b> – The System should have adequate internal controls to help ensure the amounts reported in the draft financial statements and related footnotes are accurate and properly classified in accordance with generally accepted accounting principles.</p> | Corrected |