

Lake Superior
State University



Year Ended
June 30, 2024

Single Audit Act
Compliance

Rehmann

LAKE SUPERIOR STATE UNIVERSITY

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

March 25, 2025

Board of Trustees
Lake Superior State University
Sault Ste. Marie, Michigan

We have audited the financial statements of the business-type activities and the discretely presented component unit of **Lake Superior State University** (the "University"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated December 13, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on those 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 basic 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 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.

Rehmann Loborn LLC



LAKE SUPERIOR STATE UNIVERSITY

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
Student Financial Assistance Cluster:				
U.S. Department of Education				
Federal Supplemental Educational Opportunity Grant 22-23	84.007	Direct	P007A222029	\$ 192
Federal Supplemental Educational Opportunity Grant 23-24	84.007	Direct	P007A232029	69,195
				<u>69,387</u>
Federal Work-Study Program	84.033	Direct	P033A232029	<u>271,591</u>
Federal Perkins Loans	84.038	Direct	P038A172029	<u>456,747</u>
Federal Pell Grant 22-23	84.063	Direct	P063P220235	(1,403)
Federal Pell Grant 23-24	84.063	Direct	P063P230235	2,353,669
				<u>2,352,266</u>
Federal Direct Student Loans 22-23	84.268	Direct	P268K230235	24,523
Federal Direct Student Loans 23-24	84.268	Direct	P268K240235	4,905,291
				<u>4,929,814</u>
U.S. Department of Health and Human Services				
Nursing Student Loans	93.364	Direct	-n/a-	<u>1,019,134</u>
Total Student Financial Assistance Cluster				<u>9,098,939</u>
Other Awards:				
U.S. Department of Education				
Higher Education Institutional Aid - Title III	84.031	Direct	P031A210217	<u>329,478</u>
Career and Technical Education - Basic Grants to States:				
Occupational Educational Services 23-24	84.048	MDLEO	243510/2421	<u>102,230</u>
Gaining Early Awareness and Readiness for Undergraduate Programs:				
GEAR UP/KCP College Day 22-23	84.334S	MDLEO	P334S200001	64,964
GEAR UP/KCP College Day 23-24	84.334S	MDLEO	P334S200001	4,047
				<u>69,011</u>
Total U.S. Department of Education Other Awards				<u>500,719</u>
Research and Development Cluster:				
U.S. Geological Service				
U.S. Geological Survey Research and Data Collection:				
Zooplankton-Whitefish 22-26	15.808	Direct	G22AC00153	<u>54,324</u>
U.S. Department of the Interior				
Fish and Wildlife Management Assistance:				
Sturgeon Movement in St Mary's River Reconservation and Restoration 22-26	15.608	GLFWRA	F21AP04202	37,246
Sea Lamprey Study 22-23	15.608	Direct	F21AC01070-00	(248)
Sea Lamprey Study 23-24	15.608	Direct	F23AC00847-00	6,351
Sea Lamprey Study 24-25	15.608	Direct	F24AC00819-00	552
				<u>43,901</u>

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Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of the Interior (continued)				
Coastal:				
Coordinated Assessment of Breeding Black Terns Remanagement in Michigan	15.630	AudubonS	FY21AC01117-00	\$ 4,440
Neotropical Migratory Bird Conservation: Lime Island Tern Colony	15.635	MDNR	F21AF03943-00	5,508
Endangered Species Recovery Implementation:				
Great Lakes Piping Plover Nest Monitoring 20-21	15.657	USFWS	F21AC01511-00	(245)
Great Lakes Piping Plover Nest Monitoring 22-26	15.657	USFWS	F22AC01943-01	89,135
				88,890
Great Lakes Restoration:				
Impact of New Zealand Mudsnaill 23-24	15.662	MEGLE	F22AP02820-00	49,767
Total U.S. Department of the Interior				192,506
U.S. Environmental Protection Agency				
Geographic Programs - Great Lakes Restoration Initiative:				
Food Web 21-23	66.469	MDNR	GL-00E02930/FISH2 2021-11	9,592
European Frog-bit: Enhancing Control, Assessing Impact, Management	66.469	MEGLE	GL-00E02463/2019-EFB2	14,622
Status and Strategy Documents on Terrestrial Watch List Species in MI	66.469	MDNR	GL-00E03230/FRD-TIS-001	6,863
Great Lake Coastal Wetlands Monitoring: Continued Implementation II	66.469	CMU	F64661	37,822
				68,899
U.S. Department of Agriculture				
Grants for Agricultural Research, Special Research Grants:				
Consumer/Youth Education Aqua 21-23	10.200	ISU	2020-38500-32560/022798F	17,889
Non-Lethal Bird Deterrent Technologies	10.200	ISU	A24-0393-S002	322
				18,211
U.S. Office of Naval Research				
Basic and Applied Scientific Research:				
Robust control solution for over-actuated autonomous surface vehicle	12.300	FAU	LR-K233/N00014-18-1-2212	8,431
U.S. Department of Defense				
Basic, Applied, and Advanced Research in Science and Engineering:				
Water Quality Trigger Points for Didymo Blooms in the Saint Mary's Rapids, Lake Superior	12.630	ERDC	W912HZ-23-2-0033	12,076
National Science Foundation				
Integrative Activities:				
MRI: Acquisition of Low vacuum scanning electron microscope with EDS detector capability	47.083	Direct	2215270	191,164
MRI: Acquisition of Micro X-Ray Spectrometer	47.083	Direct	2320397	377,160
				568,324
Total Research and Development Cluster				922,771

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LAKE SUPERIOR STATE UNIVERSITY

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Health and Human Services				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC):				
SARS Wastewater Evaluation and Reporting Network 22-23	93.323	MDHHS	E20232322-00	\$ 158,488
SARS Wastewater Evaluation and Reporting Network 23-24	93.323	MDHHS	E20242798-00	733,005
				<u>891,493</u>
U.S. Department of Agriculture				
Distance Learning and Telemedicine Loan and Grant	10.855	RUS	MI10753-A16	<u>276,190</u>
U.S. Department of Commerce				
Marine Sanctuary Program 23-25	11.429	NOAA	NA21NOS4290007	19,105
Cooperative Institutes	11.432	UM	NA22OAR4320150	282,750
				<u>301,855</u>
National Endowment for the Arts:				
Promotion of the Arts Grants to Organizations and Individuals:				
Residency Program 24-25	45.024	Direct	1916874-32-24	<u>8,488</u>
National Endowment for the Humanities:				
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development:				
Developing an undergraduate indigenous literatures and cultures certificate program	45.162	Direct	ASB-292328-23	<u>31,250</u>
Total Expenditures of Federal Awards				<u><u>\$ 12,031,705</u></u>
				concluded

See notes to schedule of expenditures of federal awards.

LAKE SUPERIOR STATE UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of **Lake Superior State University** (the "University") under programs of the federal government for the year ended June 30, 2024. 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 University, it is not intended to and does not present the financial position, changes in net position or cash flows of the University.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the University's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable 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. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the University has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. LOAN PROGRAMS

Perkins Loans and Nursing Student Loans are "measured" by total loans outstanding (\$456,747) and (\$857,334), respectively, at June 30, 2023, plus new loans awarded (\$0) and (\$161,800), respectively, during the year ended June 30, 2024. The outstanding balance of Perkins Loans as of June 30, 2024 was \$294,875 and the outstanding balance of Nursing Student Loans as of June 30, 2024 was \$893,408.

LAKE SUPERIOR STATE UNIVERSITY

Notes to Schedule of Expenditures of Federal Awards

4. PASS-THROUGH ENTITIES

The University receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Entity Abbreviation	Pass-through Entity Name
AudubonS	Audubon Society
CMU	Central Michigan University
MEGLE	Michigan Environment, Great Lakes, and Energy
ERDC	Engineer Research and Development Center
FAU	Florida Atlantic University
GLFWRA	Great Lakes Fish and Wildlife Restoration Act
ISU	Iowa State University
MDHHS	Michigan Department of Health and Human Services
MDLEO	Michigan Department of Labor and Economic Opportunity
MDNR	Michigan Department of Natural Resources
NOAA	National Oceanic and Atmospheric Administration
RUS	Rural Utility Service
UM	University of Michigan
USFWS	United States Fish and Wildlife Service

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**INDEPENDENT AUDITORS' 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***

December 13, 2024

Board of Trustees
Lake Superior State University
Sault Ste. Marie, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of **Lake Superior State University** (the "University"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 13, 2024.

Report on 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) as a basis for designing 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 entity'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 or significant deficiencies may exist that were not identified.



Report on 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 financial statements. 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 25, 2025

Board of Trustees
Lake Superior State University
Sault Ste. Marie, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of **Lake Superior State University** (the "University") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2024. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Independent Auditors' Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the University's federal programs.

Independent Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, 2024-006, 2024-007 and 2024-008. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the University's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Independent Auditors' Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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. 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, 2024-005, 2024-006, 2024-007 and 2024-008 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards require the auditor to perform limited procedures on the University's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Purpose of this Report

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.

Rehmann Lohman LLC

LAKE SUPERIOR STATE UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

Identification of major programs and type of auditors' report issued on compliance for each major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
84.007, 84.033, 84.038, 84.063, 84.268, 93.364	Student Financial Assistance Cluster	Unmodified
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Unmodified
Various	Research and Development Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>	
Auditee qualified as low-risk auditee?	<u> </u> yes <u> X </u> no	

LAKE SUPERIOR STATE UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

LAKE SUPERIOR STATE UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-001 – Grant Payment Disbursed Outside of Authorized Period

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Allowable Costs/Cost Principles; Period of Performance).

Program. Epidemiology and Laboratory Capacity for Infectious Diseases (ELC); U.S. Department of Health and Human Services; Assistance Listing Number 93.323; Award numbers E20232322-00 and E20242798-00.

Criteria. The University must pay employees in accordance with the pay authorizations timing issued by the University and approved by grant personnel.

Condition. The authorized payment period for the grant was from October 1, 2023, to July 30, 2024, covering a total of 22 weeks. However, payroll distributions were made over a span of 26 weeks, thereby exceeding the authorized period by 4 weeks.

Cause. The University does not have a review process in place for ensuring that grant payments are paid in the correct pay period.

Effect. As a result of this condition, the University was out of compliance with the terms and conditions of the grant agreement.

Questioned Costs. No costs are required to be questioned as a result of this finding, inasmuch as no unallowable expenditures were noted.

Recommendation. We recommend that the University implement a review process to ensure that the terms and conditions of each grant are understood and carried out according to the agreement.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

LAKE SUPERIOR STATE UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-002 – Pay Rate Discrepancies Between Pay Authorization and Timesheet

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Allowable Costs/Cost Principles).

Programs. Epidemiology and Laboratory Capacity for Infectious Diseases (ELC); U.S. Department of Health and Human Services; Assistance Listing Number 93.323; Award numbers E20232322-00 and E20242798-00. Research and Development Cluster; U.S. Department of the Interior and U.S. Environmental Protection Agency; Assistance Listing Numbers 15.662 and 66.469; Award Numbers F22AP02820-00, GL-00E02930/FISH2 2021-11, and F64661.

Criteria. When pay rates are approved and authorized by the University, the University must adhere to and pay the rate prescribed.

Condition. The payment rates authorized for employees working under the grants were not correctly and uniformly applied and four employees were paid at unauthorized rates.

Cause. The University does not have a review process in place to ensure all authorized payment amounts agree with the amounts actually paid.

Effect. As a result of this condition, the University is at a greater risk of charging unauthorized amounts to the grant.

Questioned Costs. No costs are required to be questioned as a result of this finding, inasmuch as no unallowable expenditures were noted.

Recommendation. We recommend that the University implement a review process to ensure that payment rate amounts reflect the amounts authorized for payment and that the payment rates are being reviewed by a second individual.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

LAKE SUPERIOR STATE UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-003 – Noncompliance with 10-Day Rule

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Special Tests & Provisions).

Program. Student Financial Assistance Cluster; U.S. Department of Education and U.S. Department of Health and Human Services; Assistance Listing Numbers 84.007, 84.033, 84.038, 84.063, 84.268 and 93.364; Award Numbers P007A222029, P007A232029, P033A232029, P038A172029, P063P220235, P063A232029, P268K230235 and P268K240235.

Criteria. The University may not disburse funds to a student more than 10 days before the start of a semester.

Condition. Of the 40 students tested, we noted 13 students that had funds distributed to them more than 10 days prior to the start of the semester, as a result of University personnel using the incorrect semester start dates.

Cause. The University lacks a review process to ensure the timing of funds distributed to students is in accordance with federal guidelines.

Effect. As a result of this condition, the University is not in compliance with federal guidelines.

Questioned Costs. No costs are required to be questioned as a result of this finding, inasmuch as no unallowable expenditures were noted.

Recommendation. We recommend that the University implement a review process to ensure that all funds are distributed to students timely and within prescribed federal guidelines.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

LAKE SUPERIOR STATE UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-004 – Noncompliance with 14-Day Rule

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Special Tests & Provisions).

Program. Student Financial Assistance Cluster; U.S. Department of Education and U.S. Department of Health and Human Services; Assistance Listing Numbers 84.007, 84.033, 84.038, 84.063, 84.268 and 93.364; Award Numbers P007A222029, P007A232029, P033A232029, P038A172029, P063P220235, P063A232029, P268K230235 and P268K240235.

Criteria. When the disbursement of aid creates a credit balance, the University must pay the credit balance to the student or parent borrower within 14 days.

Condition. Of the 40 students tested, we noted 7 students that had their credit balances paid to them outside of the 14-day period.

Cause. The University does not have a review process in place to ensure all payments to students are made timely and within prescribed federal guidelines.

Effect. As a result of this condition, the University is out of compliance with federal guidelines.

Questioned Costs. No costs are required to be questioned as a result of this finding, inasmuch as no unallowable expenditures were noted.

Recommendation. We recommend that the University implement a review process to ensure that all payments to students are made timely and within prescribed federal guidelines.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

LAKE SUPERIOR STATE UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-005 – Policy on Gramm Leach Bliley Act

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Special Tests & Provisions).

Program. Student Financial Assistance Cluster; U.S. Department of Education and U.S. Department of Health and Human Services; Assistance Listing Numbers 84.007, 84.033, 84.038, 84.063, 84.268 and 93.364; Award Numbers P007A222029, P007A232029, P033A232029, P038A172029, P063P220235, P063A232029, P268K230235 and P268K240235.

Criteria. The Federal Trade Commission ("FTC") states that the Gramm Leach Bliley Act "requires financial institutions to explain their information-sharing practices to their customers and safeguard sensitive data." This act states that institutions must clearly document the design and implementation of safeguards to control the risks identified through the institution's risk assessment.

Condition. The most recent Gramm Leach Bliley policy fails to properly describe the design and implementation of safeguard controls as required by the Gramm Leach Bliley Act. The University's Gramm Leach Bliley policy does not provide in-depth explanations as to the steps the University takes to comply with the Gramm Leach Bliley Act.

Cause. The University does not have a review process in place to ensure all safeguard policies set forth in the Gramm Leach Bliley Act are adequately met in its Gramm Leach Bliley policy.

Effect. As a result of this condition, the University isn't meeting the safeguard requirements necessary to comply with the FTC.

Questioned Costs. No costs are required to be questioned as a result of this finding, inasmuch as no unallowable expenditures were noted.

Recommendation. We recommend that the University revise its Gramm Leach Bliley policy to expand upon how it ensures that all Gramm Leach Bliley safeguards in the Gramm Leach Bliley Act are met and verified by a second individual.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

LAKE SUPERIOR STATE UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-006 – Return of Title IV Calculation Error

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Special Tests & Provisions).

Program. Student Financial Assistance Cluster; U.S. Department of Education and U.S. Department of Health and Human Services; Assistance Listing Numbers 84.007, 84.033, 84.038, 84.063, 84.268 and 93.364; Award Numbers P007A222029, P007A232029, P033A232029, P038A172029, P063P220235, P063A232029, P268K230235 and P268K240235.

Criteria. The total number of calendar days in an enrollment period includes all days within the period, excluding scheduled breaks of at least five consecutive days, as specified by 34 CFR 668.22(f) of the OMB *Compliance Supplement*.

Condition. The University did not include weekend days when calculating breaks in the University's calculation of term days in Return to Title IV calculations. This omission led to incorrect calculations for all students who had returns during the Fall 2023 and Spring 2024 semesters.

Cause. The University does not have a review process in place for reporting the number of days used in the enrollment period.

Effect. As a result of this condition, Return to Title IV calculations were incorrect for 3 students for the Fall 2023 semester and 3 students for the Spring 2024 semester, resulting in a net of \$1,722 in excess funds returned to the U.S. Department of Education. It is our understanding that the University is in the process of correcting student accounts as a result of this finding with expected completion prior to the end of fiscal year 2025.

Questioned Costs. No costs are required to be questioned as a result of this finding, inasmuch as no unallowable expenditures were noted.

Recommendation. We recommend that the University implement a review process to ensure the number of enrollment days used in the Return to Title IV calculations is accurate and that the Return to Title IV calculation is being reviewed by a second individual.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

LAKE SUPERIOR STATE UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-007 – Untimely Submission of Financial Status Report

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Reporting).

Program. Epidemiology and Laboratory Capacity for Infectious Diseases (ELC); U.S. Department of Health and Human Services; Assistance Listing Number 93.323; Award numbers E20232322-00 and E20242798-00.

Criteria. Financial Status Reports must be submitted to the Department's EGrAMS website on a monthly basis, no later than 30 days after the close of each calendar month.

Condition. During our review of the required reporting for the grant, we noted 1 of the 3 Financial Status Reports tested was submitted to the EGrAMS website outside of the submission period allowed by the grant agreement.

Cause. The University lacks a review process to ensure the Financial Status Reports are submitted within the submission period.

Effect. As a result of this condition, the University is out of compliance with guidelines established by the grantor.

Questioned Costs. No costs are required to be questioned as a result of this finding, inasmuch as no unallowable expenditures were noted.

Recommendation. We recommend that the University implement a process to track the submission of all Financial Status Reports to ensure they are submitted before the due date required by the grant to stay in compliance with grant agreements.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

LAKE SUPERIOR STATE UNIVERSITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2024-008 – Lack of Documentation for Sole-Sourcing Arrangements

Finding Type. Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance (Procurement, Suspension, and Debarment).

Programs. Epidemiology and Laboratory Capacity for Infectious Diseases (ELC); U.S. Department of Health and Human Services; Assistance Listing Number 93.323; Award numbers E20232322-00 and E20242798-00. Research and Development Cluster; National Science Foundation; Assistance Listing Number 47.083; Award Number 2320397.

Criteria. When conducting procurement transactions under a Federal award, the University must follow the same policies and procedures it uses for procurements with non-Federal funds which states that sealed bids must be obtained for items in excess of \$5,000 or clearly document reasons as to why bids could not be obtained.

Condition. During our testing of procurement, suspension and debarment, we noted there were purchases during the grant period that exceeded the threshold for requiring bids. We further noted that there were no bids acquired by the University due to these items only being available for purchase from a sole vendor. However, we found there were no sole-sourcing arrangements documented and an overall lack of documentation by the University as to why there were no bids acquired for these purchases. We were able to subsequently obtain evidence that these were appropriate sole-source situations.

Cause. The University lacks a review process for purchases in excess of \$5,000 to ensure sole-sourcing arrangements are documented.

Effect. As a result of this condition, the University was not initially maintaining documentation for certain sole-source arrangements to support its compliance with its bid policy and federal guidelines.

Questioned Costs. No costs are required to be questioned as a result of this finding, inasmuch as no unallowable expenditures were noted.

Recommendation. We recommend that the University maintain documentation for sole-source arrangements and the approval thereof supporting compliance with its bid policy and federal guidelines.

View of Responsible Officials. Management agrees with this finding and has prepared a Corrective Action Plan.

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LAKE SUPERIOR STATE UNIVERSITY

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

2023-001 – Timely Bank Reconciliations

It was noted that the University has implemented procedures to ensure timely bank and investment reconciliations and performed them during fiscal year 2024. This matter has been corrected during the current year.

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