

ST. THOMAS UNIVERSITY, INC.

SINGLE AUDIT REPORT IN ACCORDANCE
WITH THE UNIFORM GUIDANCE AND SECTION 10.650,
RULES OF THE FLORIDA AUDITOR GENERAL

JUNE 30, 2020

ST. THOMAS UNIVERSITY, INC.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
St. Thomas University, Inc.

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 St. Thomas University, Inc. (the "University") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2020.

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 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 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 may exist that have not been identified.

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*.

To the Board of Trustees
St. Thomas University, Inc.
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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.

Morison, Brown, Aring & Fama

Miami, Florida
October 29, 2020



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND PROJECT, INTERNAL CONTROL OVER COMPLIANCE AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE FLORIDA AUDITOR GENERAL

To the Board of Trustees
St. Thomas University, Inc.

Report on Compliance for Each Major Federal Program and State Project

We have audited St. Thomas University, Inc.'s (the "University") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that could have a direct and material effect on each of the University's major federal programs and state projects for the year ended June 30, 2020. The University's major federal programs and state projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs and state projects 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; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"); and Chapter 10.650, *Rules of the Florida Auditor General*. Those standards, the Uniform Guidance and Chapter 10.650, 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 or major state project 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 and state project. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program and State Project

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 and state projects for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The University's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. 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.

An independent member of Baker Tilly International

To the Board of Trustees
St. Thomas University, Inc.
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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 and state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, 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 or state project 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 or state project 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 or state project 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.

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 and Chapter 10.650. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards and State Financial Assistance Required by the Uniform Guidance and Chapter 10.650

We have audited the financial statements of the University as of and for the year ended June 30, 2020, and have issued our report thereon dated October 29, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by the Uniform Guidance and Chapter 10.650 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 and state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

McNisken, Brown, Ariz & Tena

Miami, Florida
October 29, 2020

ST. THOMAS UNIVERSITY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

Federal/State Grantor Pass-through Grantor, Program/Project or Cluster Title	CFDA/ CSFA Number	Contract/ Grant Number	Passed Through to Subrecipients	Total Expenditures
FEDERAL AWARDS:				
U.S. Department of Education				
Student Financial Aid-Cluster				
Federal Direct Student Loans	84.268	N/A*	\$ -	\$ 48,600,385
Federal Pell Grant Program	84.063	N/A*	-	3,877,201
Federal Work-Study Program	84.033	N/A*	-	498,705
Federal Supplemental Educational Opportunity Grants	84.007	N/A*	-	108,382
Federal Perkins Loan Program - Federal Capital Contribution	84.038	N/A*	-	2,882,690
Sub-total Student Financial Aid-Cluster Program			-	55,967,363
Hurricane Education Recovery	84.938S	P938S180005	-	212,339
Covid-19 - Education Stabilization Fund:				
Higher Education Emergency Relief Fund	84.425E	P425F201531	-	540,900
Passed through Miami-Dade College				
STEM SPACE	84.031C	P031C160161	-	48,007
Passed through Florida Department of Education				
Twenty-First Century Community Learning Centers	84.287C	853-2448B-9PCC1/ 853-2448B-9PCC2	-	339,341
Total U.S. Department of Education			-	57,107,950
U.S. Department of Health and Human Services				
Passed through National Institutes of Health				
National Institute of Health Undergraduate Scholarship (NIH)	93.187	N/A*	-	2,289
Passed through Church World Service, Inc.				
Refugee and Entrant Assistance - Discretionary Grants/ State Administered Programs	93.566	(XK046)/(XK047)	-	896,040
Total U.S. Department of Health and Human Services			-	898,329
U.S. Department of Agriculture				
Passed through Florida International University				
Hispanic Serving Institutions Education Grants	10.223	2016-38422-25549	-	69,312
Total U.S. Department of Agriculture			-	69,312
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 58,075,591
STATE FINANCIAL ASSISTANCE:				
Florida Department of Education:				
Florida Resident Access Grant	48.064	N/A*	\$ -	\$ 2,493,025
Florida Student Assistance Grant	48.054	N/A*	-	424,821
The Florida Bright Futures Scholarship Program	48.059	N/A*	-	18,020
Scholarships for Children and Spouses of Deceased or Disabled Veterans	48.055	N/A*	-	332,573
St. Thomas University - School of Nursing Program	48.161	853-93210-0Q001	-	621,764
			-	3,890,203
Florida Department of Highway Safety and Motor Vehicles				
Saint Thomas University License Plate Project	76.058	N/A*	-	5,439
TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE			-	3,895,642
TOTAL EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			\$ -	\$ 61,971,233

*N/A - not applicable or available.

See accompanying notes to schedule of expenditures of federal awards and state financial assistance.

ST. THOMAS UNIVERSITY, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") presents the activity of all federal awards and state projects of St. Thomas University, Inc. (the "University") for the year ended June 30, 2020. All federal awards and state projects received directly from or passed through government agencies are included in the accompanying Schedule. 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 assets or cash flows of the University.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the accrual basis of accounting. Federal award expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), wherein certain types of expenditures are not allowable or are limited as to reimbursement. State expenditures are recognized in accordance with Chapter 10.650, Rules of the Auditor General of the State of Florida. The amounts reported in the Schedule as expenditures may differ from certain financial reports submitted to Federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

3. BASIS OF PRESENTATION

The accompanying Schedule is presented in accordance with the requirements of the Uniform Guidance and Chapter 10.650, Rules of the Auditor General of the State of Florida.

4. LOANS OUTSTANDING

The federal student loan program listed subsequently is administered directly by the University, and balances and transactions relating to this program are included in the University's basic financial statements. 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 University had the following loan balances outstanding at June 30, 2020:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Federal Perkins Loan Program	84.038	\$ 2,473,011

The loan program was not renewed by Congress effective September 20, 2017. The University continues to service and collect loans that have been issued in prior years. Any loans collected are returned to the government and the University's operating fund proportionally.

5. SUBRECIPIENTS

There were no Federal awards provided to subrecipients.

6. INDIRECT COST RATE

The University has a provisional indirect cost recovery rate of 38%. For certain grants, the amount expended includes indirect cost recovery using a lower agreed-upon percentage per grant agreement. The University has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance during the year ended June 30, 2020. For the financial aid program, the University has elected to use the 5% administrative cost allowance based on the U.S. Department of Education Federal Student Aid Handbook.

7. REFUGEE AND ENTRANT ASSISTANCE GRANT

The Refugee and Entrant Assistance grant agreement (the "Grant") between the University and Department of Children and Families Services is based on a negotiated "fee for services." The Grant provides services in two locations: Miami-Dade County and Broward County. Church World Services, Inc. is the fiscal agent for this grant. Payments received during fiscal year ending June 30, 2020 for services provided to clients totaled \$705,897.

ST. THOMAS UNIVERSITY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report 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 deficiencies identified that are not considered to be material weaknesses?

___ Yes X None reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Programs

Internal control over major federal programs:

Material weakness(es) identified?

___ Yes X No

Significant deficiencies identified that are not considered to be material weaknesses?

___ Yes X None reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

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

X Yes ___ No

Identification of major federal programs:

CFDA Number _____

Name of Federal Program or Cluster _____

84.268, 84.063, 84.033, 84.007, 84.038

Student Financial Aid-Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X Yes ___ No

ST. THOMAS UNIVERSITY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS (CONTINUED)

State Projects

Internal control over major state projects:

Material weakness(es) identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Type of auditor’s report issued on compliance for major state projects: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, *Rules of the Florida Auditor General*? Yes No

Identification of major state projects:

<u>CSFA Number</u>	<u>Name of State Project</u>
48.064	Florida Resident Access Grant
48.054	Florida Student Assistance Grant
48.059	The Florida Bright Futures Scholarship Program
48.161	St. Thomas University - School of Nursing Program
Dollar threshold used to distinguish between Type A and Type B projects:	\$300,000

SECTION II – FINANCIAL STATEMENT FINDINGS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None

SECTION III – MAJOR FEDERAL PROGRAMS - FINDINGS AND QUESTIONED COSTS

CURRENT YEAR FINDINGS

2020-001: Gramm-Leach-Bliley Act – information security program was not adequately developed.

Federal Awarding Agency: United States Department of Education
Pass-Through Entity: Not applicable
CFDA Number and Title: Student Financial Aid-Cluster
Federal Award Number: Not applicable
Applicable Compliance Component: N. Special Tests and Provisions; 10. Gramm-Leach-Bliley Act – Student Information Security
Questioned Cost Amount: None

ST. THOMAS UNIVERSITY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

SECTION III – MAJOR FEDERAL PROGRAMS - FINDINGS AND QUESTIONED COSTS (CONTINUED)

CURRENT YEAR FINDINGS (CONTINUED)

2020-001: Gramm-Leach-Bliley Act – information security program was not adequately developed. (Continued)

Criteria:

The Gramm-Leach-Bliley Act (“GLBA”) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data. Under a University’s Program Participation Agreement with the Department of Education and the GLBA, schools must protect student financial aid information, with particular attention to information provided to institutions by the Department of Education or otherwise obtained in support of the administration of the federal student financial aid programs. The University should:

- a. designate an individual to coordinate the information security program;
- b. perform a risk assessment that addresses the three required areas noted in 16 CFR 314.4 (b), which are (1) Employee training and management; (2) Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and (3) Detecting, preventing and responding to attacks, intrusions, or other systems failures;
- c. document a safeguard for each risk identified from step b above.

Effect:

A comprehensive information security framework has not been established to meet all of the GLBA requirements.

Cause:

We noted the University has designated a qualified individual to coordinate its information security program but a formal policy has not yet been developed. Additionally, the University has not formally performed a complete set of risk assessments nor documented thoroughly the safeguards as required under GLBA.

Recommendation:

We recommend the University develop a comprehensive information security policy, provide ongoing trainings, perform internal and external risk assessments, and document results and safeguards for all risks in a systematic manner.

Management’s Response:

The University will continue to implement its information environment and institutional information security program procedures. The University’s Chief Information Officer (CIO) is the designated individual responsible for the program. The University will develop a committee of administrators from the Offices of Risk Management and Compliance, Registrar, Financial Aid, and Financial Affairs to provide guidance and support to the CIO. The University’s information security program seeks to: (a) ensure the security and confidentiality of records and information in paper, electronic, and other form; (b) protect against anticipated threats or hazards to the security or integrity of such records; and, (c) protect against unauthorized access to or use of any records or information which could result in substantial harm or inconvenience.

The University’s information security program is still in progress and applies to the compliance requirements of the GLBA, Health Insurance Portability and Accountability Act of 1996 (HIPAA), Family Educational Rights and Privacy Act (FERPA), and the Pay Card Industry Data Security Standard (PCI DSS).

ST. THOMAS UNIVERSITY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

SECTION IV - STATE PROJECT FINDINGS AND QUESTIONED COSTS

A management letter is not required as there were no findings required to be reported.

A Summary Schedule of Prior Audit Findings is not required as there were no findings required to be reported related to State Projects.

A Corrective Action Plan is not required as there were no findings required to be reported under the Florida Single Audit Act.

ST. THOMAS UNIVERSITY, INC.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Finding #	Finding	Status
2019-001:	Untimely reporting of changes in enrollment status	Corrected
2019-002:	Gramm-Leach-Bliley Act – information security program was not adequately developed.	Not corrected, refer to finding 2020-001