



Federal Awards Reports in Accordance with the Uniform
Guidance

June 30, 2018

Western Oregon University

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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
Western Oregon University
Monmouth, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Western Oregon University (the University), as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated November 30, 2018. Our report includes a reference to other auditors who audited the financial statements of Western Oregon University Development Foundation (the Foundation), as described in our report on the University’s financial statements. The audit of the financial statements of the Foundation were not performed in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or compliance with other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 over financial reporting 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 financial reporting 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 cursive script that reads "Eide Bailly LLP".

Boise, Idaho
November 30, 2018



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Trustees
Western Oregon University
Monmouth, Oregon

Report on Compliance for Each Major Federal Program

We have audited Western Oregon University’s (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the University’s major federal program for the year ended June 30, 2018. The University’s major federal program is 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 the compliance for the University’s major federal program 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 compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the University’s compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the 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 its major federal program 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 to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

The University's response to the internal control over compliance 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.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the University and its discretely presented component unit Western Oregon University as of and for the year ended June 30, 2018, and have issued our report thereon dated November 30, 2018, which contained unmodified opinions 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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 is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Boise, Idaho
November 30, 2018

Western Oregon University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
Department of Agriculture				
<u>Direct Programs</u>				
Research and Development Cluster:				
Child and Adult Care Food Program	10.558	Not Applicable	\$ 14,349 *	\$ -
Total Department of Agriculture			<u>14,349</u>	<u>-</u>
Department of Education				
<u>Direct Programs</u>				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	Not Applicable	262,070	-
Federal Work-Study Program	84.033	Not Applicable	342,765	-
Federal Perkins Loans	84.038	Not Applicable	4,911,766	-
Federal Pell Grant Program	84.063	Not Applicable	8,700,148	-
Federal Direct Student Loans	84.268	Not Applicable	27,661,417	-
Teacher Education Assistance for College & Higher Education Grants	84.379	Not Applicable	<u>235,000</u>	<u>-</u>
Total Student Financial Aid Cluster			<u>42,113,166</u>	<u>-</u>
TRIO Cluster:				
TRIO Student Support Services	84.042	Not Applicable	336,525	-
TRIO Upward Bound	84.047	Not Applicable	<u>255,841</u>	<u>-</u>
Total TRIO Cluster:			<u>592,366</u>	<u>-</u>
Rehabilitation Long-Term Training	84.129	Not Applicable	518,629	-
Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind	84.160	Not Applicable	343,297	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	Not Applicable	242,617	-
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	Not Applicable	2,256,686	887,557
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	Not Applicable	<u>304,836</u>	<u>271,937</u>
Total Department of Education Direct Programs			<u>46,371,597</u>	<u>1,159,494</u>

Western Oregon University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
<u>Pass-Through Programs</u>				
Oregon Department of Education				
Special Education - IDEA Cluster:				
Special Education Grants to States	84.027	10976	235,654	-
Special Education Grants to States	84.027	11121	83,940	-
Special Education Grants to States	84.027	10488	13,095	-
Special Education Grants to States	84.027	Not Applicable	19,251	-
Total Special Education - IDEA Cluster:			351,940	-
Twenty-First Century Community Learning Centers	84.287	DASPS-2432-15	212,612	-
Twenty-First Century Community Learning Centers	84.287	48364	5,067	-
			217,679	-
Mathematics and Science Partnerships	84.366	34674	133,004	-
<u>Total Department of Education Pass-Through Programs</u>			702,623	-
Total Department of Education			47,074,220	1,159,494
Department of Health and Human Services				
<u>Direct Programs</u>				
Research and Development Cluster:				
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	Not Applicable	84,103 *	4,897
Head Start	93.600	Not Applicable	10,953	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Not Applicable	47,819	-
<u>Total Department of Health and Human Services Direct Programs</u>			142,875	4,897
<u>Pass-Through Programs</u>				
Oregon Department of Education				
477 Cluster				
Child Care and Development Block Grant	93.575	10452	1,462	-
Child Care and Development Block Grant	93.575	10758	1,095,085	137,000
			1,096,547	137,000
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	11407	908,664	44,750
Total 477 Cluster			2,005,211	181,750

Western Oregon University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
Oregon Childhood Development Coalition Research and Development Cluster: Head Start	93.708	20-038	23,829 *	-
<u>Total Department of Health and Human Services Pass-Through Programs</u>			<u>2,029,040</u>	<u>181,750</u>
Total Department of Health and Human Services			<u>2,171,915</u>	<u>186,647</u>
Department of Justice				
<u>Direct Programs</u>				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	Not Applicable	77,942	-
Public Safety Partnership and Community Policing Grants	16.710	Not Applicable	74,333	-
Edward Byrne Memorial Competitive Grant Program	16.751	Not Applicable	155,993	-
<u>Total Department of Justice Direct Programs</u>			<u>308,268</u>	<u>-</u>
<u>Pass-Through Programs</u>				
Tribal Law and Policy Institute Tribal Court Assistance Program	16.608	Tribal Law & Policy Inst Sub	82,534	-
			<u>82,534</u>	<u>-</u>
Total Department of Justice			<u>390,802</u>	<u>-</u>
National Science Foundation				
<u>Pass-Through Programs</u>				
Willamette University Research and Development Cluster: Mathematical and Physical Sciences	47.049	WU-NSFRCN-06- 2013	6,219 *	-
Total National Science Foundation			<u>6,219</u>	<u>-</u>
Environmental Protection Agency				
<u>Direct Programs</u>				
Environmental Education Grants	66.951		9,417	-
Total Environmental Protection Agency			<u>9,417</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 49,666,922</u>	<u>\$ 1,346,141</u>
* Subtotal of the Research and Development Cluster			<u>\$ 128,500</u>	

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Western Oregon University (the University) under programs of the federal government for the year ended June 30, 2018. The information 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 and does not present the financial position, changes in net position, or cash flows of the University.

The University received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are recognized on the accrual basis of accounting except for expenditures passed through to sub-recipients, which are recognized on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The University has not elected to use the 10% de minimis cost rate.

Note 4 - Federal Student Loan Programs

The federal student loan programs listed subsequently are administered directly by the University and balances and transactions relating to these programs are included in the University's basic financial statements. Loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding at June 30, 2018, consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2018</u>
84.038	Perkins Loan Program	\$4,270,218

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Student Financial Aid Cluster	
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Perkins Loan Program	84.038
Federal Direct Student Loans	84.268
Teacher Education Assistance for College & Higher Education Grants	84.379
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

There we no findings relating to the financial statement audit.

Section III – Federal Award Findings and Questioned Costs

2018-001

Direct Programs – Department of Education
CFDA# 84.007, 84.033, 84.063, 84.038, 84.268, 84.379
Student Financial Aid Cluster
Special Tests and Provisions: NSLDS Withdrawal Date
Significant Deficiency in Internal Controls over Compliance

Criteria:

34 CFR section 668.22(e) states that if a student withdraws from classes and has received student financial aid, the amount of unearned Title IV assistance must be calculated and returned to the Department of Education.

Condition:

During our testing of students that were disbursed direct loans during the 2017-18 school year, there were 12 instances in which the students' withdrawal date per the Return of Title IV Aid (R2T4) calculation worksheets did not match the dates reported to NSLDS.

Cause:

The withdrawal date was incorrectly reported to NSLDS.

Effect:

The withdrawal date for 12 of the 37 students sampled was reported incorrectly to NSLDS.

Questioned Costs:

None

Context/Sampling:

A non-statistical sample of 37 students out of 244 students were selected for R2T4 testing.

Repeat Finding from Prior Year(s):

None

Recommendation:

We recommend that the University implement a control process in which the NSLDS system is updated between the Registrar's office and the Student Financial Aid's office. The University should also periodically monitor this process to ensure that it is working effectively.

Views of Responsible Officials

Management agrees with these findings. The Student Financial Aid Office will ensure the final submission for each semester is recording the proper withdrawal date for each student reported to NSLDS.