



Federal Awards Reports in Accordance with the Uniform
Guidance
June 30, 2020

Western Oregon University

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* 1

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 3

Schedule of Expenditures of Federal Awards 6

Notes to Schedule of Expenditures of Federal Awards 9

Schedule of Findings and Questioned Costs 10



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) and its discretely presented component unit, as of and for the year ended June 30, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2020. 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 instances of reportable noncompliance that are reported on separately by those auditors of Western Oregon University Development Foundation.

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 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*.

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
December 2, 2020



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 programs for the year ended June 30, 2020. The University’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 the compliance for each of the University’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 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 each 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, 2020.

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 2020-003 and 2020-004. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings 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.

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 each 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 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 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 certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001 through 2020-002 that we consider to be significant deficiencies.

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 as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated December 2, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the 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 the 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 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 basic 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.



Boise, Idaho

March 25, 2021, except for our report on the schedule of expenditures of federal awards, for which the date is December 2, 2020.

Western Oregon University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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:				
Agriculture and Food Research Initiative (AFRI)	10.310	Not Applicable	\$ 18,977 *	
Child and Adult Care Food Program	10.558	Not Applicable	9,741 *	\$ -
Total Department of Agriculture			28,718	-
Department of Education				
<u>Direct Programs</u>				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	Not Applicable	204,225	-
Federal Work-Study Program	84.033	Not Applicable	301,540	-
Federal Perkins Loans	84.038	Not Applicable	3,661,474	-
Federal Pell Grant Program	84.063	Not Applicable	7,790,563	-
Federal Direct Student Loans	84.268	Not Applicable	23,745,466	-
Teacher Education Assistance for College & Higher Education Grants	84.379	Not Applicable	215,157	-
Total Student Financial Aid Cluster			35,918,425	-
COVID-19: CARES Act - Higher Education Emergency Relief				
Fund - Student	84.425E	Not Applicable	1,472,500	-
COVID-19: CARES Act Higher Education Emergency Relief Fund - Institutional	84.425F	Not Applicable	1,800,000	-
Subtotal			3,272,500	-
TRIO Cluster:				
TRIO Student Support Services	84.042	Not Applicable	412,928	-
TRIO Upward Bound	84.047	Not Applicable	292,591	-
Total TRIO Cluster:			705,519	-
Rehabilitation Long-Term Training Rehabilitation Services	84.129	Not Applicable	407,448	-
Vocational Rehabilitation Grants to States	84.126	ODE SUBGRANT 43119	120,364	
Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind	84.160	DASPS-2342-15 AMDMT #1	350,862	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	Not Applicable	266,897	-
Passed -through:				
CEEDAR Center				
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	OSU Subaward ED197A-A	6,253	-
Oregon State University				
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	Not Available	54,228	-
Subtotal CFDA 84.325			327,378	-

Western Oregon University
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2020

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	Not Applicable	203,346	-
Passed - through:				
National Center on Deaf-Blindness				
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	Subaward Agreement	167,681	-
Subtotal CFDA 84.326			<u>371,027</u>	-
<u>Total Department of Education Direct Programs</u>			<u>41,473,523</u>	-
<u>Pass-Through Programs</u>				
Oregon Department of Education				
Special Education - IDEA Cluster:				
Special Education Grants to States	84.027	ODE IGA No 10976	109,486	8,011
Special Education Grants to States	84.027	Not Available	<u>12,115</u>	-
Total Special Education - IDEA Cluster:			<u>121,601</u>	<u>8,011</u>
<u>Total Department of Education Programs</u>			<u>121,601</u>	<u>8,011</u>
Total Department of Education			<u>41,595,124</u>	<u>8,011</u>
Department of Health and Human Services				
<u>Direct Programs</u>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Not Applicable	23,269	-
Strength Public Health Systems to Improve Protect Nation's Health	93.421	Not Applicable	<u>587,556</u>	-
<u>Total Department of Health and Human Services Direct Programs</u>			<u>610,825</u>	-
<u>Pass-Through Programs</u>				
Oregon Department of Education				
477 Cluster				
Child Care and Development Block Grant	93.575	ODE Agreeemnt 11407	21,120	-
Child Care and Development Block Grant	93.575	ODE Agreement 11407 ADM 1	<u>956,384</u>	-
			977,504	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	ODE Agreement 11407	<u>1,881,285</u>	<u>30,040</u>
Total 477 Cluster			<u>2,858,789</u>	<u>30,040</u>

Western Oregon University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

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	Letter of Agreement	44,104 *	-
<u>Total Department of Health and Human Services Pass-Through Programs</u>			<u>2,902,893</u>	<u>30,040</u>
Total Department of Health and Human Services			<u>3,513,718</u>	<u>30,040</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	40,852	-
Public Safety Partnership and Community Policing Grants	16.710	Not Applicable	731	-
Edward Byrne Memorial Competitive Grant Program	16.751	Not Applicable	1,673	-
Crime Victim Assistance	16.575	Not Applicable	73,924	-
<u>Total Department of Justice Direct Programs</u>			<u>117,180</u>	<u>-</u>
<u>Pass-Through Programs</u>				
Tribal Law and Policy Institute Tribal Court Assistance Program	16.608	Tribal Law & Policy Inst Sub	97,810	-
<u>Total Department of Justice Pass-Through Programs</u>			<u>97,810</u>	<u>-</u>
Total Department of Justice			<u>214,990</u>	<u>-</u>
National Science Foundation				
<u>Direct Programs</u>				
Research and Development Cluster: Education and Human Resources	47.076		3,634 *	-
Total National Science Foundation			<u>3,634</u>	<u>-</u>
Environmental Protection Agency				
<u>Direct Programs</u>				
Environmental Education Grants	66.951	N/A	27,357	4,625
Total Environmental Protection Agency			<u>27,357</u>	<u>4,625</u>
Department of Transportation				
<u>Direct Programs</u>				
National Highway Traffic Safety Administration Discretionary Safety Grants	20.614		30,237	
Total Department of Transportation			<u>30,237</u>	
Total Expenditures of Federal Awards			<u>\$ 45,413,778</u>	<u>\$ 42,676</u>
* Subtotal of the Research and Development Cluster			<u>\$ 76,456</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, 2020. 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.

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, 2020, consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2020</u>
84.038	Federal Perkins Loan Program	\$2,998,872

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
Federal Perkins Loan Program	84.038
Federal Direct Student Loans	84.268
Teacher Education Assistance for College & Higher Education Grants	84.379
COVID-19: CARES Act Higher Education Emergency Relief Fund - Student	84.425E
COVID-19: CARES Act Higher Education Emergency Relief Fund - Institutional	84.425F
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326
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 were no findings relating to the financial statement audit.

Section III – Federal Award Findings and Questioned Costs

2020-001

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 685.309 states that an Institution shall ensure that all information reported to the Department of Education is within the required time frame. The NSLDS Enrollment Reporting Guide further states that the information that is reported to the Department of Education is accurate in addition to timely.

Condition:

During our testing of students that were disbursed financial aid during the 2019-20 school year, there were five instances in which the students' status change date did not match the dates reported to NSLDS.

Cause:

The withdrawal date was incorrectly reported to NSLDS.

Effect:

The withdrawal date for 1 of the 60 students sampled for Status Change testing was reported incorrectly to NSLDS. Additionally, 4 withdrawal dates of the 33 students sampled for R2T4 testing.

Questioned Costs:

None

Context/Sampling:

A non-statistical sample of 33 students out of 219 students were selected for R2T4 testing. Additionally, a non-statistical sample of 60 students out of 3,260 students were selected for Status Change testing.

Repeat Finding from Prior Year(s):

Yes, see finding 2019-001.

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 and the Registrar Office will ensure the final submission for each semester is recording the proper withdrawal date for each student reported to NSLDS.

2020-002

Direct Programs – Department of Education

CFDA# 84.326

Special Education Technical Assistance and Dissemination for to Improve Services and Results for Children with Disabilities

Cash Management

Significant Deficiency in Internal Controls over Compliance

Criteria:

Under the Uniform Guidance, there must be an independent review from the preparer of all cash draw downs.

Condition:

During our testing over the cash draw down process, it was noted that there was no independent review of one of the five sampled draws prior to submitting for reimbursement. The University implemented a process in October 2019 for an independent review of cash draws; however, for the item noted, this was drawn down prior to the updated process.

Cause:

The process at the time of the draw downs did not include an independent review of the cash draw downs to ensure accuracy.

Effect:

The incorrect amount may be drawn down from the granting agency, however, none were incorrect in our sample.

Questioned Costs:

None

Context/Sampling:

A non-statistical sample of 5 cash drawdowns out of 29 total drawdowns for the Special Education Assistance for College and Higher Education Grants.

Repeat Finding from Prior Year(s):

Yes, see finding 2019-002.

Recommendation:

The University implemented a control process where the cash drawdowns are reviewed by someone independent of the preparer during the current year. We recommend the University continue this process.

Views of Responsible Officials:

Management agrees with these findings.

2020-003

Direct Programs – Department of Education

CFDA# 84.425F

COVID – 19: CARES Act – Higher Education Emergency Relief Fund – Institutional

Cash Management

Other Noncompliance

Criteria:

31 CFR Section 205.33 states that an agency must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for a Federal Program purpose. The timing and amount of funds transfers must be as close as is administratively feasible to an agency's actual cash outlay for direct program costs.

Condition:

During our testing of compliance with Cash Management, the institutional funds were all drawn down in May, which was prior to when the actual cash outlay was associated with the institutional funds.

Cause:

The initial guidance provided by the Department of Education associated with the Institutional portion of the Higher Education Emergency Relief Fund was not completely clear that the grant was considered a reimbursement grant and therefore the expenses were to be incurred prior to submission for reimbursement. There was also confusion as to what expenditures were allowed to be reimbursed under the institutional portion of the Higher Education emergency Relief Fund. All of this contributed to the funds being drawn down prior to incurring the expenditures used for reimbursement.

Effect:

The University drew down the funds prior to incurring the expenditures that were used for reimbursement.

Questioned Costs:

None reported

Context/Sampling:

None

Repeat Finding from Prior Year:

No

Recommendation:

The University should review their current practices and policies for drawing down aid from the Federal government to minimize the time between when funds are drawn down to when they are expended.

Views of Responsible Officials:

Management disagrees with this finding. The Department of Education, Office of Postsecondary Education held a webinar with other institutions of higher education on June 23, 2020. Officials at the Department recognized the urgency in some IHEs to draw down the entire award to defray rapidly mounting losses and extraordinary expenditures in response to the coronavirus pandemic. Officials, prompted by questions by IHEs, provided preliminary guidance that while those institutions may draw down their entire awards before incurring the expenditures, the expenditures must be consistent with the lawful provisions of the Higher Education Emergency Relief Fund in order to be allowable for reimbursement. Moreover, officials noted that IHEs must return any interest that was earned on the awards prior to or at the grant's administrative close-out.

2020-004

Direct Programs – Department of Education

CFDA# 84.425F

COVID – 19: CARES Act – Higher Education Emergency Relief Fund – Institutional

Allowable Costs/Cost Principles

Other Noncompliance

Criteria:

Section 18004(c) of the CARES Act allows Recipient to use up to 50 percent of the funds received to cover any costs associated with significant changes in delivery of instruction due to the coronavirus so long as such costs do not include payment to contractors for the provision of pre-enrollment recruitment activities, including marketing and advertising; endowments; or capital associated with facilities related to athletics, secretarian instruction, or religious worship.

Condition:

The \$1.8M in funds that were reported on the Schedule of Expenditures of Federal Award under the Higher Education Emergency Relief Funds for the institutional piece related to faculty payroll for the Spring semester when the University went remote through the end of the term due to “changes in delivery of instruction”.

Cause:

In June 2020, the Department of Education held a webinar that stated that an institution can use be reimbursed for faculty payroll for those faculty who taught in person prior to the campus shutting down and changed it to teaching online due to a “change in delivery of instruction” per the guidance above. Subsequent to the webinar, the University reached out to the Department of Education to confirm that these were allowable costs, receiving a confirmation that they were allowable costs. In October 2020, the Department of Education held another webinar that stated the faculty payroll that was used for reimbursement needed to be based upon additional costs incurred and could not just be based upon a change in delivery of instruction as the guidance had originally stated was allowable.

Effect:

The institutional expenditures reimbursed under the Higher Education Emergency Relief Fund were not in accordance with the guidance provided in October 2020 by the Department of Education; however do follow the guidance provided in the CARES Act as well as the guidance provided in June 2020.

Questioned Costs:

None reported

Context/Sampling:

None

Repeat Finding from Prior Year:

No

Recommendation:

The University should adjust their allowable expenditures reimbursed under the Higher Education Emergency Relief Fund – Institutional piece as the guidance changes.

Views of Responsible Officials:

Management disagrees with this finding. The Higher Education Emergency Relief Fund was a unique and unusual appropriation in the CARES Act (Public Law No. 116-136). Management attended the webinar held by DOE, OPE on June 23, 2020, where DOE staff provided preliminary guidance that reimbursement may be applicable to university payrolls. Furthermore, management followed-up with the Department of Education in an official written communication on June 25, 2020, confirming the allowability to reimbursing faculty salaries due to the disruption and modality switch. Officials at the Department made written representations on June 29, 2020, to management on the allowability of those expenditures.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
June 30, 2020

Prepared by Management of
Western Oregon University

Summary Schedule of Prior Audit Findings

Yellow Book

No Yellow Book findings.

Single Audit

Finding 2019-001

Federal Agency Name: Department of Education

Program Name: Student Financial Aid

CFDA #: 84.007, 84.003, 84.063, 84.038, 84.268, 84.379

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: During testing of students that were disbursed financial aid during the 2018-10 school year, there were two 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.

Status: Finding not corrected in the current year. See finding 2020-001.

Finding 2019-002

Federal Agency Name: Department of Education

Program Name: Student Financial Aid

CFDA #: 84.007, 84.003, 84.063, 84.038, 84.268, 84.379, 84.326

Initial Fiscal Year Finding Occurred: 2019

Finding Summary: During testing over the cash draw down process, it was noted that there was no independent review of the cash drawdowns prior to submitting for reimbursement.

Status: Finding not corrected in the current year. See finding 2020-002.

Finding 2019-003

Federal Agency Name: Department of Education

Program Name: Special Education Technical Assistance for College and Higher Education Grants

CFDA #: 84.326

Initial Fiscal Year Finding Occurred: 2019

Finding Summary: During testing over procurement and subrecipients, it was noted that there was no process in place to verify that entities in which the University contracts with, whether through a vendor relationship or a subrecipient relationship, were not suspended or debarred.

Status: Finding corrected in the current year.

Finding 2019-004

Federal Agency Name: Department of Education

Program Name: Special Education Technical Assistance for College and Higher Education Grants

CFDA #: 84.326

Initial Fiscal Year Finding Occurred: 2019

Finding Summary: During testing over allowable costs, there was one cost that was submitted for reimbursement incorrectly.

Status: Finding corrected in the current year.

Finding 2019-005

Federal Agency Name: Department of Education

Program Name: Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind

CFDA #: 84.160

Initial Fiscal Year Finding Occurred: 2019

Finding Summary: The University was notified that they were inappropriately using unrecovered indirect costs as part of their cost sharing commitment. Under 34 CFR 75.562(c), an indirect cost reimbursement on a training grant is limited to the recipient's actual indirect costs, as determined by its negotiated indirect cost rate agreement, or eight percent of a modified total direct cost base, whichever amount is less. Indirect costs in excess of the limit may not be charged directly, used to satisfy matching or cost sharing requirements, or charged to another federal award.

Status: Finding corrected in the current year.

Corrective Action Plan

Yellow Book

No yellow book findings noted in the current year.

Single Audit

Finding 2020-001

Federal Agency Name: Department of Education

Program Name: Student Financial Aid Cluster

CFDA #: 84.007, 84.033, 84.063, 84.038, 84.268, 84.379

Special Tests and Provisions: NSLDS Withdrawal Date

Significant Deficiency in Internal Controls over Compliance

Finding Summary: During the testing of students that were disbursed financial aid during the 2019-20 school year, there were five instances in which the student's status change did not match the dates reported to NSLDS.

Responsible Individuals: Kella Helyer, Director of Financial Aid.

Corrective Action Plan: Management agrees with this finding. The Assistant Director of Financial Aid process official withdrawals from the university and uses only one date—namely, the date that was originally reported to the National Student Clearinghouse (NSC) from the Registrar, who reports the same date to NSLDS.

Unofficial withdrawal dates are added to NSLDS by the Financial Aid Office but sometimes overwritten by the Registrar's Office. The Financial Aid Office typically uses a course's last day of attendance reported by faculty to determine the student's last day of attendance. The Registrar's Office reporting after the Financial Aid Office at the end of the term and overwriting the withdrawal date has resulted in this finding.

The Office of Financial Aid will design a process with the Registrar to ensure that, where exceptions between two dates occur, the Office of Financial Aid will report to the Registrar that the date in the National Student Clearinghouse must be updated.

Anticipated Completion Date: June 1, 2021.

Finding 2020-002

Federal Agency Name: Department of Education

Program Name: Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities

CFDA #: 84.326

Cash Management

Significant Deficiency in Internal Controls over Compliance

Finding Summary: During the testing over the cash draw down process, it was noted that there was no independent review of one of the five sampled draws prior to submitting for reimbursement. The University implemented a process in October 2019 for an independent review of cash draws; however, for the item noted, this was drawn down prior to the updated process.

Responsible Individuals: Gabe Dougherty, Controller, Office of Accounting and Business Services; Ashley Schaumburg, Post-Award Administrator, Aaron East, Sponsored Projects Office

Corrective Action Plan: Management agrees with this finding. While the Department of Education considers this finding resolved in a letter dated August 12, 2020, the university did not implement the corrective action plan, as written in the 2019 single audit, until September 2019 instead of July 2019. The corrective action plan has since been implemented, and management considers this finding resolved.

Anticipated Completion Date: Completed on September 1, 2019.

Finding 2020-003

Federal Agency Name: Department of Education

Program Name: COVID – 19: CARES Act – Higher Education Emergency Relief Fund - Institutional

CFDA #: 84.326

Cash Management

Other Noncompliance

Finding Summary: During the testing of compliance with Cash Management, the institutional funds were all drawn down in May, which was prior to when the actual cash outlay was associated with the institutional funds.

Responsible Individuals: Gabe Dougherty, Controller, Office of Accounting and Business Services.

Corrective Action Plan: Management disagrees with this finding. The Department of Education, Office of Postsecondary Education held a webinar with other institutions of higher education on June 23, 2020. Officials at the Department recognized the urgency in some IHEs to draw down the entire award to defray rapidly mounting losses and extraordinary expenditures in response to the coronavirus pandemic. Officials, prompted by questions by IHEs, provided preliminary guidance that while those institutions may draw down their entire awards before incurring the expenditures, the expenditures must be consistent with the lawful provisions of the Higher Education Emergency Relief Fund in order to be allowable for reimbursement. Moreover, officials noted that IHEs must return any interest that was earned on the awards prior to or at the grant's administrative close-out.

Management will adjust accounting as preliminary guidance changes and will return interest upon close-out.

Anticipated Completion Date: June 30, 2020

Finding 2020-004

Federal Agency Name: Department of Education

Program Name: COVID – 19: CARES Act – Higher Education Emergency Relief Fund - Institutional

CFDA #: 84.326

Allowable Costs/Cost Principles

Other Noncompliance

Finding Summary: The \$1.8M in funds that were reported on the Schedule of Expenditures of Federal Awards under the Higher Education Emergency Relief Funds for the institutional piece related to faculty payroll for the Spring semester when the University went remote through the end of the term due to "changes in delivery of instruction."

Responsible Individuals: Gabe Dougherty, Controller, Office of Accounting and Business Services.

Corrective Action Plan: Management disagrees with this finding. The Higher Education Emergency Relief Fund was a unique and unusual appropriation in the CARES Act (Public Law No. 116-136). Management attended the webinar held by DOE, OPE on June 23, 2020, where DOE staff provided preliminary guidance that reimbursement may be applicable to university payrolls. Furthermore, management followed-up with the Department of Education in an official written communication on June 25, 2020, confirming the allowability to reimbursing faculty salaries due to the disruption and modality switch. Officials at the Department made written representations on June 29, 2020, to management on the allowability of those expenditures.

As preliminary guidance changes, management will adjust accounting accordingly.

Anticipated Completion Date: June 30, 2020