

**Agendum
Oakland University
Board of Trustees
Audit Committee
October 11, 2017**

**DRAFT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR
THE YEAR ENDED JUNE 30, 2017**

1. **Division and Department:** Finance and Administration, Controller's Office
2. **Introduction:** The draft Schedule of Expenditures of Federal Awards for Year Ended June 30, 2017 (Schedule) for Oakland University (University) has been completed (Attachment A).

The audit opinion of Plante & Moran, P.L.L.C. (P&M) states, in part:

"In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole."

"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."

"The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards."

"In our opinion, Oakland University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017."

"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 2017-001, that we consider to be a significant deficiency."

"Oakland University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective plan. Oakland University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses."

Representatives from P&M will present the draft Schedule to the Board of Trustees' Audit Committee.

**Draft Schedule of Expenditures of Federal Awards for
the Year Ended June 30, 2017
Oakland University
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3. **Previous Board Action:** As a result of a competitive bid process, the public accounting firm of P&M was appointed by the Board of Trustees (Board) on February 13, 2017.
4. **Budget Implications:** The annual financial audits are budgeted for in the General Fund. No budget variances have occurred or are expected.
5. **Educational Implications:** None.
6. **Personnel Implications:** None.
7. **University Reviews/Approvals:** The Schedule was prepared by the Controller's Office and reviewed by the Vice President for Finance and Administration, Senior Vice President for Academic Affairs and Provost, and President, and audited by P&M.
8. **Board Action to be Requested:** At the October 16, 2017 Formal Session, the Board will be asked to accept the Schedule.
9. **Attachments:**
 - A. Draft Schedule of Expenditures of Federal Awards for Year Ended June 30, 2017

**Submitted by Vice President for Finance and Administration
and Treasurer John W. Beaghan:**

 JWB
(Please initial)

Reviewed by Secretary Victor A. Zambardi:

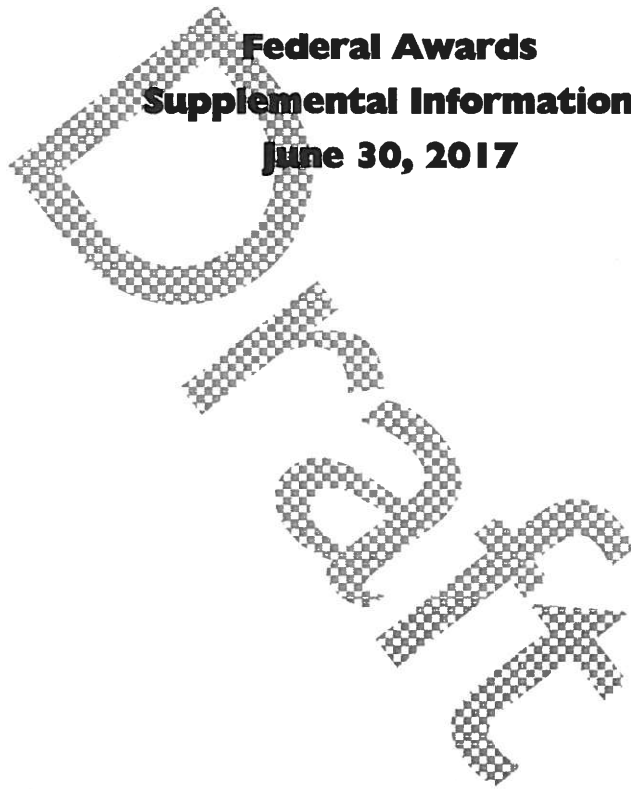
 VZ
(Please initial)

Reviewed by President Ora Hirsch Pescovitz:

 OHP
(Please initial)

Oakland University

**Federal Awards
Supplemental Information
June 30, 2017**



Independent Auditor's Reports:

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	I
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
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Report on Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Trustees
Oakland University

We have audited the basic financial statements of Oakland University as of and for the year ended June 30, 2017 and have issued our report thereon dated October 11, 2017 which contained an unmodified opinion on these financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 11, 2017.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

October 11, 2017

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*

Independent Auditor's Report

To Management and the Board of Trustees
Oakland University

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 Oakland University, (the "University"), a component unit of the State of Michigan, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Oakland University's basic financial statements, and have issued our report thereon dated October 11, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oakland 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 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 University'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.

To Management and the Board of Trustees
Oakland University

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oakland 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 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.

October 11, 2017

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Trustees
Oakland University

Report on Compliance for Each Major Federal Program

We have audited Oakland University's (the "University") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2017. Oakland 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 program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oakland 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* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oakland 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 Oakland University's compliance.

To the Board of Trustees
Oakland University

Opinion on Each Major Federal Program

In our opinion, Oakland University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Oakland 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 Oakland 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 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 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 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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

Oakland University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. Oakland University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

To the Board of Trustees
Oakland University

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.

October 11, 2017



Oakland University Draft

Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Federal Grant/Pass Through Grant Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Total Amount Provided to Subrecipients	Federal Expenditures
Research and Development Cluster				
U.S. Department of Health and Human Services:				
National Institutes of Health:				
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	N/A	25,972	182,771
Biomedical Research and Research Training	93.859	N/A	-	517,375
Vision Research	93.867	N/A	43,521	1,203,703
Environmental Health	93.113	N/A	-	45,748
Cancer Treatment Research	93.395	N/A	7,747	248,585
Cancer Biology Research	93.396	N/A	-	73,783
Cardiovascular Diseases Research	93.837	N/A	-	311,095
Lung Diseases Research	93.838	N/A	-	128,924
Passed through Michigan State University	93.113	RC103336OU	-	194,093
Passed through University of Michigan	93.262	T420H008455	-	12,571
Passed through State University of New York	93.867	I124265-71181	-	4,989
Passed through Vanderbilt University	93.837	VUMC41792	-	71,276
Passed through University of Iowa	93.879	IUG4LM012346-01	-	8,333
Centers for Disease and Control Prevention:				
Basic Research Support Grants	93.738	N/A	104,570	640,315
Administration for Community Living:				
Passed through the University of Illinois	93.433	I6227	-	11,012
U.S. Army:				
Basic Research Support Grants	12.RD	N/A	-	91,762
Basic and Applied Scientific Research	12.300	N/A	-	8,001
Passed through Virginia Polytechnic Institute and State University	12.431	450373-19853	-	67,485
National Science Foundation:				
Mathematical and Physical Sciences	47.049	N/A	-	280,849
Education and Human Resources	47.076	N/A	-	179,100
Engineering Grants	47.041	N/A	-	474,978
Computer and Information Science and Engineering	47.070	N/A	-	257,427
Biological Sciences	47.074	N/A	213,121	298,227
Passed through the University of New Mexico	47.070	271455-87W0	-	25,121
Passed through the University of Houston	47.070	Unknown	-	4,889
Passed through the University of California	47.041	2016-3359	-	166,034
U.S. Department of Agriculture:				
Basic Research Support Grants	10.310	N/A	24,073	59,277
Passed through Wayne State University	10.216	WSU15068	-	10,388
U.S. Department of Defense:				
National Security Agency:				
Mathematical Sciences Grants Program	12.901	N/A	-	88,781
Information Security Grants	12.902	N/A	-	52,185
National Center for Manufacturing Sciences:				
Passed through the National Center for Manufacturing Sciences	12.RD	201533-140804	-	229,183
Passed through University of Michigan	12.910	3003058702	-	154,875
Passed through Winchester Technologies	12.RD	D21389	-	43,774
U.S. Department of Energy:				
Passed through the Pacific Northwest National Laboratory :				
Program year 2015	81.RD	254185	-	28,696
Program year 2016	81.RD	307167	-	82,247
Passed through the Los Alamos National Lab	81.RD	422263	-	17,569
U.S. Department of Commerce:				
Passed through the University of Nebraska	11.999	26-0521-0129-004	-	67,762
National Writing Project Corporation	84.367	N/A	-	3,543
National Aeronautics & Space Administration				
Basic Research Support Grant	43.001	N/A	66,765	151,495
Passed through the Michigan Space Grant Consortium	43.008	Unknown	-	22,397
Total Research and Development Cluster			485,769	6,520,618

**Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2017**

Federal Grant/Pass Through Grant Program Title	CFDA Number	Pass-through Entity Project/Grant Number	Total Amount Provided to Subrecipients	Federal Expenditures
Student Financial Assistance Cluster:				
U.S. Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ -	\$ 622,478
Federal Work-Study Program	84.033	N/A	-	538,696
Federal Perkins Loan Program	84.038	N/A	-	1,840,112
Federal Pell Grant Program	84.063	N/A	-	20,757,848
William D. Ford Federal Direct Loan Program	84.268	N/A	-	112,688,367
Federal TEACH Grant	84.379	N/A	-	175,709
Total Student Financial Assistance Cluster			-	136,623,210
TRIO Cluster:				
U.S. Department of Education:				
Upward Bound	84.047	N/A	-	607,724
Total TRIO Cluster			-	607,724
Other Federal Awards:				
U.S. Department of Education:				
Gear Up:				
Program year 2015	84.334	15-00-09	-	22,547
Program year 2016	84.334	16-00-09	-	64,864
Passed through the State of Michigan:				
College Day Scholarship	84.334	Unknown	-	19,425
Total U.S. Department of Education			-	106,836
U.S. Department of Health and Human Services:				
Fostering Futures Scholarship passed through State of Michigan	93.558	N/A	-	12,000
Bureau of Health Resource and Service Administration:				
Basic Instruction Grant, Nurse Anesthetist Training	93.124	N/A	-	27,938
Total Department of Health and Human Services:			-	39,938
Total Expenditures of Federal Awards			\$ 485,769	\$ 143,898,326

Oakland University

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Oakland University under programs of the federal government for the year ended June 30, 2017. 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* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Oakland University, it is not intended to and does not present the financial position, changes in net position or cash flows of Oakland University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, 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*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The University has not elected to use the 10-percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Adjustments and Transfers

As allowable and in accordance with federal regulations issued by the U.S. Department of Education, in the year ended June 30, 2017 the University transferred \$15,000 of the 2015-2016 Federal Work-Study Program (84-033) award to the Federal Supplemental Educational Opportunity Grant award, which it expended in the 2016-2017 award year.

Oakland University

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Note 4 - Federal Perkins Loan Program

The University utilizes the services of University Accounting Services, Inc. (UAS) to administer the repayment of Perkins Loans and perform certain due diligence procedures. The UAS Compliance Attestation Examination of the Title IV Student Financial Assistance Programs report for the fiscal year ended June 30, 2017 was received and reviewed. No significant items of noncompliance or control weaknesses were noted. There was \$1,559,185 of Federal Perkins Loans (CFDA Number 84.038) outstanding as of June 30, 2017.

There were no program disbursements under the Federal Perkins Loans program for the year ended June 30, 2017.

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Oakland University

Schedule of Findings and Questioned Costs Year Ended June 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

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 Section 2 CFR 200.516 (a)? Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Assistance Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

None

Oakland University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

Section III - Federal Program Audit Findings

Reference Number	Finding
2017-001	<p>CFDA number, Federal Agency and Program Name - Federal Pell Grant Program and William D. Ford Federal Direct Loan Program - (84.063, 84.268)</p> <p>Federal Award Identification Number and Year - Various</p> <p>Pass-through Entity - N/A - Direct Award</p> <p>Finding Type - Significant Deficiency</p> <p>Repeat Finding - No</p> <p>Criteria - An institution shall submit, in accordance with deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct. (34 CFR 690.83(b)(2))</p> <p>A school must update the National Student Loan Data System (NSLDS) within 30 days of a student status change, unless the school expects to submit its next enrollment report to the NSLDS within 60 days (34 eCFR 685.309).</p> <p>Condition - The student status changes for certain students that graduated from the University were not reported within 60 days.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs were Computed - N/A</p> <p>Context - Of the sample of 25 student status changes selected for enrollment reporting testing, 5 students (all relating to graduation status changes following the winter semester) were not reported within the required 60-day period.</p> <p>Cause and Effect - A control was lacking to ensure all student status changes related to graduations were reported in a timely fashion. As a result, status changes were reported late.</p> <p>Recommendation - The University should implement controls to ensure timely student status change reporting.</p>

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2017

Views of Responsible Officials and Planned Corrective Actions - The University's Registrar's Office agrees with the finding identified in the sample noted above. The University utilizes the National Student Clearinghouse (NSC) as an agent for enrollment and degree reporting. The specific instances noted all relate to students who graduated in April 2017. The graduation status was reported in 62 days, two days past the 60 day deadline. The delay was due to a misinterpretation of the required reporting timeframes by NSC that were relied upon by the University.

The corrective action plan includes a revision of enrollment and degree reporting submission dates to NSC that ensures timely reporting to the National Student Loan Data System (NSLDS).

