

**Agendum
Oakland University
Board of Trustees
Finance, Audit and Investment Committee
September 16, 2009**

**DRAFT SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS IN
ACCORDANCE WITH OMB CIRCULAR A-133 YEAR ENDED JUNE 30, 2009**

1. **Division and Department:** Finance and Administration, Controller's Office
2. **Introduction:** The draft Schedule of Expenditures of Federal Award Programs in Accordance with OMB Circular A-133 Year Ended June 30, 2009 (Schedule) for Oakland University (University) has been completed (Attachment A).

The audit opinion of Andrews Hooper and Pavlik P.L.C. (AH&P) states "We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above." And, they noted "The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*." The auditor also concluded that "In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009." And, "Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole."


Representatives of AH&P will present the draft Schedule to the Board of Trustees' (Board) Finance, Audit and Investment Committee.

3. **Previous Board Action:** The public accounting firm of AH&P was appointed by the Board on March 7, 2007, and reappointed on January 9, 2008 and October 30, 2008, to conduct annual audits of the University's financial accounting records.
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 and the President, and audited by AH&P.
8. **Board Action to be Requested:** At the September 23, 2009 Formal Session the Board will be asked to accept the Schedule.
9. **Attachments:**
 - A. Draft Schedule of Expenditures of Federal Award Programs in Accordance with OMB Circular A-133 Year Ended June 30, 2009


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

Reviewed by Secretary Victor A. Zambardi:


Reviewed by President Gary D. Russi:



(Please Initial)



(Please Initial)



(Please Initial)

Oakland University
Schedule of Expenditures
of Federal Award Programs
in Accordance with OMB Circular A-133

Year ended June 30, 2009

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Oakland University

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**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Board of Trustees
Oakland University
Rochester, Michigan

We have audited the financial statements of Oakland University (University) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 2, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the University's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the University's financial statements that is more than inconsequential will not be prevented or detected by the University's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the University's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 2, 2009

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Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of Trustees
Oakland University
Rochester, Michigan

Compliance

We have audited the compliance of Oakland University (University) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The University's major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

We did not audit the University's compliance with the requirements governing billing, recordkeeping, payment processing, reporting and due diligence functions for the University's Federal Perkins Loan Program. Those requirements govern functions performed by University Accounting Service, Inc. University Accounting Service, Inc.'s compliance with the requirements governing the functions it

performs for the University was audited by other auditors, whose report was furnished to us. Based on our review of the other auditors' report, we have determined that all of the compliance requirements that are applicable to the University's Federal Perkins Loan Program are addressed either in our report or the report of the other auditor. Based on our review of the other auditors' report, we have determined that it does not contain any findings of noncompliance pertaining to the services that University Accounting Service, Inc. performs for the University.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the University as of and for the year ended June 30, 2009, and have issued our report thereon dated September 2, 2009. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

September 2, 2009

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Oakland University
Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Federal Grant/Pass Through Grant Program Title	Federal Catalog or Grant Number		Federal Expenditures
RESEARCH AND DEVELOPMENT			
U.S. Department of Health and Human Services:			
National Institutes of Health:			
Basic Research Support Grants (14)	93.RD	*(1)	\$ 2,102,733
American Recovery and Reinvestment Act (3)	93.701	*(1)	13,209
Health Resources & Services Administration	93.887	*(1)	9,532
U.S. Army:			
Basic Research Support Grants (9)	12.RD	*(1)	816,649
Passed through the Battelle	12.RD	*(1)	62,104
Passed through the University of Colorado	12.431	*(1)	97,787
Passed through Foster-Miller	12.RD	*(1)	82,681
Passed through the University of Michigan	12.RD	*(1)	104,802
Passed through Saint Gobain Ceramics	12.RD	*(1)	15,880
National Science Foundation:			
Basic Research Support Grants (28)	47.RD	*(1)	1,834,044
American Recovery and Reinvestment Act	47.082	*(1)	13,490
Passed through the University of Illinois at Chicago	47.041	*(1)	39,336
U.S. Air Force:			
Passed through the University of Dayton	FA8650-04-2-4201	*(1)	90,991
U.S. Navy			
	12.300	*(1)	99,390
U.S. Department of Energy:			
Passed through Battelle	81.RD	*(1)	11,971
Passed through US Automotive Material Partnership	81.087	*(1)	63,137
Passed through Oak Ridge National Laboratory	81.RD	*(1)	20,987
Environmental Protection Agency	66.951	*(1)	960
National Writing Project Corporation	84.928A	*(1)	79,014
National Aeronautics & Space Administration:			
Passed through the Michigan Space Grant Consortium and the University of Michigan	43.A34618	*(1)	6,484
Total Research and Development			<u>5,565,181</u>
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants	84.007	*(1)	420,162
Federal Work-Study Program (Note 7)	84.033	*(1)	348,647
Federal Perkins Loan Program (Note 5)	84.038	*(1)	87,894
Federal Pell Grant Program (Note 6)	84.063	*(1)	8,264,640
William D. Ford Federal Direct Loan Program (Note 4)	84.268	*(1)	75,529,913
Academic Competitiveness Grant (ACG)	84.375	*(1)	445,000
National SMART Grant	84.376	*(1)	173,656
Total Student Financial Assistance			<u>85,269,912</u>
TRIO Program:			
Upward Bound	84.047A		558,443
Gear Up			
Gear Up Passed through the State of Michigan	84.334A		529
	84.334S		46,642
Other U.S. Department of Education:			
Globalization Challenges	84.153		1,337
CCAMPIS	84.335		54,121
Emergency Management for Higher Education	84.184T		193,779
Passed through the Michigan Department of Education:			
Improve Literacy Teaching and Learning in Urban Schools	84.367		70,619
National Science Foundation			
	47.070		93
Bureau of Health Resource & Services Administration:			
Basic Instruction Grant, Nurse Training	93.358		42,978
National Endowment for the Arts			
	45.025		2,000
Small Business Administration			
Passed through Macomb County	59.006		100,977
U.S. Department of Labor			
WIA Adult Program – Passed through the City of Detroit	17.258	*	1,412,130
WIA Dislocated Workers – Passed through the City of Detroit	17.260	*	470,710
Total Expenditures of Federal Awards			<u>\$ 93,789,451</u>

* Denotes a major program.
(1) Denotes a cluster.

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Oakland University
Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Note 1: Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes all federal grant transactions of the University recorded on the accrual basis of accounting for the fiscal year ended June 30, 2009. Grant revenues are recorded for financial reporting purposes when the University has expended the funds in accordance with the grant agreement. The University reporting entity is defined in Note 1 to the University's financial statement. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

Note 2: Major Programs and Clusters

As defined in OMB Circular A-133, Student Financial Assistance programs and Research and Development programs are considered to be clusters of programs and, accordingly, have been classified as one program for testing purposes. Research and Development and Student Financial Assistance have been defined as major programs.

Note 3: Administrative Costs

The following administrative cost allowances were received by the University:

Federal Perkins Loan Program	\$ 4,395
Federal Work-Study Program	21,379
Federal Supplemental Educational Opportunity Grant Program	28,011
Federal Pell Grant Program	13,535

The University has approved predetermined direct cost rates that are effective for the year ended June 30, 2009. The base rate for on-campus is 48% of Modified Total Direct Cost.

Note 4: William D. Ford Federal Direct Loan Program

During the 2008/2009 award year, the University participated in the U.S. Department of Education Federal Direct Loan Program. Under this program, Direct Subsidized Loans, Direct Unsubsidized Loans and Direct PLUS Loans are made from the Department of Education to the students. The University is responsible for completing portions of the loan applications, verifying student eligibility and handling the disbursement of the proceeds to these students. For the year ended June 30, 2009, Direct Student Loans totaled \$71,655,921 (\$27,872,352 subsidized and \$43,783,569 unsubsidized), Direct Parent Loans for Undergraduate Students (PLUS) totaled \$2,982,776 and Direct PLUS Graduate Loans totaled \$891,216.

Oakland University
Notes to Schedule of Expenditures of Federal Awards (continued)

Year ended June 30, 2009

Note 5: 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 Title IV Student Financial Assistance Programs report for the fiscal year ended June 30, 2009 was received and reviewed. No significant items of noncompliance or control weaknesses were noted. During the 2008/2009 fiscal year, Perkins Loans were issued which included no current year federal contribution. There was \$2,221,250 of Federal Perkins Loans (CFDA Number 84.038) outstanding as of June 30, 2009.

Total program disbursements under the Federal Perkins Loans program for the year ended June 30, 2009 were as follows:

Student loans awarded	\$ 87,894
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The amount shown as Federal Perkins Loan Program loans and loan guarantees represents the amounts loaned by the University during the year less the current year Federal contribution, if any.

Note 6: Federal Pell Grant Program

The Federal Pell Grant Program authorization is based on the most recent ED255-6, Federal Pell Grant Program Statement of Account dated June 29, 2009. Expenditures are the actual amounts incurred through June 30, 2009. The University will process amendments at year end to finalize the 2008-2009 award year.

Note 7: Federal Work-Study Program

During the year, the University transferred \$27,963 from the Federal Work-Study Program to the Job Location and Development Program as well as \$78,047 to the Supplemental Educational Opportunity Grant. These amounts were fully expended. The \$27,963 of expenditure is being reported as part of the Federal Work-Study Program. The \$78,047 of expenditure is being reported as part of the Federal Supplemental Educational Opportunity Grant on the schedule of expenditures of federal awards.

Oakland University
Schedule of Findings and Questioned Costs

Year ended June 30, 2009

Section I – Summary of Independent Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major program:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified that are not considered to be material weakness(es)? _____ Yes X None Reported

Type of auditors’ report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? _____ Yes X No

Identification of major programs:

<u>Federal Grantor/Program Name</u>	<u>Federal Catalog or Grantor Number</u>
Research and Development Cluster	
U.S. Department of Health and Human Services	93.RD; 93.701; 93.887
U.S. Army	12.RD; 12.431
National Science Foundation	47.RD; 47.041; 47.082
U.S. Air Force	FA8650-04-2-4201
U.S. Navy	12.300
U.S. Department of Energy	81.RD; 81.087
Environmental Protection Agency	66.951
National Writing Project Corporation	84.928A
National Aeronautics & Space Administration	43.A34618
Student Financial Assistance Cluster	
U.S. Department of Education	84.007; 84.033; 84.038; 84.063; 84.268; 84.375; 84.376
WIA Adult Program	
U.S. Department of Labor	17.258
WIA Dislocated Workers	
U.S. Department of Labor	17.260
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$545,149</u>
Auditee qualified as low-risk auditee?	_____ Yes <u>X</u> No

Oakland University
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2009

**Section II – Findings Relating to the Financial Statements Reported in Accordance with
*Government Auditing Standards***

None.

Section III – Findings and Questioned Costs Relating to Federal Awards

None.

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Oakland University
Summary Schedule of Prior Audit Findings and Questioned Costs
Year ended June 30, 2009

None.

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