

**Agendum
Oakland University
Board of Trustees Formal Session
October 8, 2018**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
YEAR ENDED JUNE 30, 2018
A Recommendation**

1. **Division and Department:** Finance and Administration, Controller's Office
2. **Introduction:** The Schedule of Expenditures of Federal Awards, Year Ended June 30, 2018 (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, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018."

Representatives from Plante & Moran presented the Schedule to the Board of Trustees' (Board) Audit Committee at the Committee's October 4, 2018 meeting. The Audit Committee unanimously recommended the Financial Statements be presented to the Board at their next formal session.

3. **Previous Board Action:** As a result of a competitive bid process, the public accounting firm of Plante & Moran was appointed by the Board on February 13, 2017 and reappointed on April 9, 2018.
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.

Schedule of Expenditures of Federal Awards, Year Ended June 30, 2018
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7. **University Reviews/Approvals:** The Schedule was prepared by the Controller's Office and reviewed by the Vice President for Finance and Administration, and President, audited by P&M, and presented to the Board's Audit Committee at its October 4, 2018 meeting.


8. **Recommendation:**

RESOLVED, that the Board of Trustees accepts the Schedule of Expenditures of Federal Awards, Year Ended June 30, 2018, which was audited by the Board of Trustees's public accounting firm, Plante & Moran P.L.L.C.

9. **Attachments:**

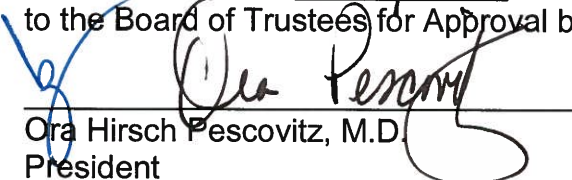
A. Schedule of Expenditures of Federal Awards, Year Ended June 30, 2018

Submitted to the President
on 10/2, 2018 by



John W. Beaghan, CMA
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 10/4, 2018
to the Board of Trustees for Approval by



Ora Hirsch Pescovitz, M.D.
President

Oakland University

**Federal Awards
Supplemental Information
June 30, 2018**

Independent Auditor's Reports

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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, 2018 and have issued our report thereon dated October 1, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to October 1, 2018.

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.

Plante & Moran, PLLC

October 1, 2018

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 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, 2018 and the related notes to the financial statements, which collectively comprise Oakland University's basic financial statements, and have issued our report thereon dated October 1, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Trustees
Oakland University

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.

Plante & Moran, PLLC

October 1, 2018

Report on Compliance for Each Major Federal Program and 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 the University's major federal program for the year ended June 30, 2018. The University's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on 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* (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 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 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, 2018.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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.

To the Board of Trustees
Oakland University

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Plante & Moran, PLLC

October 1, 2018

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

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	\$ -	\$ 296,635
Biomedical Research and Research Training	93.859	N/A	-	407,724
Vision Research	93.867	N/A	48,407	1,185,567
Environmental Health	93.113	N/A	-	4
Cancer Treatment Research	93.395	N/A	-	228,800
Cancer Biology Research	93.396	N/A	-	47,020
Cardiovascular Diseases Research	93.837	N/A	-	96,043
Lung Diseases Research	93.838	N/A	7,612	112,001
Blood Diseases and Research Resources	93.839	N/A	-	170,330
Environmental Health	93.113	N/A	-	164,033
Occupational Safety and Health Program - Passed through University of Michigan	93.262	T420H008455	-	53
Cardiovascular Diseases Research - Passed through Vanderbilt University	93.837	VUMC41792	-	38,336
Centers for Disease and Control Prevention - Basic Research Support Grants	93.738	N/A	63,966	493,145
Administration for Community Living- Passed through the University of Illinois	93.433	16227	-	22,017
U.S. Army:				
Basic and Applied Scientific Research	12.300	N/A	-	1,000
Basic Scientific Research - Passed through Virginia Polytechnic Institute and State University	12.431	450373-19853	-	78,751
National Science Foundation:				
Mathematical and Physical Sciences	47.049	N/A	-	228,637
Education and Human Resources	47.076	N/A	-	258,413
Engineering Grants	47.041	N/A	-	1,062,740
Computer and Information Science and Engineering Passed through the University of New Mexico	47.070	271455-87W0	-	5,294
Passed through Tuskegee University	47.070	343249002676190	-	2,127
Engineering Grants:				
Passed through the University of California Irvine	47.041	2016-3359	-	32,155
Passed through Ironic Chemicals	47.041	1746744-011	-	26,394
Passed through RHK Technologies, Inc.	47.041	1721926	-	60,751
Biological Sciences	47.074	N/A	83,831	291,961
U.S. Department of Agriculture -				
Passed through Wayne State University	10.216	WSU15068	-	50,105
U.S. Department of Defense:				
National Security Agency:				
Mathematical Sciences Grants Program	12.901	N/A	-	20,311
Information Security Grants	12.902	N/A	-	47,815
National Security Agency	12.903	N/A	-	24,357
National Center for Manufacturing Sciences:				
Basic Research Support Grant	12.RD	N/A	-	300,209
Passed through BBN Technologies	12.RD	LBN9500013527	-	187,383
Research and Technology Development - Passed through University of Michigan	12.910	3003058702	-	159,969
United States Department of Veterans Affairs -				
Basic Research Support Grant	64.009	N/A	-	6,776

See notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2018

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 (Continued):				
U.S. Department of Energy:				
Basic Research Support Grant:				
Passed through the Pacific Northwest National Laboratory:				
Program year 2016	81.RD	254185	\$ -	\$ (14,409)
Program year 2017	81.RD	307167	-	64,011
Passed through the Los Alamos National Lab	81.RD	422263	-	46,641
Passed through United States Council for Automotive Research	81.RD	18-3253-MFG	-	815
Office of Science Financial Assistance Program -				
Passed through X-Wave Innovations, Inc.	81.049	Unknown	-	20,000
U.S. Department of Commerce:				
Passed through the University of Nebraska	11.999	26-0521-0129-004	-	13,992
National Writing Project Corporation	84.367	N/A	-	12,599
National Aeronautics and Space Administration				
Basic Research Support Grant	43.001	N/A	101,208	186,446
Education Grant -				
Passed through the Michigan Space Grant Consortium	43.008	3004457039	-	13,418
United States Agency for International Development -				
Agency for International Development (USAID) -				
Passed through Michigan State University	98.001	RC107580OU	-	21,977
Environmental Protection Agency -				
Basic Research Support Grant	66.469	N/A	-	5,154
HighScope Educational Research Foundation -				
Passed through HighScope Educational Research Foundation	84.411	Unknown	-	43,865
Total Research and Development Cluster			305,024	6,581,196
Student Financial Assistance Cluster:				
U.S. Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	663,955
Federal Work-Study Program	84.033	N/A	-	519,712
Federal Perkins Loan Program	84.038	N/A	-	1,559,185
Federal Pell Grant Program	84.063	N/A	-	22,119,276
William D. Ford Federal Direct Loan Program	84.268	N/A	-	107,988,852
Federal TEACH Grant	84.379	N/A	-	147,515
Total Student Financial Assistance Cluster			-	132,998,495
TRIO Cluster - U.S. Department of Education -				
Upward Bound	84.047	N/A	-	560,792
Other federal awards:				
U.S. Department of Education - Gear Up:				
Program year 2016	84.334	16-00-09	-	25,566
Program year 2017	84.334	16-00-09	-	61,121
Passed through the State of Michigan - College Day Scholarship	84.334	Unknown	-	27,500
Total U.S. Department of Education			-	114,187
U.S. Department of Health and Human Services:				
Fostering Futures Scholarship passed through State of Michigan	93.558	N/A	-	10,500
Bureau of Health Resource and Service Administration -				
Basic Instruction Grant, Nurse Anesthetist Training	93.124	A22HP30962	-	26,992
Total U.S. Department of Health and Human Services			-	37,492
U.S. Department of Homeland Security -				
Homeland Security Grant Program - Passed through Oakland County	97.067	Unknown	-	590
Total expenditures of federal awards			\$ 305,024	\$ 140,292,752

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Oakland University (the "University") under programs of the federal government for the year ended June 30, 2018. The information in the 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 the University, it is not intended to 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 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The University has elected not to use the 10 percent *de minimis* 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, 2018, the University transferred \$176,590 of the 2016-2017 Federal Work-Study Program (84.033) award to the Federal Supplemental Educational Opportunity Grant award, which it expended in the 2017-2018 award year.

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, 2018 was received and reviewed. No significant items of noncompliance or control weaknesses were noted. There was \$1,256,143 of Federal Perkins Loans (CFDA Number 84.038) outstanding as of June 30, 2018.

There were no program disbursements under the Federal Perkins Loans program for the year ended June 30, 2018.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

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 X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster	Opinion
84.007, 84.033, 84.038, 84.063, 84.379	Student Financial Assistance Cluster	Unmodified

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

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	