

**DRAFT SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
YEAR ENDED JUNE 30, 2019**

1. **Division and Department:** Finance and Administration, Controller's Office
2. **Introduction:** The draft Schedule of Expenditures of Federal Awards, Year Ended June 30, 2019 (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, 2019."


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

3. **Previous Board Action:** As a result of a competitive bid process, the public accounting firm Plante & Moran was appointed by the Board of Trustees (Board) on February 13, 2017, and reappointed on April 9, 2018 and April 8, 2019.
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.

**Draft Schedule of Expenditures of Federal Awards,
Year Ended June 30, 2019
Oakland University
Board of Trustees
Audit Committee
October 14, 2019
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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, and audited by P&M.
8. **Board Action to be Requested:** At the October 14, 2019 Formal Session, the Board will be asked to accept the Schedule.
9. **Attachments:**
A. Draft Schedule of Expenditures of Federal Awards, Year Ended June 30, 2019

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



(Please initial)

Reviewed by Secretary Victor A. Zambardi:



(Please initial)

Reviewed by President Ora Hirsch Pescovitz, M.D.:



(Please initial)

Oakland University

Federal Awards Supplemental Information
June 30, 2019

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 the Oakland University as of and for the year ended June 30, 2019 and have issued our report thereon dated October 07, 2019, 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 7, 2019.

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 7, 2019

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, 2019 and the related notes to the financial statements, which comprise the basic financial statements, and have issued our report thereon dated October 7, 2019.

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.

October 7, 2019

Draft

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance
Required by the Uniform Guidance

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 each of the University's major federal programs for the year ended June 30, 2019. 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 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 each of the major federal programs for the year ended June 30, 2019.

To the Board of Trustees
Oakland University

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.

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.

October 7, 2019

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

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	\$ -	\$ 271,934
Biomedical Research and Research Training	93.859	N/A	-	508,767
Vision Research	93.867	N/A	1,894	914,534
Cancer Treatment Research	93.395	N/A	-	219,424
Cardiovascular Diseases Research	93.837	N/A	-	26,343
Lung Diseases Research	93.838	N/A	20,138	120,366
Blood Diseases and Research Resources	93.839	N/A	-	395,826
Passed through University of Michigan	93.839	1P30AG059300-01	-	15,552
Environmental Health	93.113	N/A	-	149,388
Cardiovascular Diseases Research -				
Passed through Vanderbilt University	93.837	VUMC41792	-	501
Extramural Research in the Neurosciences Disorders -				
Passed through University of Michigan	93.853	P007284501	-	2,839
Centers for Disease and Control Prevention -				
Basic Research Support Grants	93.738	N/A	48,008	173,336
Administration for Community Living -				
Passed through the University of Illinois	93.433	16227	-	16,042
U.S. Army:				
Basic and Applied Scientific Research	12.300	N/A	-	5,199
Basic Scientific Research:				
Passed through Virginia Polytechnic Institute and State University	12.431	450373-19853	-	513
Passed through the University of Michigan	12.420	SUBK00011253	-	15,846
National Science Foundation:				
Mathematical and Physical Sciences	47.049	N/A	-	147,641
Education and Human Resources	47.076	N/A	-	224,647
Engineering Grants	47.041	N/A	1,301	794,207
Computer and Information Science and Engineering -	47.070	N/A	-	114,371
Passed through Tuskegee University	47.070	343249002676190	-	3,954
Engineering Grants:				
Passed through the University of California Irvine	47.041	2016-3359	-	124,662
Passed through Ironic Chemicals	47.041	1746744-011	-	58,253
Passed through RHK Technologies, Inc.	47.041	1721926	-	8,927
Biological Sciences	47.074	N/A	29,557	260,741
U.S. Department of Agriculture:				
Passed through Wayne State University	10.216	WSU15068	-	(4,922)
Passed through Wayne State University	10.310	2018-70001-28938	-	16,589
U.S. Air Force - Basic and Applied Scientific Research -	12.800	N/A	-	134,239
Passed through the University of Pennsylvania	12.800	575203	-	29,930
U.S. Department of Defense - National Security Agency -				
National Security Agency	12.903	N/A	-	94,680
National Center for Manufacturing Sciences - Basic Research Support Grant:	12.RD	N/A	-	428,446
Passed through BBN Technologies	12.RD	LBN9500013527	-	93,933
Research and Technology Development -				
Passed through University of Michigan	12.910	3003058702	-	143,651

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2019

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 2017	81.RD	307167	\$ -	\$ 14,825
Passed through the Los Alamos National Lab	81.RD	422263	-	8,447
Passed through United States Council for Automotive Research	81.RD	18-3253-MFG	-	79,389
Passed through Argonne Lab	81.RD	DE-AC02-06CH11357	-	39,913
Passed through the University of Illinois	81.087	17054-01	-	65,831
National Writing Project Corporation	84.367	N/A	-	1,327
National Aeronautics and Space Administration -				
Basic Research Support Grant	43.001	N/A	5,412	120,713
National Endowment for the Humanities -				
Basic Research Support Grant	45.149	N/A	-	6,345
Education Grant -				
Passed through the Michigan Space Grant Consortium	43.008	3004457039	-	60,710
United States Agency for International Development -				
Agency for International Development (USAID) -				
Passed through Michigan State University	98.001	RC107580OU	-	12,991
Environmental Protection Agency -				
Basic Research Support Grant	66.469	N/A	-	37,731
HighScope Educational Research Foundation -				
Passed through HighScope Educational Research Foundation	84.411	Unknown	-	41,894
Total Research and Development Cluster			106,310	6,000,475
Student Financial Assistance Cluster:				
U.S. Department of Education:				
Federal Supplemental Educational Opportunity Grants	84.007	N/A		845,909
Federal Work-Study Program	84.033	N/A		704,340
Federal Perkins Loan Program	84.038	N/A		1,256,543
Federal Pell Grant Program	84.063	N/A		23,036,427
William D. Ford Federal Direct Loan Program	84.268	N/A		103,978,448
Federal TEACH Grant	84.379	N/A		168,164
Total Student Financial Assistance Cluster				129,989,831
TRIO Cluster - U.S. Department of Education -				
Upward Bound	84.047	N/A		592,578
Other federal awards:				
U.S. Department of Education - Gear Up:				
Program year 2017	84.334	16-00-09		15,222
Passed through the State of Michigan - College Day Scholarship	84.334	Unknown		20,000
Total U.S. Department of Education				35,222
U.S. Department of Health and Human Services:				
Fostering Futures Scholarship passed through State of Michigan	93.558	N/A		24,000
Bureau of Health Resource and Service Administration -				
Basic Instruction Grant, Nurse Anesthetist Training	93.124	A22HP30962		73,517
Total U.S. Department of Health and Human Services				97,517
U.S. Department of Homeland Security -				
Homeland Security Grant Program - Passed through Oakland County	97.067	Unknown		577
Total expenditures of federal awards				<u>\$ 136,716,200</u>

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

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, 2019. 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 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, 2019, the University transferred \$233,078 of the 2017-2018 Federal Work-Study Program (84.033) award to the Federal Supplemental Educational Opportunity Grant award, which it expended in the 2018-2019 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, 2019 was received and reviewed. No significant items of noncompliance or control weaknesses were noted. There was \$1,021,358 of Federal Perkins Loans (CFDA Number 84.038) outstanding as of June 30, 2019.

There were no program disbursements under the Federal Perkins Loans program for the year ended June 30, 2019.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

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 None reported

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

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 Number	Name of Federal Program or Cluster	Opinion
84.007, 84.033, 84.038, 84.063, 84.379 93.846, 93.859, 93.867, 93.395, 93.837, 93.838, 93.839, 93.113, 93.738, 93.433, 12.300, 12.431, 47.049, 47.076, 47.041, 47.070, 47.074, 10.216, 12.903, 12.910, 12.RD	Student Financial Assistance Cluster	Unmodified
	Research and Development Cluster	Unmodified

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

Current Year None

Section III - Federal Program Audit Findings

Current Year None