

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS IN
ACCORDANCE WITH OMB CIRCULAR A-133 YEAR ENDED JUNE 30, 2011**

A Recommendation

1. **Division and Department:** Finance and Administration, Controller's Office
2. **Introduction:** The Schedule of Expenditures of Federal Award Programs in Accordance with OMB Circular A-133 Year Ended June 30, 2011 (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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011." And, "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 basic financial statements as a whole."

3. **Previous Board Action:** The public accounting firm of AH&P was appointed by the Board of Trustees (Board) on March 7, 2007, and reappointed on January 9, 2008, October 30, 2008, April 10, 2010 and March 15, 2011 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 President, and audited by AH&P.

Schedule of Expenditures of Federal Award Programs in
Accordance with OMB Circular A-133 Year Ended June 30, 2011
Oakland University
Board of Trustees Formal Session
October 31, 2011
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8. Recommendation:

RESOLVED, that the Board of Trustees accept the Schedule of Expenditures of Federal Award Programs in Accordance with OMB Circular A-133 Year Ended June 30, 2011, which was audited by the public accounting firm of Andrews Hooper & Pavlik P.L.C.

9. Attachments:


A. Schedule of Expenditures of Federal Award Programs in Accordance with OMB Circular A-133 Year Ended June 30, 2011

Submitted to the President
on 10/17, 2011 by



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

Recommended on 10/20, 2011
to the Board for approval by



Gary D. Russi
President

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

Year ended June 30, 2011

Oakland University

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

Year Ended June 30, 2011

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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, 2011, and have issued our report thereon dated September 9, 2011. 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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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.

Andrews Hooper Pavlik PLC

Auburn Hills, Michigan
September 9, 2011

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on 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 *OMB Circular A-133 Compliance Supplement* could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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

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 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.

The internal control policies and procedures relating to billing, recordkeeping, payment processing, reporting and due diligence functions for the University's Federal Perkins Loan Program are performed at University Accounting Service, Inc. For these control categories, other auditors obtained an understanding of the design of relevant policies and procedures, determined whether they have been placed in operation and assessed control risk. The other auditor's report has been furnished to us; however, the scope of our work did not extend to these internal control policies and procedures established and maintained at University Accounting Service, Inc.

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 deficiencies, 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, 2011, and have issued our report thereon dated September 9, 2011, which contained an unqualified opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The 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 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 financials 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 basic financial statements 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.

Andrews Hooper Pavlik PLC

Auburn Hills, Michigan
September 9, 2011

Oakland University
Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

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)	\$ 2,473,042
American Recovery and Reinvestment Act (12)	93.701	*(1)	1,143,207
Passed through Michigan State University	93.262	*(1)	45,430
U.S. Army:			
Basic Research Support Grants (10)	12.RD	*(1)	509,040
Passed through Foster-Miller	12.RD	*(1)	58,074
Passed through the University of Michigan (2)	12.RD	*(1)	125,936
National Science Foundation:			
Basic Research Support Grants (24)	47.RD	*(1)	1,625,285
American Recovery and Reinvestment Act (5)	47.082	*(1)	421,511
Passed through the University of Illinois at Chicago	47.041	*(1)	2,068
U.S. Air Force:			
Passed through RNET Technologies	12.RD	*(1)	5,651
U.S. Department of Agriculture:			
Passed through Michigan State University	10.001	*(1)	260
Passed through Pharaoh Industries	10.212	*(1)	5,647
U.S. Navy:			
Basic Research Support Grants (3)	12.300	*(1)	502,644
Passed through the University of Mississippi	12.300	*(1)	146,302
U.S. Department of Defense:			
Passed through Mississippi State University (3)	12.RD	*(1)	1,366,931
Passed through Virginia Polytechnic Institute and State University	12.910	*(1)	195,477
U.S. Department of Education:			
American Recovery and Reinvestment Act passed through Ohio State University	84.396	*(1)	64,600
Passed through Michigan State University	84.337	*(1)	10,597
Passed through the University of Michigan	84.133	*(1)	9,191
U.S. Department of Energy:			
Basic Research Support Grant	81.086	*(1)	165,322
American Recovery and Reinvestment Act passed through University of Minnesota	81.122	*(1)	6,860
Passed through U.S. Automotive Material Partnership (5)	81.087	*(1)	172,330
Passed through Battelle (3)	81.RD	*(1)	163,379
Passed through Intelligent Automation, Inc.	81.086	*(1)	15,697
Passed through Oak Ridge National Laboratory	81.RD	*(1)	10,370
National Writing Project Corporation	84.928A	*(1)	55,040
National Aeronautics & Space Administration:			
Passed through the Michigan Space Grant Consortium and the University of Michigan	43.A34618	*(1)	5,194
Total Research and Development			<u>9,305,085</u>

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

Oakland University
Schedule of Expenditures of Federal Awards (continued)

Year ended June 30, 2011

Federal Grant/Pass Through Grant Program Title	Federal Catalog or Grant Number		Federal Expenditures
U.S. Department of Education			
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants	84.007	*(1)	368,968
Federal Work-Study Program (Note 7)	84.033	*(1)	435,202
Federal Perkins Loan Program (Note 5)	84.038	*(1)	188,269
Federal Pell Grant Program (Note 6)	84.063	*(1)	19,993,200
William D. Ford Federal Direct Loan Program (Note 4)	84.268	*(1)	100,126,137
Academic Competitiveness Grant (ACG)	84.375	*(1)	557,548
National SMART Grant	84.376	*(1)	614,034
National Teach Grant	84.379	*(1)	4,000
Total Student Financial Assistance			122,287,358
TRIO Program:			
Upward Bound	84.047A	(1)	644,762
Gear Up:			
Passed through the State of Michigan	84.334S	(1)	40,490
			685,252
Fund For Improvement of Postsecondary Education	84.116		16,216
CCAMPIS	84.335		54,121
Emergency Management for Higher Education	84.184T		36,463
Passed through the Michigan Department of Education:			
Improve Literacy Teaching and Learning in Urban Schools	84.367		253,350
Passed through Macomb Intermediate School District	84.366		1,185
U.S. Department of Education – ARRA:			
Passed through the State of Michigan State Fiscal Stabilization Fund	84.394A		44,623
U.S. Department of Housing and Urban Development:			
Passed through Macomb County	14.218	*	1,583,750
U.S. Department of Energy – ARRA			
	81.087	*	387,354
Bureau of Health Resource & Services Administration:			
Basic Instruction Grant, nurse anesthetist training	93.124		15,170
Basic Instruction Grant, advanced nurse training	93.358		51,073
Economic Development Administration	11.307		25,842
Small Business Administration:			
Passed through Macomb County	59.006		76,998
U.S. Department of Labor:			
WIA Adult Program – Passed through the City of Detroit	17.258		748
Total Expenditures of Federal Awards			\$ 134,824,588

* Denotes a major program.

(1) Denotes a cluster.

Oakland University
Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (Schedule) includes all federal grant transactions of the University recorded on the accrual basis of accounting for the fiscal year ending June 30, 2011. 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 statements. 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.

2. Major Programs and Clusters

As defined in OMB Circular A-133, Student Financial Assistance programs, Trio, 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, Student Financial Assistance, the U.S. Department of Housing and Urban Development grant passed through Macomb County CFDA #14.218, and the U.S. Department of Energy – ARRA CFDA #81.087 have been defined as major programs. In determining major programs, the entire Student Financial Assistance cluster was removed due to the large loan and loan guarantee funds within the cluster.

3. Administrative Costs

The following administrative cost allowances were received by the University:

Federal Perkins Loan Program	\$ 9,413
Federal Work-Study Program	27,013
Federal Supplemental Educational Opportunity Grant Program	24,598
Federal Pell Grant Program	25,740

The University has approved predetermined indirect cost rates that are effective for the year ended June 30, 2011. The base rate for on-campus is 48% of Modified Total Direct Cost.

4. William D. Ford Federal Direct Loan Program

During the 2010/2011 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, 2011, Direct Student Loans totaled \$91,257,416 (\$39,623,779 subsidized and \$51,633,637 unsubsidized), Direct Parent Loans for Undergraduate Students (PLUS) totaled \$6,952,592, and Direct PLUS Graduate Loans totaled \$1,916,129.

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

Year ended June 30, 2011

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, 2011 was received and reviewed. No significant items of noncompliance or control weaknesses were noted. During the 2010/2011 fiscal year, Perkins Loans were issued which included no current year federal contribution. There was \$1,982,294 of Federal Perkins Loans (CFDA Number 84.038) outstanding as of June 30, 2011.

Total program disbursements under the Federal Perkins Loans program for the year ended June 30, 2011 were as follows:

Student loans awarded	\$ 188,269
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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.

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 27, 2011. Expenditures are the actual amounts incurred through June 30, 2011. The University will process amendments at year end to finalize the 2010/2011 award year.

7. Federal Work-Study Program

During the year, the University transferred \$30,000 from the Federal Work-Study Program to the Job Location and Development Program. This expenditure is being reported as part of the Federal Work-Study Program on the schedule of expenditures of federal awards and was fully expended.

Oakland University
Schedule of Findings and Questioned Costs

Year ended June 30, 2011

Section I – Summary of Independent Auditors’ Results

Financial Statements

Type of auditors’ report issued:	<u>Unqualified</u>			
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:	<u>Unqualified</u>			
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:				

Federal Grantor/Program Name

Federal Catalog or Grantor Number

Student Financial Assistance Cluster

U.S. Department of Education	84.007; 84.033; 84.038; 84.063; 84.268; 84.375; 84.376; 84.379
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Research and Development

U.S. Department of Health and Human Services	93.RD; 93.701; 93.262
U.S. Army	12.RD
National Science Foundation	47.RD; 47.082; 47.041
U.S. Air Force	12.RD
U.S. Department of Agriculture	10.001; 10.212
U.S. Navy	12.300
U.S. Department of Defense	12.RD; 12.910
U.S. Department of Education	84.396; 84.337; 84.133
U.S. Department of Energy	81.086; 81.122; 81.087; 81.RD; 81.086;
National Writing Project Corporation	84.928A
National Aeronautics & Space Administration	43.A34618

U.S. Department of Housing and Urban Development

14.218

U.S. Department of Energy – ARRA

81.087

Dollar threshold used to distinguish between Type A and Type B programs:

_____ \$376,117 _____

Auditee qualified as low-risk auditee?	_____	X	Yes	_____	No
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Oakland University
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2011

**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.