



Federal Awards Reports in Accordance with the Uniform
Guidance

June 30, 2017

Western Oregon University

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Independent Auditor’s 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*

To the Board of Trustees
Western Oregon University
Monmouth, Oregon

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 the Western Oregon University (the University), as of and for the year ended June 30, 2017, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2017. Our report includes a reference to other auditors who audited the financial statements of Western Oregon University Development Foundation (the Foundation), as described in our report on the University’s financial statements. The audit of the financial statements of the Foundation were not performed in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or compliance with other matters that are reported on separately by those auditors.

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 opinions 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 entity’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 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 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho
November 14, 2017



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Trustees
Western Oregon University
Monmouth, Oregon

Report on Compliance for Each Major Federal Program

We have audited Western Oregon University’s (the University) compliance with the types of compliance requirements described in the *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, 2017. 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 the 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* (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 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 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, 2017.

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the 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 compliance requirement 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 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the University and the discretely presented component unit of Western Oregon University as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated November 14, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Boise, Idaho
November 14, 2017

Western Oregon University
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2017

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
Department of Agriculture				
<u>Direct Programs</u>				
Research and Development Cluster:				
Child and Adult Care Food Program	10.558	Not Applicable	\$ 4,133 *	\$ -
Total Department of Agriculture			<u>4,133</u>	<u>-</u>
Department of Education				
<u>Direct Programs</u>				
Research and Development Cluster:				
English Language Acquisition State Grants	84.365	Not Applicable	31,491 *	-
Total Research and Development Cluster			<u>31,491</u>	<u>-</u>
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	Not Applicable	196,293	-
Federal Work-Study Program	84.033	Not Applicable	297,976	-
Federal Perkins Loans	84.038	Not Applicable	5,027,420	-
Federal Pell Grant Program	84.063	Not Applicable	8,492,367	-
Federal Direct Student Loans	84.268	Not Applicable	30,559,935	-
Teacher Education Assistance for College & Higher Education Grants	84.379	Not Applicable	219,290	-
Total Student Financial Aid Cluster			<u>44,793,281</u>	<u>-</u>
TRIO Cluster:				
TRIO Student Support Services	84.042	Not Applicable	291,057	-
TRIO Upward Bound	84.047	Not Applicable	250,698	-
Total TRIO Cluster:			<u>541,755</u>	<u>-</u>
Rehabilitation Long-Term Training	84.129	Not Applicable	474,422	-
Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind	84.160	Not Applicable	255,228	17,966
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	Not Applicable	474,770	-
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	Not Applicable	2,237,627	726,996
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	Not Applicable	752,823	743,351
<u>Total Department of Education Direct Programs</u>			<u>49,561,397</u>	<u>1,488,313</u>

Western Oregon University
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2017

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
<u>Pass-Through Programs</u>				
Oregon Department of Education				
Special Education - IDEA Cluster:				
Special Education Grants to States	84.027	9212	298,403	-
Special Education Grants to States	84.027	34441	9,994	-
Special Education Grants to States	84.027	10488	83,095	-
Special Education Grants to States	84.027	Not Applicable	6,427	-
Total Special Education - IDEA Cluster:			397,919	-
Twenty-First Century Community Learning Centers	84.287	DASPS-2432-15	184,733	-
Twenty-First Century Community Learning Centers	84.287	39333	16,703	-
			201,436	-
Mathematics and Science Partnerships	84.366	34674	365,735	28,085
Race to the Top - Early Learning Challenge	84.412	10452	2,305	500
Oregon Health & Science University				
Special Education-Educational Technology Media, and Materials for Individuals with Disabilities	84.327	H327S130010	16,750	-
<u>Total Department of Education Pass-Through Programs</u>			984,145	28,585
Total Department of Education			50,545,542	1,516,898
Department of Health and Human Services				
<u>Direct Programs</u>				
Research and Development Cluster:				
Maternal/Child Health Federal Consolidated Programs	93.110	Not Applicable	622 *	-
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433 **	Not Applicable	175,233 *	19,360
<u>Total Department of Health and Human Services Direct Programs</u>			175,855	19,360
<u>Pass-Through Programs</u>				
Oregon Department of Education				
Child Care and Development Block Grant	93.575	10452	1,929,850	39,660
Oregon Childhood Development Coalition				
Research and Development Cluster:				
Head Start	93.708	20-038	8,473 *	-

Western Oregon University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Program Title	Federal CFDA Number		Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
Mississippi State University ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	**	053700.362868.02	16,610	361
Oregon Department of Human Services Chafee Foster Care Independence Program	93.674		150249	<u>3,578</u>	<u>-</u>
<u>Total Department of Health and Human Services Pass-Through Programs</u>				<u>1,958,511</u>	<u>40,021</u>
Total Department of Health and Human Services				<u>2,134,366</u>	<u>59,381</u>
Department of Justice					
<u>Direct Programs</u>					
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		Not Applicable	98,348	-
Public Safety Partnership and Community Policing Grants	16.710		Not Applicable	118,443	-
Edward Byrne Memorial Competitive Grant Program	16.751		Not Applicable	<u>190,914</u>	<u>-</u>
<u>Total Department of Justice Direct Programs</u>				407,705	-
<u>Pass-Through Programs</u>					
Tribal Law and Policy Institute Tribal Court Assistance Program	16.608		Tribal Law & Policy Inst Sub	<u>10,562</u>	<u>-</u>
				<u>10,562</u>	<u>-</u>
Total Department of Justice				<u>418,267</u>	<u>-</u>
National Science Foundation					
<u>Pass-Through Programs</u>					
Willamette University Research and Development Cluster: Mathematical and Physical Sciences	47.049		WU-NSFRCN-06-2013	<u>6,152</u>	<u>-</u>
Total National Science Foundation				<u>6,152</u>	<u>-</u>
Total Expenditures of Federal Awards				<u>\$ 53,108,460</u>	<u>\$ 1,576,279</u>
* Subtotal of the Research and Development Cluster				<u>\$ 226,104</u>	
** Subtotal of CFDA 93.433				<u>\$ 191,843</u>	

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Western Oregon University (the University), and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. The University received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Significant Accounting Policies

Expenditures in the schedule of expenditures of federal awards are recognized on the accrual basis of accounting. The University's summary of significant accounting policies is presented in Note 1 in the University's basic financial statements.

The University has not elected to use the 10% de minimis cost rate.

Note 3 - Federal Student Loan Programs

The federal student loan programs listed subsequently are administered directly by the University and balances and transactions relating to these programs are included in the University's basic financial statements. Loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding at June 30, 2017 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2017 (in thousands)</u>
84.038	Perkins Loan Program	\$3,580

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Student Financial Aid Cluster	
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Perkins Loan Program	84.038
Federal Direct Student Loans	84.268
Teacher Education Assistance for College & Higher Education Grants	84.379
Supporting Effective Instruction State Grant	84.367
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None Noted

Section III – Federal Award Findings and Questioned Costs

None Noted