

**PORTLAND STATE UNIVERSITY  
OMB Circular A-133  
SINGLE AUDIT REPORT**

**For the Year Ended June 30, 2015**

**PORTLAND STATE UNIVERSITY  
REPORT ON SINGLE AUDIT  
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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**

Members of the Board  
Portland State University - Single Audit  
Portland, Oregon

We have audited, in accordance with the 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 business-type activities and the discretely presented component unit of Portland State University (the University), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 18, 2015. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the University's financial statements. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

**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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying the schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described as item 2015-001 in the accompanying the schedule of findings and questioned costs to be a material weakness.

**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*.

**Portland State University's Response to Findings**

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 result 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.



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
December 18, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board  
Portland State University  
Portland, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited Portland State University's (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' 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 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 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, Portland State 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 its major federal programs for the year ended June 30, 2015.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2015-002 through 2015-006 and 2015-008. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**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 OMB Circular A-133, 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. *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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-002 through 2015-008 that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the business-type activities and the discretely presented component unit of the University as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements. We issued our report thereon dated December 18, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the 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 basic 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 basic financial statements or to the basic 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Greenwood Village, Colorado  
March 31, 2016

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award Id	Pass Through Entity	Pass Through Identifying #	Direct Expenditures	Pass Through Expenditures
<b>Research and Development</b>							
<b>Department of Agriculture</b>							
	10.001	Agricultural Research Basic and Applied Research		Cary Institute of Ecosystem Studies	3253/200201753		31,842
	10.310	National Institute of Food and Agriculture - Agriculture and Food Research Initiative (AFRI)				188,546	
				Iowa State University	416-41-07D		16,426
				Oregon Health & Science Univ (OHSU)	1002187_PSU		27,608
				University of Alaska	UAF 12-0011		26,151
				University of Oregon	238391C		9,507
	10.652	US Forest Service - Forestry Research				13,639	
	10.675	US Forest Service - Urban and Community Forestry Program				59,026	
	10.6XX	US Forest Service - Forest Service Other				1,266	
	10.903	US Department of Agriculture - Soil Survey				2,839	
	10.907	Natural Resources Conservation Service - Snow Survey and				69,272	
	10.XXX	Other Department of Agriculture Programs					
			09-CR-11061800-050			(265)	
			11-CR-11261975-087			7,439	
			11-JV-11261975-080			29,892	
			11-JV-11261975-111			18,194	
			12-CR11061500-025			4,643	
			12-CR-11061800-043			3,888	
			12-CR-11261907-100			8,322	
			12-CR-11261975-058			78,953	
			12-CS-11061000-030			905	
			12-JV-11261985-079			33,183	
			13-CR-11060720-019			9,727	
			13-CR-11061800-030			6,437	
			13-CR-11261900-083			87,543	
			13-JV-11261979-059			93,050	
			13-JV-11261985-084			45,648	
			14-CR-11261975-036			24,909	
			14-JV-11046000-038			9,877	
			14-JV-11221611-109			6,604	
			14-JV-11261944-038			8,688	
			14-JV-11330136-138			19,008	
			2012-CR-11261985-084			6,764	
			G24493124001/HHS-C6681P1			4,766	
			NFS 11-CR-11062754-030			83,991	
			PNW 10-CR-11261975-080			14,587	
			AG-04T0-P-13-0014			4,009	
			AG-04T0-P-14-0029			65,882	
<b>Department of Commerce</b>							
	11.307	Economic Development Administration - Economic Development_Technical Assistance		Columbia River Economic Development Council	2013-307		39,270
	11.312	National Oceanic & Atmospheric Administration - Research and		Portland Development Commission	712001		42,930
	11.417	National Oceanic & Atmospheric Administration - Sea Grant Support		Oregon State University	NA223C-C		9,270
	11.431	National Oceanic & Atmospheric Administration - Climate and Atmospheric Research				73,770	
	11.439	National Oceanic & Atmospheric Administration - Marine Mammal Data Program				61,217	
	11.468	National Oceanic & Atmospheric Administration - Cooperative Institute for Applied Meteorological Studies (CIAMS) and Cooperative Institute for Tropical Meteorology (CITM)				88,898	
<b>Department of Defense</b>							
	12.300	Office of the Chief of Naval Research - Basic and Applied Scientific Research		University of California	43019217		43,206
	12.420	US Army Medical Command - Military Medical Research and Development				583,845	
						1,047,658	
	12.630	US Department of Defense - Basic, Applied, and Advanced		Brain Trauma Foundation	130908		62,297
	12.800	Department of Air Force, Material Command - Air Force		University of California	37697661 PO:S9000212		50,431
	12.910	Advanced Research Projects Agency - Research and Technology Development		The University of Texas at Austin	SUB: UTA12-001068		80,378
	12.910	Advanced Research Projects Agency - Research and Technology Development		BAE Systems	776911		156,307
	12.XXX	Other Department of Defense Programs		Regents of Univ of Michigan	3003408627		176,746



Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award Id	Pass Through Entity	Pass Through Identifying #	Direct Expenditures	Pass Through Expenditures
				DTI Associates Inc	PO-0004697		(1,423)
				Metron, Inc.	6F48-002		22,222
				Oregon Health & Science Univ (OHSU)	9007517-PSU		39,572
				Brain Trauma Foundation	BTECPUSU		31,627
				Arete Associates	CA-0015403		13,315
		<b>Department of Housing &amp; Urban Development</b>					
	14.704	Community Challenge Planning Grants and the Department of Transportation's TIGER II Planning Grants		City of Beaverton	2688-12		22,094
		<b>Department of the Interior</b>					
	15.231	Bureau of Land Management - Fish, Wildlife and Plant				363,024	
	15.232	Bureau of Land Management - Wildland Fire Research and				96,229	
	15.238	Bureau of Land Management - Challenge Cost Share				2,376	
	15.560	US Bureau of Reclamation				36,495	
	15.615	US Fish & Wildlife Service - Cooperative Endangered Species Conservation Fund		Oregon Department of Fish and Wildlife	198-14		49,944
				Oregon Department of Fish and Wildlife	478-14		36,495
	15.649	US Fish & Wildlife Service - Service Training and Technical				27,459	
	15.65	US Fish & Wildlife Service - Research Grants (Generic)				23,947	
	15.657	US Fish & Wildlife Service - Endangered Species Conservation				29,631	
	15.664	US Fish & Wildlife Service - Fish and Wildlife Coordination and				5,838	
	15.669	US Fish & Wildlife Service - Cooperative Landscape				26,964	
	15.807	US Geological Survey - Earthquake Hazards Reduction				4,538	
	15.808	US Geological Survey - Geological Survey Research and Data				661,946	
	15.820	US Geological Survey - National Climate Change and Wildlife		Oregon State University	GS272B-A		7,531
				Regents of the University of Idaho	GNK906-SB-001		37,386
	15.945	National Park Service - Cooperative Research and Training				353,777	
	15.XXX	Other Department of the Interior Programs					
			H8W07060001 J8W07090011			42	
			H9430100001/ P10AC00584			3,967	
			J8W07090016 / P09AC00268			9,156	
			J8W07100029 / P10AC00567			101,788	
			P10AC00407			49,976	
			P10AC00422			49,019	
			P10AC00568			4,221	
			F14PX00232			17,435	
			P14PX01242			7,469	
		<b>Department of Justice</b>					
	16.541	Office of Juvenile Justice & Delinquency Prevention - Juvenile Justice and Delinquency Prevention Special				479,302	
	16.575	Justice Office for Victims of Crime - Crime Victim Assistance		Oregon Department of Justice	VOCA-NC-2012-PSU-00054		42,562
	16.710	Office of Community Oriented Policing Services - Public Safety and Community Policing Grants		City of Portland	30004636		15,612
	16.726	Office of Juvenile Justice & Delinquency Prevention - Juvenile Mentoring Program				311,933	
	16.812	Bureau of Justice Assistance - Second Chance Act Reentry Initiative		Oregon Dept of Corrections	4981		35,245
	16.XXX	US Department of Justice		American Institutes for Research	01064-03260 PO:13RRG10008		69,180
		<b>Department of Labor</b>					
	17.XXX	US Department of Labor		JBS International Inc	S53511-PSU		131,968
		<b>Department of State</b>					
	19.415	Bureau of Educational and Cultural Affairs - Professional Exchanges-Annual Open Grant (B)				4,930	
		<b>Department of Transportation</b>					
	20.200	Federal Highway Administration - Highway Research and Development Program		Oregon Department of Transportation	16292 WO 12-03		61,264
				Oregon Department of Transportation	16292 WO 14-02		85,870
				Oregon Department of Transportation	28382		137,408
				Oregon Department of Transportation	MASTER #16292, WO 12-01		76,522
				Oregon Department of Transportation	WORK ORDER 14-03 MST AGR 16292		66,079
	20.205	Federal Highway Administration - Highway Planning and Construction		Oregon Bureau of Labor & Industries	BOLI-ODOT 2013-106		86,941
				Oregon Department of Transportation	27085		(451)
				Oregon Department of Transportation	21999 WO 7		
				Oregon Department of Transportation	AGREE# 27085; WO #3		
	20.507	Federal Transit Administration - Formula Grants		Home Forward	C1306		29,123
	20.701	Office of the Secretary - University Transportation Centers Program				2,334,452	
	20.XXX	US Department of Transportation		Applied Engineering Management Corporation	2312-000-PORT01		39,828

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award Id	Pass Through Entity	Pass Through Identifying #	Direct Expenditures	Pass Through Expenditures
				ICF Incorporated	14KJSK0023		29,511
				ICF Incorporated	15kbsk0052		8,251
				Oregon Department of Transportation	TO 5, MASTER 27085		71,868
				Resource Systems Group	unknown, PSU ID 272283		15,155
<b>National Aeronautics &amp; Space Administration</b>							
	43.001	Science - Aerospace Education Services Program				539,075	
				The University of Texas at Austin	UTA11-000570		68,761
				University of California Los Angeles	2090 G RA940		8,310
	43.004	Aeronautics, Recovery Act				26,034	
	43.008	NASA Education		Purdue University	SUB4103-50584		(1)
	43.XXX	Other National Aeronautics & Space Administration Programs				124,323	
			NNX13AH06G			(7,069)	
			NNX09AP66A				
<b>Institute of Museum and Library Services</b>							
	45.312	Institute of Museum and Library Services - National Leadership Grants				307,952	
<b>National Science Foundation</b>							
	47.041	Engineering Grants				261,331	
			IIP-1447395	Georgia Institute of Technology	RB061-G2		2,618
	47.049	Mathematical and Physical Sciences		Imaqs LLC	unknown	490,744	22,930
	47.050	Geosciences				1,228,328	
				The University of Texas at Austin	UTA13-000592		802
				Univ of Southern California	Y83116		17,574
				Regents of UC Davis	201501571-01		18,381
				Oregon Health & Science Univ (OHSU)	GSTCN0106S4		23,162
	47.070	Computer and Information Science and Engineering				1,300,394	
	47.074	Biological Sciences				1,069,229	
	47.075	Social Behavioral and Economic Sciences				150,340	
	47.076	Education and Human Resources				1,330,780	
				Mathematical Association of America	DRL-0910240		2,897
				Mathematical Association of America	3-8-710-954/DUE-1430540		481
				Oregon Museum of Science & Industry	D10-07		28,043
				Teachers Development Group	04-DRL02		98,300
				University of Washington	658615		10,269
				University of Washington	763675 PO# BPO3330		63,362
	47.078	Polar Programs				91,541	
				Regents of University of Colorado	1548194 PO: 77305/1000046795		10,086
				Smithsonian Institution			30,644
				The University of Texas at Austin			1,505
				Regents of University of Colorado	PO 100272404		23,141
	47.XXX	Other National Science Foundation					
<b>Environmental Protection Agency</b>							
	66.461	Office of Water - Regional Wetland Program Development Grants				140,414	
	66.509	Science to Achieve Results (STAR) Research Program				5,698	
	66.708	Office of Chemical Safety and Pollution Prevention - Pollution Prevention Grants Program				74,616	
<b>Department of Energy</b>							
	81.049	Office of Science Financial Assistance Program				212,855	
				Regents of UC - Davis	DE-SC0008937,201223767-PSU		56,223
	81.089	Fossil Energy Research and Development		Research Partnership to Secure Energy for America	08121-2801-02		17,932
	81.XXX	Other Department of Energy Programs					
			00063182			274,409	
			332			69,453	
			56267			164,416	
			67175			197,245	
			XGN-3-23453-01			282,489	
				Pacific States Marine Fisheries Commission	11-45		46,290
				Pacific States Marine Fisheries Commission	13-76		45,195
				Pacific States Marine Fisheries Commission	14-110		17,924
				Desert Research Institute	659.4160-02		
<b>Department of Education</b>							
	84.010	Office of Elementary and Secondary Education - Title I Grants to Local Educational Agencies		Oregon Department of Education	27105		48,585
	84.016	Office of Postsecondary Education - Undergraduate International Studies and Foreign Language				29,884	
	84.133	USDE - National Institute on Disability and Rehabilitation				628,766	

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award Id	Pass Through Entity	Pass Through Identifying #	Direct Expenditures	Pass Through Expenditures
				Temple University Oregon Health & Science University	300104-PSU 9007327-PSU		23,867 27,609
	84.235	Office of Special Education and Rehabilitative Services - Rehabilitation Services Demonstration and Training Programs				28,505	
	84.305	Institute of Education Sciences - Education Research, Development and Dissemination		University of Virginia	GM10128-139152		91,441
	84.324	Institute of Education Sciences - Research in Special Education				530,152	
				University of North Carolina at Chapel Hill	5-39253		56,575
	84.335	Office of Postsecondary Education - Child Care Access Means Parents in School				260,931	
	84.365	Office of Elementary and Secondary Education - English Language Acquisition State Grants				332,972	
	84.XXX	US Department of Education		American Institutes for Research NOVA Research Company	0351200001 120920		75,209 21,700
<b>Department of Health and Human Services</b>							
	93.087	Administration for Children & Families - Enhance Safety of Children Affected by Substance Abuse		Volunteers of America Oregon Inc	140132		69,340
	93.104	Substance Abuse & Mental Health Services Administration - Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances		Northwest Portland Area Indian Health Board	CONTRACT #: C 14-02		47,822
	93.113	National Institutes of Health - Biological Response to Environmental Health Hazards				396,035	
	93.136	Centers for Disease Control & Prevention - Injury Prevention and Control Research and State Grants				322,359	
	93.173	National Institutes of Health - Research Related to Deafness and Communication Disorders		Oregon Health & Science Univ (OHSU)	1001858_PSU		42,931
	93.242	National Institutes of Health - Mental Health Research Grants				48,105	
				Oregon Health & Science Univ (OHSU)	1002328_PSU		90,620
	93.243	DHHS Substance Abuse & Mental Health Administration - Substance Abuse and Mental Health_Projects of Regional and National Significance (PRNS)		Cascadia Behavioral Healthcare	unknown, PSU ID: 240292		57,239
				Native American Rehabilitation Association	unknown, PSU ID: 270476		5,123
				Outside In	unknown, PSU ID: 270348		284
				Yellowhawk Tribal Health Center	unknown, PSU ID 270448, 270537		133,435
	93.262	Centers for Disease Control & Prevention - Occupational Safety and Health Program		Oregon Health & Science Univ (OHSU)	9007284_PSU		15,381
				Oregon Health & Science University	1005580_PSU		167,149
				Oregon Health & Science University	GCROE0200A_PSU		80,016
	93.273	National Institutes of Health - Alcohol Research Programs				115,220	
				University of California Los Angeles	1182 G RA352		35,671
	93.279	National Institutes of Health - Drug Abuse and Addiction Research Programs		University of California	41941221		93,588
	93.286	National Institutes of Health - Discovery and Applied Research for Technological Innovations to Improve Human Health				196,842	
	93.307	National Institutes of Health - Minority Health and Health Disparities Research		Oregon Law Center	2R24MD00-2798-06		53,645
	93.310	National Institutes of Health - Trans-NIH Research Support				714,473	
	93.361	National Institutes of Health - Nursing Research		University of Pittsburgh	0032090 (123962-3)		22,015
	93.393	National Institutes of Health - Cancer Cause and Prevention Research		Univ of Southern California	159443		31,593
	93.394	Women and Infants Hospital - Cancer Detection and Diagnosis Research				41,351	
	93.433	ACL National Institute on Disability, Independent Living and Rehabilitation				353,468	
	93.500	Office of the Secretary - Pregnancy Assistance Fund Program		Oregon Department of Justice	15284		24,067
				Oregon Department of Justice	IA-15080		8,248

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award Id	Pass Through Entity	Pass Through Identifying #	Direct Expenditures	Pass Through Expenditures
	93.575	Administration for Children & Families - Child Care and Development Block Grant		Oregon Department of Human Services	146205		66,517
	93.605	Administration for Children & Families - Family Connection Grants		Oregon Department of Human Services	142451		146,512
				Oregon Department of Human Services	147095		369,434
	93.670	Administration for Children & Families - Child Abuse and Neglect Discretionary Activities		Northwest Professional Consortium Inc dba NPC Research	unknown, PSU ID 270636		26,663
				Boston Children's Hospital	PO # 0000623058		18,891
	93.767	Centers for Medicare and Medicaid Services - Children's Insurance Program (A)		University of Washington	755555		98,190
	93.837	National Institutes of Health - Cardiovascular Diseases Research				10,926	
				Elex Biotech LLC	120420		(724)
				Elex Biotech LLC	140322		56,331
				Oregon Health & Science Univ (OHSU)	GCROE0192A_PSU		27,825
	93.855	National Institutes of Health - Allergy Immunology and Transplantation Research				1,072,565	
				DesignMedix Inc	130356		165,063
				Oregon Health & Science Univ (OHSU)	GMMBI0187A		32
	93.859	National Institutes of Health - Pharmacology Physiology and Biological Chemistry				276,353	
				Oregon State University	P0312A-A		55,112
				University of Florida	UFDSP00010573		54,052
				Western University of Health Sciences	2097-SWAIRJO-PSU		20,755
	93.865	National Institutes of Health - Research for Mothers and Children				476,807	
				Duke University	13-NIH-1051		25,572
				Oregon Health & Science Univ (OHSU)	GOBGY0202A PSU		5,936
				President & Fellows of Harvard College/Harvard Business Scho	114119.5071117		10,413
	93.866	National Institutes of Health - Research for Mothers and Children		EmbedRF LLC	120733		95,496
			IR01AG034211-01			(99)	
	93.928	Health Resources & Services Administration - Special Projects of National Significance		University of North Carolina at Chapel Hill	5-33236		35,426
	93.958	Substance Abuse & Mental Health Administration - Block Grants for Community Mental Health Services		Oregon Health Authority	145213		82,211
	93.969	Health Resources & Services Administration - PPHF-2012 Geriatric Education Centers		Oregon Health & Science Univ (OHSU)	ASON00303-PSU		80,675
	93.XXX	Other Department of Health and Human Services Programs	200-2013-M-55121 200-2014-M-59156			6,717 93,821	
				Oregon Health Authority	145914		332,515
				Sociometrics Corporation	C-136		28,909
				University of Maryland	9021		60,617
				Research Triangle Institute	17-312-023405-52174L		8,513
				Research Triangle Institute	1400290 / PO#SR00003488		12,585
				Research Triangle Institute	1400290 / PO#SR00003489		36,439
				Research Triangle Institute	1400290 / PO#SR00003490		124,119
				Research Triangle Institute	1400290 / PO#SR00003499		9,786
				Research Triangle Institute	9023 TASK 4		84,368
				Confederated Tribes of Siletz Indians	unknown, PSU ID: 270414		86,317
				Yellowhawk Tribal Health Center	PO# 65597		90,132
<b>Agency for International Development</b>							
98.001		USAID Foreign Assistance for Programs Overseas (B)	AID-OAAF-13-00040	Innovation for Poverty Action	unknown, PSU ID: 270045		(2,654)

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award Id	Pass Through Entity	Pass Through Identifying #	Direct Expenditures	Pass Through Expenditures
			AID-OAA-A-13-002	University of California	00008194 BB00213826		187,666
<b>Total Research and Development Cluster</b>						<b>22,194,416</b>	<b>6,470,744</b>
<b>Student Financial Aid</b>							
<b>Department of Education</b>							
84.007		Office of Federal Student Aid - Federal Supplemental Educational Opportunity Grants				1,114,434	
84.033		Office of Federal Student Aid - Federal Work-Study Program				1,276,304	
84.038		Office of Federal Student Aid - Federal Perkins Loan				8,307,699	
84.063		Office of Federal Student Aid - Federal Pell Grant Program				39,671,061	
84.268		Office of Federal Student Aid - Federal Direct Student Loans				143,561,551	
84.379		Office of Federal Student Aid - Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)				1,335,237	
<b>Total Student Financial Aid - Cluster</b>						<b>195,266,286</b>	<b>-</b>
<b>TRIO Cluster</b>							
<b>Department of Education</b>							
84.042		Office of Postsecondary Education - TRIO Student Support Services				364,869	
84.044		Office of Postsecondary Education - TRIO Talent Search				322,126	
84.047		Office of Postsecondary Education - TRIO Upward Bound				421,399	
84.217		Office of Postsecondary Education - TRIO McNair Post-Baccalaureate Achievement				222,020	
<b>Total TRIO Cluster</b>						<b>1,330,414</b>	<b>-</b>
<b>CCDF Cluster</b>							
<b>Department of Health and Human Services</b>							
93.575		Administration for Children & Families-Child Care and Development Block Grant		Oregon Department of Education	14.003		2,835,885
93.596		Administration for Children & Families-Child Care Mandatory and Matching Funds of the Child Care and Development Fund		Oregon Department of Human Services			3,305
						128995	
<b>Total CCDF Cluster</b>						<b>-</b>	<b>2,839,190</b>
<b>Non Cluster Programs</b>							
<b>US Department of Agriculture</b>							
10.558		Food and Nutrition Service - Child and Adult Care Food Program		Oregon Department of Education	26 16018 & 2608003		71,315
10.559		Food and Nutrition Service - Summer Food Service Program for Children		Oregon Department of Education	26 16018		5,941
<b>US Department of Defense</b>							
12.550		Office of the Secretary of Defense - The Language Flagship Grants to Institutions of Higher Education		Institute of International Education	NSEP-U631073-PDX-RUS		344,537
<b>US Department of Housing &amp; Urban Development</b>							
14.218		Office of Community Planning and Development - Community Development Block Grants/Entitlement Grants		Portland Development Commission	PSU-EOI		(681)
14.XXX		Community Development Block Grants		Portland Development Commission	unknown, PSU ID 273795		207,000
<b>Department of the Interior</b>							
15.231		Bureau of Land Management - Fish, Wildlife and Plant Conservation Resource Mangement				168,360	
15.239		Bureau of Land Management - Management Initiatives				131,091	
15.608		Fish & Wildlife Service - Fish and Wildlife Management Assistance				15,116	
15.945		National Park Service - Cooperative Research and Training Programs - Resources of the National Park System				31,171	
<b>Department of State</b>							
19.040		Secretary of Public Diplomacy and Public Affairs - Public Diplomacy Programs				226,393	
19.400		Academic Exchange Programs - Graduate Students		Institute of International Education	unknown, PSU ID: 278540		18,840
19.500		Bureau of Near Eastern Affairs - Middle East Partnership Initiative (MEPI) (B)		Univ of Delaware	unknown, PSU ID: 278550		11,741
						279,185	
<b>Department of Transportation</b>							
20.215		Federal Highway Administration - Highway Training and Education				133,202	
<b>National Science Foundation</b>							

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award Id	Pass Through Entity	Pass Through Identifying #	Direct Expenditures	Pass Through Expenditures
	47.049	Mathematical and Physical Sciences				4,625	
	47.076	Education and Human Resources				191,746	
	47.078	Polar Programs				60,396	
		<b>Environmental Protection Agency</b>					
	66.514	Office of Research and Development - Science To Achieve Results (STAR) Fellowship Program (B)				15,820	
		<b>Department of Education</b>					
	84.015	Office of Postsecondary Education - National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program				27,433	
	84.021	Overseas Programs - Group Projects Abroad				944	
	84.129	Office of Special Education and Rehabilitative Services - Rehabilitation Long-Term Training				109,674	
	84.299	Office of Elementary and Secondary Education - Indian Education Special Programs				152,979	
	84.325	Office of Special Education and Rehabilitative Services - Personnel Preparation to Improve Services and Results f/Children w/Disabilities				286,771	
	84.325V	Office of Special Education and Rehabilitative Services - Department of Education - National Leadership Consortium in Sensory Disabilities (Doctoral Fellowship)		Salus University	83401		30,338
	84.335	Office of Postsecondary Education - Child Care Access Means Parents in School				48,366	
	84.367	Office of Elementary and Secondary Education - Improving Teacher Quality State Grants		Oregon University Systems dba Western Oregon University	TRSUB15.02		89,025
		<b>Department of Health and Human Services</b>					
	93.051	Alzheimer's Disease Demonstration Grants to States (B) - Alzheimer's Disease Demonstration Grants to States (B)		Oregon Department of Human Services	145896 (145486)		31,059
	93.243	Substance Abuse & Mental Health Services Administration - Projects of Regional and National Significance (PRNS)				80,024	
				Georgetown University	RX4285-900-PSU		54,646
				Multnomah Educational Service District	C01575 & C01576		170,848
				Oregon Health & Science University	1003942_PSU		22,581
				Oregon Health Authority	147636		33,283
				Quartz Valley Indian Reservation	CONTRACT #405/2015-010-COC		27,527
	93.262	Centers for Disease Control & Prevention - Occupational Safety and Health Program				155,771	
	93.648	Administration for Children & Families - Child Welfare Services Training Grants		The Research Foundation of State Univ of New York	14-06/1113708-4-66158		74,178
				The Research Foundation of State Univ of New York	14-51		330,102
				The Research Foundation of State Univ of New York	1105807-16-62495		6,617
	93.969	Health Resources Services Administration - PPHF-2012 Geriatric Education Centers		Oregon Health & Science Univ (OHSU)	ASONO0303-PSU		650
				Oregon Health & Science Univ (OHSU)	SUB#:9006177_PSU		12,954
		<b>Corporation for National &amp; Community Service</b>					
	94.003	State Commissions		Oregon Housing & Community Services	4245		182,325
<b>Total Non Cluster Programs</b>						<b>2,119,067</b>	<b>1,724,826</b>
<b>Total Federal Awards Expended</b>						<b>220,910,183</b>	<b>11,034,760</b>

**Note A – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Portland State University (PSU) for the year ended June 30, 2015. The information in this Schedule is presented in accordance with requirements of OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The Federal Perkins Loans amount of \$8,307,699 represents total student Perkins loans outstanding as of June 30, 2015. Matching costs, the nonfederal share of certain program costs, are not included in the Schedule.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, Cost Principles for Education Institutions, 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.

**Note C – Relationship to Federal Financial Reports**

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule which is prepared on the basis explained in Note A.

**Note D – Sub-Recipients**

During the fiscal year ended June 30, 2015, PSU disbursed federal funding to various program recipients from the following federal programs:

<b>CFDA Number</b>	<b>Major Subdivision - Program Title</b>	<b>Expenditures</b>
10.310	National Institute of Food and Agriculture - Agriculture and Food Research Initiative (AFRI)	\$48,563
10.652	US Forest Service - Forestry Research	7,020
11.312	National Oceanic & Atmospheric Administration - Research and Evaluation Program	10,791
11.417	National Oceanic & Atmospheric Administration - Sea Grant Support	1,050
12.300	Office of the Chief of Naval Research - Basic and Applied Scientific Research	104,234
12.420	US Army Medical Command - Military Medical Research and Development	125,588

15.232	Bureau of Land Management - Wildland Fire Research and Studies Program	2,389
16.541	Office of Juvenile Justice & Delinquency Prevention - Juvenile Justice and Delinquency Prevention Special	73,454
16.726	Office of Juvenile Justice & Delinquency Prevention - Juvenile Mentoring Program	70,937
20.205	Federal Highway Administration - Highway Planning and Construction	56,357
20.701	Office of the Secretary - University Transportation Centers Program	686,647
20.XXX	US Department of Transportation	33,290
43.001	Science - Aerospace Education Services Program	27,883
45.312	Institute of Museum and Library Services - National Leadership Grants	4,959
47.049	Mathematical and Physical Sciences	56,915
47.050	Geosciences	536,389
47.074	Biological Sciences	116,304
47.076	Education and Human Resources	92,089
47.078	Polar Programs	664
66.461	Office of Water - Regional Wetland Program Development Grants	42,567
66.708	Office of Chemical Safety and Pollution Prevention - Pollution Prevention Grants Program	15,723
81.XXX	Other Department of Energy Programs	50,454
84.010	Office of Elementary and Secondary Education - Title I Grants to Local Educational Agencies	27,145
84.021	Office of Postsecondary Education, Overseas Programs - Group Projects Abroad	944
84.133	USDE - National Institute on Disability and Rehabilitation	39,577
84.324	Institute of Education Sciences - Research in Special Education	25,198
84.412	Race to the Top - Early Learning Challenge	187,100
93.136	Centers for Disease Control & Prevention - Injury Prevention and Control Research and State Grants	187,448
93.273	National Institutes of Health - Alcohol Research Programs	70,405
93.286	National Institutes of Health - Discovery and Applied Research for Technological Innovations to Improve Human Health	17,622
93.310	National Institutes of Health - Trans-NIH Research Support	194,556



93.605	Administration for Children & Families - Family Connection Grants	111,027
93.855	National Institutes of Health - Allergy Immunology and Transplantation Research	330,531
93.859	National Institutes of Health - Pharmacology Physiology and Biological Chemistry	53,608
93.865	National Institutes of Health - Research for Mothers and Children	132,603
93.958	Substance Abuse & Mental Health Administration - Block Grants for Community Mental Health Services	<u>15,569</u>
	Total Federal funds passed through to sub-recipients	<u><u>\$3,557,600</u></u>

**PORTLAND STATE UNIVERSTIY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2015**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**Financial Statements**

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) reported that are not considered to be material weakness(es)?  yes  none reported
- Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency (ies) identified that are not considered to be material weakness(es)?  yes  none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?  yes  no

Identification of major program:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.SFA	Student Financial Aid Cluster
R&D	Research and Development Cluster
84.TRIO	TRIO Cluster
93.CCDF	Child Care Development Fund Cluster (CCDF Cluster)

Dollar threshold used to distinguish between type A and type B programs \$1,100,360

Auditee qualified as low-risk auditee?  yes  no

**PORTLAND STATE UNIVERSITY  
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FOR THE YEAR ENDED JUNE 30, 2015**

**PART II – FINDINGS RELATED TO FINANCIAL STATEMENTS**

**Finding 2015-001**

**Accounting for Certain Contracts**

**Material Weakness**

**Criteria:**

The University should have controls in place over financial reporting to prevent material error from occurring within the financial statements.

**Condition:**

During the audit, the following two material misstatements were noted:

- 1) The University brought to our attention that, over the years, the University was assessed debt by the City of Portland (the City) in the form of Local Improvement District (LID) obligations as evidenced by contract signed by the University and the City. Such obligations were assessed over the years for capital improvements made by the City near the University. Since inception of the first obligation, the University expensed the payments as paid. In fiscal year 2015, the contracts were re-examined by management and it was determined that long-term liabilities should have been recorded at the time the LID obligations were assessed by the City.
- 2) During fiscal year 2015, the University entered into a space use agreement with Oregon Health and Science University (OHSU). Per the contract, OHSU paid the University \$6.5 million for the future use of space in the University's Viking Pavilion and Academic Center (under construction). During fiscal year 2015, rather than treating this payment as prepaid rent received and deferring the revenue, the University recognized the full \$6.5 million as revenue.

**Effect:**

For the LIDS obligation, the University recorded an adjusting entry to record the liability as of June 30, 2015 and passed on an adjustment to restate the financial statements for \$3.8 million. As a result of the adjustment passing through the current year, current year expenses were overstated by this amount. For the agreement for OHSU, an adjustment for \$6.5 million was made to reduce revenue and to record this amount as unearned revenue.

**Recommendation:**

For contracts entered into by the University, the University should:

- a) Adopt a policy that requires certain contracts be shared with the Finance Department for analysis. Criteria for review should be established and should consider factors such as materiality/amount, complexity, routine vs non-routine, and other considerations.
- b) Once routed to the Finance Department, the Department should prepare a written analysis of its conclusion of how to account for the contract in accordance with generally accepted accounting principles. This written analysis should be reviewed and approved and maintained to support the University's position on the matter.

**Views of responsible officials and planned corrective actions:**

Management agrees with the recommendation. The controller's office will work with the contracting and procurement services and other relevant departments to determine how to best capture the full population of contracts and establish the parameters for reviewing contracts for accounting and financial reporting implications. Documentation may be in the form of a checklist or memorandum depending on the nature of the contract.

**Contact:**

Jennifer Kahl, Controller, (503) 725-5096

**PORTLAND STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**PART III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2015-002**

**Return of Title IV Funds (R2T4)**

**Significant Deficiency, Noncompliance**

DEPARTMENT OF EDUCATION

Federal Supplemental Educational Opportunity Grants (SEOG) – CFDA # 84.007

Federal Work Study Program (FWS) – CFDA # 84.033

Federal Perkins Loan (FPL) – CFDA # 84.038

Federal Pell Grant Program (PELL) – CFDA # 84.063

Federal Direct Student Loans (FDL) – CFDA # 84.268

Teacher Education Assistance for College and Higher Education Grants (TEACH) – CFDA # 84.379

**Criteria:**

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs within 45 days as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment.

**Condition:**

During testing, we noted that the University used the incorrect last day of the terms when calculating the percentage of aid earned by students. In addition, we noted that for the month of October 2014 the financial aid office incurred a manual error resulting in 98 of the returns for that report period to be returned late (not within the 45 days).

**Context:**

The University was using the academic calendar established by the Oregon University System to determine student attendance. The University should have been using their own academic calendar, as it was different from the Oregon University System calendar. For the late returns made during the month of October, we noted 98 returns made for that month that were not performed within the 45 day required time period.

**Cause:**

This error in using the incorrect term dates was due to the University becoming a separate legal entity from the Oregon University System in the current year. In addition, the key control in place for October 2014 did not function as designed and funds were returned beyond the 45 day requirement.

**Effect:**

The University miscalculated R2T4 calculations for 100% of the students tested. In addition, the University failed to timely return funds for 98 students in October 2014.

**Questioned Costs:**

\$176 represents the error in returned funds due to the University using the incorrect term dates.

**PORTLAND STATE UNIVERSITY  
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FOR THE YEAR ENDED JUNE 30, 2015**

**Recommendation:**

We recommend that the University use their own academic calendar when calculating student aid earned. We recommend that the University implement a control process over R2T4 that will not allow funds to be returned past the 45 days.

**Views of responsible officials and planned corrective actions:**

Management agrees with the finding that for a short period in October 2014 R2T4 calculations for some withdrawn students were delayed, resulting in PSU's returning funds to the U.S. Department of Education later than the 45 days allowed in regulation.

Management also agrees that an academic calendar was used for the R2T4 calculations, which, while official since it had been provided by the Oregon University System, was one day different from the one that reflects the beginning and ending dates of PSU's class and exam schedule.

We will also communicate with the Registrar to ensure that we are using the correct academic calendar.

The Registrar's Office agrees with the finding related to the PSU academic calendar dates, and believes Financial Aid staff can use the official Academic Calendar to find the applicable term begin/end dates. The PSU Academic Calendar is published three years out and can be found on the Registrar's Office website.

**Contact:**

G. Michael Johnson  
Director of Student Financial Aid  
(503) 725-5442

**Finding 2015-003  
Enrollment Reporting  
Significant Deficiency, Noncompliance**

DEPARTMENT OF EDUCATION

Federal Pell Grant Program (PELL) – CFDA # 84.063  
Federal Direct Student Loans (FDL) – CFDA # 84.268

**Criteria:**

The Federal Code of Regulations (685.309(b) for Direct Lending and 690.83(b) for Pell) require schools to update all information included in the enrollment report from the National Student Loan Data System (NSLDS) and return the report within the prescribed timeframe (30 days). In addition, schools are required to make necessary corrections, and return, within the prescribed timeframe (ten days) for any report errors subsequently noted by NSLDS.

**Condition:**

Review of enrollment reporting data from the University showed that errors were not corrected and returned to NSLDS within the prescribed timeframe.

**PORTLAND STATE UNIVERSITY  
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**Context:**

The University utilizes the National Student Clearinghouse (NSC) to report student information to NSLDS. After uploading batch roster updates to NSLDS within the required timeframe, the University's error/acknowledgment file from NSLDS is available to them via their NSC services. In an attempt to correct the errors, NSC resubmitted the files within the required 10 days but unfortunately, some of those records continued to not pass the NSLDS enrollment reporting edits and we noted no additional uploads by NSC to correct these errors until the next enrollment roster request from NSLDS.

**Cause:**

The University did not properly monitor that the third party was uploading error corrections timely. Universities have noted there has been an error in the NSC process and they have made institutions aware of it, providing letters to the institutions for submission to any audits if necessary.

**Effect:**

The University was not in compliance with error reporting requirements as noted above.

**Questioned Costs:**

None noted

**Recommendation:**

We recommend that the University work with their service provider to implement a process to ensure that all rosters are accurately uploaded, or corrected, in a timely manner to NSLDS.

**Views of responsible officials and planned corrective actions:**

Registrar's Office management agrees with the finding, being aware of the difficulties introduced by the new NSLDS reporting standards defined to support the 150% legislation. This created an increased volume of errors in the NSC – NSLDS SSCR validation process. Representatives from the Registrar's Office and Office of Financial Aid spoke with NSC operations specialists to find out the nature of the new errors and what could be done to resolve the high numbers. The vast majority of the errors were caused by new reporting standards that were not matched between NSC and NSLDS. The NSC is working to meet all the newly defined data standards. There are a few errors that require the school to update individual records within the NSC database in order to fit updated standards. These updates will be incorporated into standard NSC error report updates so that NSLDS SSCR error rates will be reduced and eventually eliminated.

The NSC has announced a change effective December 31, 2015, that will automatically add students to the SCCR roster who may have received aid at previous institutions but are not receiving aid at our institution. The Registrar's Office will continue to take the lead in working with NSC to improve the process and correct the NSLDS errors as quickly as possible.

**Contact:**

Cindy Bacaar  
Associate Vice Provost and University Registrar, Academic Affairs  
(503) 725-5533

**PORTLAND STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Finding 2015-004  
Subrecipient Monitoring  
Significant Deficiency, Noncompliance**

Research and Development Cluster

**Criteria:**

An entity passing through funds is responsible for ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

**Condition:**

When testing CFDA 93.855, we noted that the University sends a form to subrecipients inquiring about completion of A-133 audits; however, the University does not obtain a copy of the A-133 to determine whether or not the subrecipient had any findings, which would require follow-up and/or a management decision.

**Context:**

Upon inquiry, the University does send out questionnaires to subrecipients requesting data contained on the subrecipient's A-133 audit. However, we noted no instances where the University corroborated this information.

**Cause:**

The University did not have a process in place to monitor subrecipients properly that would allow them to corroborate subrecipient information and assess whether or not follow up procedures should be performed.

**Effect:**

A subrecipient's noncompliance with federal programs regulations over funds that are passing through the University may go undetected.

**Questioned Costs:**

None.

**Recommendation:**

We recommend that the University implement a more robust process surrounding their subrecipient monitoring and ensure they are in compliance with federal regulations.

**Views of responsible officials and planned corrective actions:**

**Response:** Portland State University generally concurs with this finding. PSU's office of Sponsored Projects Administration (SPA) currently applies a risk-based approach to subrecipient monitoring that relies as a minimum on annual reporting and certification regarding audit findings by its subrecipients. It is a common business practice for recipients of federal funding to rely on subrecipient organizations to certify their compliance with the requirements outlined in the award document.

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**Corrective Action:**

- SPA will continue the practice of relying on annual A-133 certifications for low-risk subrecipients but will implement a process to corroborate the information reported on certifications provided by institutions deemed higher risk as identified through a formal risk assessment process and develop a more formal monitoring program based on the risk assessment.

Anticipated Implementation Timeline: April 30, 2016

- SPA will expand its risk-based approach to subrecipient monitoring to incorporate a formal risk assessment prior to entering into a subrecipient agreement and tailor its monitoring process for individual subrecipients based on the risk assessment. The risk assessment takes into account several factors including the subrecipient's audit experience, the prior oversight and monitoring the subrecipient has received, the nature and complexity of the proposed research project, and fiscal maturity of the subrecipient. Where a subrecipient risk assessment reveals a high potential for financial risk, a proposed risk mitigation strategy will be developed by SPA as appropriate before proceeding with establishment of the subaward.

Anticipated Implementation Timeline: December 31, 2016

**Contact:**

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**Finding 2015-005  
Cash Management, Reporting  
Significant Deficiency, Noncompliance**

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Research and Development Cluster

**Criteria:**

As outlined in the *OMB A-133 Compliance Supplement*, when entities are funded on a reimbursement basis, program costs must be paid for by the entity before reimbursement is requested from the Federal Government. Entities submit reimbursement requests to federal agencies in order to be reimbursed for program costs. In addition, entities receiving such federal funds are required to submit various reports as specified by the awarding agency or in the award documentation.

Lastly, as discussed in OMB Circular A-133, Subpart C, those receiving federal funds are required to maintain internal control over Federal programs that provides reasonable assurance that the entity is managing federal awards in compliance with laws and regulations.

**Condition:**

During testing over cash management and reporting, we noted the following:

- Two instances where reimbursement requests totaling \$30,438.56 were drawn from incorrect projects as follows:
  - CDFA 93.310, Trans-NIH Research Support
    - Draw amount \$377.18



**PORTLAND STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
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- CFDA 93.855, Allergy Immunology and Transplantation Research
  - Draw amount \$30,061.38
- One instance under CFDA 93.310, Trans-NIH Research Support, where an award was requested for reimbursement of \$38,367.15 but the general ledger support for expenditures totaled \$34,296.27. Per discussion management, management was attempting to correct a draw from a previous period, which was originally made from the incorrect project.
- One instance of ten financial reports tested in which the amounts reported to the federal government differed from the University's general ledger system.
  - One grant, CFDA 93.310, Trans-NIH Research, had \$72,124 more in expenditures recorded in the general ledger system than were reported to the federal agency. This amount was transposed with another grant, which had \$72,124 more in expenditures reported to the federal agency than were recorded in the general ledger system.

These errors were most likely caused from the draw down errors noted above.

- On all of the grants tested, we noted no evidence of review (or other type of control) over cash draws or reporting. While cash draws were reconciled monthly, this control appeared to be ineffective as there were errors noted during testing as described above.

**Context:**

Of the ten grant reports tested, one grant was noted as having errors as noted above. Of the 40 cash draws tested, two were noted as having errors as noted above. The draw error was related to a change in process for how the University drew funds from pooled to project based.

**Cause:**

While the University did have a process in place to draw down funds and report financial data to the federal awarding agencies, we found that there were not adequate controls in place to ensure reports and cash reimbursement requests were submitted timely and/or accurately.

**Effect:**

The University was not in compliance with reporting and cash management requirements.

**Questioned Costs:**

Draws were requested from the incorrect projects for the following expenses:

- CDFA 93.310, Trans-NIH Research Support
  - Draw amount \$377.18
- CFDA 93.855, Allergy Immunology and Transplantation Research
  - Draw amount \$30,061.38

Draw exceeded general ledger detail for CFDA 93.310, Trans-NIH Research Support, by \$4,071 as reported above.

**Recommendation:**

We recommend that the University implement a formal review control to ensure that they are properly submitting required reports (including reimbursement requests) timely and accurately. This review process should be performed by someone separate from the preparer and should include an audit trail to verify the control is occurring, as it should.

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**Views of responsible officials and planned corrective actions:**

**Response:** Portland State University (PSU) generally concurs with this finding. We stipulate that there was not a two-step preparation and verification process in place for all letter of credit draws during FY2015. The amounts for the draws are based on expenditures recorded in PSU's Financial Information System (FIS) and are generated directly from pre-established events and billing process within the FIS that captures unbilled expenses for individual awards associated with PSU's letter of credit account(s) for individual sponsors. Amounts from the output of the billing process are entered into online systems designated by the federal sponsor. Most federal agency systems, including the PMS system used to draw funds for US Department of Health and Human Services awards, do not provide for a two-step verification process within the system itself to allow for review of the data entered prior to submission. Because of these system limitations, we cannot uniformly double check the draw amounts typed into the system prior to submission. In these cases, we must rely on accurate transfer of information from PSU records to sponsor systems in conjunction with post draw reconciliations. The errors noted in the audit were the result of entry errors of amounts from the billing system into the sponsor system. Some of the errors were the result of NIH's transition from pooled draw accounts to subaccounts in the Payment Management System (PMS). They were identified by PSU prior to the audit as part of a post audit review of the draw documentation. SPA recognized the frequency of the errors indicated the need for stronger controls outside of the sponsor systems and implemented a more robust system for review of billing output and reconciliation documentation by a second individual prior to entry of the figures in the agency systems.

**Corrective Actions:**

- SPA added a step to the letter of credit draw process that provides for more detailed documentation of the billing output analysis and regular reviews of the documentation in support of draw amounts. The FIS billing process output and reconciliation documentation are reviewed by a second individual prior to entry of the figures in the agency systems.

Status: Implemented February 2016

- SPA updated the reconciliation process for draws from DHHS awards to add a step that compares PMS account and subaccount numbers and amounts from PMS system to PSU's financial system records.

Status: Implemented September 2015

- SPA updated its award setup procedure to add the PMS Subaccount number to the Banner Grant Maintenance Form to clarify the relationship of PMS Subaccount number to the PSU Banner Grant Code.

Status: Implemented August 2015

- The FIS billing output report was revised to display PMS Subaccount numbers along with the PSU Grant Codes and expenditure amounts.

Status: Implemented August 2015

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**PORTLAND STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Finding 2015-006  
Activities Allowed or Unallowed  
Significant Deficiency, Noncompliance**

DEPARTMENT OF EDUCATION  
TRIO Cluster

**Criteria:**

In accordance with Circular A -21, *Cost Principles for Educational Institutions*, costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs are unallowable. In addition, as discussed in OMB Circular A-133, Subpart C, those receiving federal funds are required to maintain internal control over Federal programs that provides reasonable assurance that the entity is managing federal awards in compliance with laws and regulations.

**Condition:**

During testing, we noted instances of charges to the grants which appeared to be for entertainment costs.

**Context:**

We noted 19 expenditures made on behalf of program participants that were for costs related to entertainment activities. Of the 19 disbursement, 4 were for 84.044 - Talent Search and 15 were for 84.047 - Upward Bound.

**Cause:**

The University did not have adequate controls in place to ensure compliance over federal awards.

**Effect:**

The University incurred costs that were not allowable under the program.

**Questioned Costs:**

\$5,853.41 for the Upward Bound CFDA 84.047 program and \$639.00 for the Talent Search CFDA 84.044 program.

**Recommendation:**

We recommend that the University reevaluate their control environment over the TRIO Cluster and the activities funded by this grant to ensure expenditures made from grant funds are for allowable costs.

**Views of responsible officials and planned corrective actions:**

**Response:** Portland State University (PSU) partially agrees with this finding. Given the purpose and specific objectives of TRIO, funding for the Upward Bound and Talent Search programs PSU has historically considered charges that may appear as entertainment costs as allowable charges to these programs as an exception to the provisions for selected items of cost specified in OMB Circular A-21.

The majority of the expenses have specific, documented educational or cultural purpose directly related to the objectives of the program. Other costs are for activities that functioned as participant incentives and rewards for attendance required educational activities such as workshops or summer classes. The approved project proposal and budget clearly describes and requests funding for cultural/recreational activities to expose the students to new experiences, help improve their social and communication skills and serve as incentives for participation in all aspects of the program.

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Because the auditors alerted us that the US Department of Education Inspector General issued an TRIO program audit report that determined that costs of activities that do not have a direct instructional, college or career purpose do not meet the requirements for allowable costs under 34 C.F.R. § 645.40 and 34 C.F.R. § 643.30, PSU will discontinue charging these types of activities if their sole purpose is as a participant incentive.

**Corrective Actions:**

- PSU TRIO programs will discontinue programming recreational activities that do not have a direct instructional, college, or career purpose.

Status: Implemented March 30, 2016

- When requesting activity approval, TRIO staff will be required to submit detailed agendas outlining the purpose of every workshop or field trip, including the instructional, college, or career component.

Status: Implemented March 30, 2016

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**Finding 2015-007  
Cash Management  
Significant Deficiency**

DEPARTMENT OF EDUCATION  
TRIO Cluster

**Criteria:**

As discussed in OMB Circular A-133, Subpart C, those receiving federal funds are required to maintain internal control over Federal programs that provides reasonable assurance that the entity is managing federal awards in compliance with laws and regulations.

**Condition:**

During our testing, we noted that the University was not able to provide evidence of controls over compliance related to cash draws.

**Context:**

We tested two of the four draws occurring during the fiscal year. While we were not able to observe evidence of review controls, we noted no errors in the reimbursement requests submitted.

**Cause:**

The University did not have adequate review processes in place to provide evidence of controls over compliance.

**PORTLAND STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Effect:**

Although no errors were noted in our testing, without proper controls in place, noncompliance could occur without being detected.

**Questioned Costs:**

None noted

**Recommendation:**

We recommend that the University ensure proper controls are in place over the cash reimbursement process. Such controls could include segregation of duties between the preparer and the reviewer. The review should include an audit trail and be performed by someone knowledgeable of the compliance requirements.

**Views of responsible officials and planned corrective actions:**

Response: Portland State University generally agrees with this finding. We stipulate that there was not a two-step preparation and verification process in place for all letter of credit draws during FY 2015 fiscal year. The amounts for the draws are based on expenditures recorded in PSU's FIS are generated directly from pre-established events and billing process within the FIS that captures unbilled expenses for awards associated with PSU's letter of credit account(s) for individual sponsors. Amounts from the output of the billing process are entered into online systems as designated by the federal sponsor. Most federal agency systems, including the G5 system used for drawing US Department of Education funds, do not provide for a two-step verification process within the system itself to allow for review of the data entered prior to submission. Because of these system limitations, we cannot uniformly double check the draw amounts typed into the system prior to submission. In these cases, we must rely on accurate transfer of information from PSU records to sponsor systems in conjunction with post draw reconciliations.

**Corrective Actions:**

- SPA added a step to the letter of credit draw process that provides for regular reviews of documentation in support of G5 draw amounts prior to submission of draw amounts. FIS billing process output and reconciliation documentation are reviewed by a second individual prior to entry of the figures in the agency systems.

Status: Implemented February 2016

- SPA updated the reconciliation process for each draw to add a step that compares US Department of Education award numbers and amounts from G5 system to PSU's financial system records.

Status: Implemented September 2015

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**PORTLAND STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Finding 2015-008  
Eligibility  
Significant Deficiency, Noncompliance**

DEPARTMENT OF HEALTH AND HUMAN SERVICES passed through the OREGON DEPARTMENT OF EDUCATION  
CCDF Cluster

**Criteria:**

Applicants to the program receive funds based on the specific criteria for which they qualify. Qualification is based on a mix of hours, courses, and other professional requirements determined by the State of Oregon (the State). In order for an applicant to be eligible, they must work at least 20 hours a week with children under the age of 13. Entities receiving federal funds are required to have controls in place to ensure compliance.

**Condition:**

During testing, we noted that the University incorrectly awarded a participant for criteria they did not qualify for based on their mix of experience. We also noted six instances where a participant file did not indicate through supervisor signature or self-certification that they work 20 hours per week with children under the age of 13. It was further noted that while the University had a process to determine eligibility, there was no evidence of a control performed over the eligibility determination process (a review control, for example) to ensure the process was being performed in accordance with federal regulations.

**Context:**

We tested a total of 40 participants. Of the 40 tested, one person was noted as not being eligible. Further, we noted six participants who did not have a signed certification (supervisor or self-certification) of working 20 hours a week with children under the age of 13. Lastly, none of the participant files tested appeared to have a control performed over the eligibility determination process to ensure participants were, in fact, eligible.

**Cause:**

The University did not have adequate controls over the eligibility determination process to ensure the participants are correctly awarded.

**Effect:**

The University was not in compliance with eligibility requirements as it relates to the Child Care Development Fund.

**Questioned Costs:**

Total payments during the fiscal year to the participant deemed not eligible was \$100.

**Recommendation:**

We recommend that the University implement a review process to ensure all participants are eligible based upon the criteria of the grant. This review should be performed by someone familiar with the program that is separate from the preparer. Such review should be documented to demonstrate evidence of the control and should ensure proper certifications are obtained as evidence for those working 20 hours a week with children under the age of 13.

**PORTLAND STATE UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Views of responsible officials and planned corrective actions:**

**Response:** PSU generally agrees with this finding. The Oregon Center for Child Development (OCCD) has a process in place to evaluate the eligibility of participants to receive an award of funds. Awards are based upon adherence to eligibility requirements in place at the time the participant submits an application for funding. OCCD confirms eligibility within 45 business days processing of the application. The participant eligibility requirements are reviewed annually in accordance with the Oregon Department of Education's Early Learning Division's oversight of CCDF funds. The responsible officials acknowledge an oversight was made in documenting the supervisor's certification of the eligibility requirement for one of the participant award payments.

**Corrective Action:**

The Oregon Center for Child Development at PSU will implement the following changes to the current participant award payment process.

- An additional review of the eligibility documentation will be inserted into OCCD's award approval process. Participant eligibility forms will be routed to an initial reviewer on a weekly basis. The reviewer will ensure the form and eligibility requirements are complete and document the review using the established process. OCCD staff will perform a quarterly audit of 5% of randomly selected eligibility documentation to verify eligibility requirements have been met.

Anticipated Implementation Date: July 2016

- OCCD will require recipients to sign an accountability statement on all forms attesting that their work meets the CCDF eligibility requirements

Anticipated Implementation Date: July 2016

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**PORTLAND STATE UNIVERSITY  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2015**

As this was a first year the University was subject to a Single Audit in accordance with Circular A-133, no prior year items to report.