

**PORTLAND STATE UNIVERSITY
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

**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
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 Portland State University (the University), a component unit of the State of Oregon, as of and for the years ended June 30, 2017 and June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 8, 2017. Our report includes a reference to other auditors who audited the financial statements of the Portland State University Foundation, a discretely presented component unit, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. 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.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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
November 8, 2017



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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 Compliance Supplement* that could have a direct and material effect on the University's major federal program for the year ended June 30, 2017. The University's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the University's major federal program 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 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 the major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002. Our opinion on the major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-002 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a significant deficiency.

The University's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 business-type activities and the discretely presented component unit of the 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 8, 2017, 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 the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 expenditures 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 5, 2018

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Program Cluster</u>	<u>Federal CFDA #</u>	<u>Federal Funding Agency/Major Subdivision - Program Title</u>	<u>Federal Award ID</u>	<u>PASS THROUGH ENTITY</u>	<u>Pass Through Identifying #</u>	<u>Total Expenditures</u>	<u>Pass Through to Subrecipients</u>
<u>Research and Development</u>							
Department of Agriculture							
10.001		Agricultural Research Basic and Applied Research				\$ 17,528	\$ -
		National Institute of Food and Agriculture - Agriculture and Food Research Initiative (AFRI)		City University of New York	49297-A	8,772	-
10.310				Iowa State University	416-41-07D	3,433	377
				Oregon Health and Science University	1002187_PSU	24,376	-
				Oregon State University	C0464A-B	9,711	-
		Natural Resources Conservation Service - Snow Survey and Water Supply Forecasting				3,769	-
10.907						53,210	-
10.912		Natural Resources Conservation Service - Environmental Quality Incentives Program				9,258	-
10.XXX		Other Department of Agriculture Programs					
			16-CR-11062754-028			96,665	-
			13-CR-11261900-083			88,778	-
			13-JV-11261979-059			69,647	-
			17-JV-11272138-007			61,761	-
			AG-04T0-P-16-0007			59,673	-
			16-CS-11221637-119			51,049	-
			12-CR-11261975-058			47,967	-
			14-JV-11330136-138			41,826	-
			NFS 11-CR-11062754-030			36,162	-
			11-CR-11261975-087			29,458	-
			2015-JV-11261979-051			23,691	-
			14-JV-11242313-112			22,960	-
			16-CR-11061500-001			17,214	-
			12-JV-11261985-079			16,528	-
			14-CR-11261975-036			15,091	-
			12-CR-11261907-100			14,164	-
			2012-CR-11261985-084			10,122	-
			15-CS-11062754-035			9,382	-
			13-JV-11261985-084			5,348	-
			13-CR-11061800-030			3,693	-
			11-JV-11261975-111			2,337	-
			11-JV-11261975-080			1,081	-
			16-CR-11261975-093			945	-
			12-CR-11061800-043			144	-
			13-CR-11060720-019			60	-
			12-CR11061500-025			(144)	-
			14-JV-11221611-109			(522)	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award ID	PASS THROUGH ENTITY	Pass Through Identifying #	Total Expenditures	Pass Through to Subrecipients
Department of Commerce							
	11.417	National Oceanic and Atmospheric Administration - Sea Grant Support		Oregon State University	NA270M-F	19,935	-
				Oregon State University	NA270C-H	14,285	-
				Tufts University	100940-00001	10,522	-
				Oregon State University	NA270C-C	3,006	-
	11.431	National Oceanic and Atmospheric Administration - Climate and Atmospheric Research				167,784	-
				Oregon State University	NA277A-A	37,763	-
	11.439	National Oceanic and Atmospheric Administration - Marine Mammal Data Program				103,724	-
Department of Defense							
	12.300	Office of Naval Research - Basic and Applied Scientific Research				241,426	2,642
				University of California	43019217	85,450	-
				Oregon State University	N0309A-A	23,898	-
				Woods Hole Oceanographic Institution	A101329	7,762	-
				Oregon Health and Science University			
	12.420	U.S. Army Medical Command - Military Medical Research and Development			1008360_PSU	223,337	-
				Oregon Health and Science University			
					1008990_PSU	122,333	-
				Elex Biotech LLC	140322	99,215	-
	12.431	U.S. Army Material Command - Basic Scientific Research				331,438	-
	12.550	Office of the Secretary of Defense - International Education_U.S. Colleges and Universities		University of Oregon	290020A	98,501	-
	12.800	Department of the Air Force, Material Command - Air Force Defense Research Sciences Program		The University of Texas at Austin	UTA16-001395	29,521	-
	12.910	Defense Advanced Research Projects Agency - Research and Technology Development		Regents of University of Michigan	3003408627	202,561	-
				The University of Texas at Austin	UTA17-000001	139,197	-
	12.XXX	Other Department of Defense Programs					
			W9127N-14-2-0015			340,106	15,384
			W912HZ-15-2-0008			65,176	-
				Brain Trauma Foundation	BTECPSU	92,497	-
				Metron, Inc.	6F95-003	80,613	-
				Stanford University	61543292-116140	76,537	-
Department of the Interior							
	15.231	Bureau of Land Management - Fish, Wildlife and Plant Conservation Resource Management				392,756	-
	15.232	Bureau of Land Management - Wildland Fire Research and Studies Program				92,233	10,209
	15.238	Bureau of Land Management - Challenge Cost Share				558	-
	15.560	Bureau of Reclamation - SECURE Water Act				24,840	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award ID	PASS THROUGH ENTITY	Pass Through Identifying #	Total Expenditures	Pass Through to Subrecipients
	15.615	Fish and Wildlife Service - Cooperative Endangered Species Conservation Fund		Oregon Department of Fish and Wildlife	129-16	55,311	-
	15.649	Fish and Wildlife Service - Service Training and Technical Assistance (Generic Awards)				6,571	-
	15.650	Fish and Wildlife Service - Research Grants (Generic)				24,912	-
	15.657	Fish and Wildlife Service - Endangered Species Conservation				29,297	-
	15.664	Fish and Wildlife Service - Fish and Wildlife Coordination and Assistance Programs				73,640	-
	15.678	Fish and Wildlife Service - Cooperative Ecosystem Studies Units				18,348	-
	15.807	U.S. Geological Survey - Earthquake Hazards Research and Monitoring Assistance				81,407	-
	15.808	U.S. Geological Survey - Geological Survey Research and Data Acquisition				724,899	-
	15.810	U.S. Geological Survey - National Cooperative Geologic Mapping Program				17,444	-
	15.820	U.S. Geological Survey - National Climate Change and Wildlife Service Center		Regents of the University of Idaho	GNK906-SB-001 PO# P0047627	22,370	-
	15.945	National Park Service - Cooperative Research and Training Programs				557,269	-
Department of Justice							
	16.021	Violence Against Women Office - Justice Systems Response to Families		State of Oregon 4th Judicial District	170065	7,974	-
	16.026	Violence Against Women Office - OVW Research and Evaluation Program				38,572	-
	16.203	Office of Sex Offender Sentencing, Monitoring, Apprehending, Registering and Tracking - Promoting Evidence Integration in Sex Offender Management Discretionary Grant Program				216,565	34,427
	16.540	Office of Juvenile Justice and Delinquency Prevention - Juvenile Justice and Delinquency Prevention Special				469,532	-
	16.726	Office of Juvenile Justice and Delinquency Prevention - Juvenile Mentoring Program				109,704	46,446
	16.751	Bureau of Justice Assistance - Edward Byrne Memorial Competitive Grant Program		City of Portland	30004383 01064-03260	83,781	-
	16.XXX	Other Department of Justice Programs		American Institutes for Research	PO:13RRG10008	24,762	-
Department of Labor							
	17.XXX	Other Department of Labor Programs		JBS International Inc.	S53511-PSU	72,294	-
Department of Transportation							
	20.200	Federal Highway Administration - Highway Research and Development Program		University of Delaware	42119	123,551	-
	20.205	Federal Highway Administration - Highway Planning and Construction		Oregon Department of Transportation	21999 WO 7	26,362	-
				Oregon Department of Transportation	30391	1,343	-
						83,650	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award ID	PASS THROUGH ENTITY	Pass Through Identifying #	Total Expenditures	Pass Through to Subrecipients
	20.500	Federal Transit Administration - Federal Transit Capital Improvement Grants		Tri-Met	GC160064JF	56,452	-
	20.514	Federal Transit Administration - Public Transportation Research. Technical Assistance, and Training				366,501	36,403
	20.701	Office of the Secretary - University Transportation Centers Program				3,505,398	1,272,263
				Florida Atlantic University	PR-K68	19,401	-
	20.XXX	Other Department of Transportation Programs		Oregon Department of Transportation	27085 WO#7	100,178	-
				Washington State Department of Transportation	T2258 TASK ORDER 1	96,315	24,884
				Oregon Department of Transportation	27085 WO #6	51,313	-
				SW Washington Regional Transportation Council	unknown	39,805	-
				ICF Incorporated	16ABSK0162	21,253	-
				ICF Incorporated	16JGSK0021	18,538	-
					14KJSK0023/DTFH6111D0		
				ICF Incorporated	0033	11,218	-
				ICF Incorporated	15KBSK0052	25	-
National Aeronautics and Space Administration							
	43.001	Science				862,414	-
				UCLA	2090 G RA940	10,259	-
	43.007	Space Operations				42,233	-
	43.008	Education		Oregon State University	NS265D-E	13,300	-
				Oregon State University	NS265D-D	8,798	-
				Oregon State University	NS265D-F	7,140	-
	43.XXX	Other National Aeronautics and Space Administration Programs		California Inst of Technology	1557514	13,709	-
Institute for Museum and Library Services							
	45.312	National Leadership Grants				51,628	14,793
National Science Foundation							
	47.041	Engineering Grants				385,426	-
				University of Delaware	42981	9,556	-
				Washington State University	120962-G003571	7,877	-
	47.049	Mathematical and Physical Sciences				993,034	30,634
	47.050	Geosciences				1,229,009	133,290
				University of Southern California	Y83116	19,337	-
					1548194 PO:		
				Regents of University of Colorado	77305/1000046795	2,292	-
	47.070	Computer and Information Science and Engineering				1,421,816	-
	47.074	Biological Sciences				1,183,961	116,277

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award ID	PASS THROUGH ENTITY	Pass Through Identifying #	Total Expenditures	Pass Through to Subrecipients
	47.075	Social Behavioral and Economic Sciences				234,958	40,293
				Pennsylvania State University	5461-PSU-NSF-7396	89,297	-
				Arizona State University	16-820	70,814	-
				University of Kentucky	3200000579-16-235	31,304	-
				Arizona State University	16-810	15,670	-
	47.076	Education and Human Resources				1,669,885	97,870
				Mathematical Assn of America	3-8-710-954/DUE-1430540 UWSC7970 PO#	113,845	-
				University of Washington	BPO22320	98,650	-
				Teachers Development Group	04-DRL02	63,517	-
				Chemeketa Community College	10285500	21,813	-
	47.078	Polar Programs				33,508	-
					15-SUBC-440- 00000328868	6,620	-
				Smithsonian Institution			
		Environmental Protection Agency					
	66.708	Pollution Prevention Grants Program				42,886	17,739
		Department of Energy					
	81.049	Office of Science Financial Assistance Program				32,116	-
					DE-SC0008937, 201223767-PSU 160206	24,750 15,014	- -
	81.087	Renewable Energy Research and Development		Regents of UC - Davis V-Squared Electronic Power Research Institute	10006242	72,491	-
	81.XXX	Other Department of Energy Programs	56267 XGN-3-23453-01			96,754 837	- -
					659.4160-02/ AC#6352-659- 6232	98,225	-
				Desert Research Institute			
				Pacific States Marine Fisheries Commission	13-76	42,491	-
				Pacific States Marine Fisheries Commission	11-45	28,216	-
				Washington State University	128495_G003690	21,822	-
				Pacific States Marine Fisheries Commission	17-118C	1,840	-
		Department of Education					
	84.016	Office of Postsecondary Education - Undergraduate International Studies and Foreign Language				35,294	-
	84.235	Office of Special Education and Rehabilitative Services - Rehabilitation Services Demonstration and Training Programs				64,352	-
	84.305	Institute of Education Sciences - Education Research, Development and Dissemination				98,882	23,894

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award ID	PASS THROUGH ENTITY	Pass Through Identifying #	Total Expenditures	Pass Through to Subrecipients
	84.325	Office of Special Education and Rehabilitative Services - Personnel Preparation to Improve Services and Results for Children with Disabilities				413,757	-
	84.326M	Office of Special Education and Rehabilitative Services - Model Demonstration Projects to Improve Literacy Outcomes for English Learners with Disabilities in Grades Three through Five or Three through Six				123,297	-
	84.335	Office of Special Education and Rehabilitative Services - Child Care Access Means Parents in School				371,831	-
	84.365	Office of Postsecondary Education - English Language Acquisition State Grants				453,219	-
	84.XXX	Other Department of Education Programs		American Institutes for Research	351200001	16,807	-
Department of Health and Human Services							
	93.077	National Institutes of Health - Family Smoking Prevention and Tobacco Control Act Regulatory Research		Regents of UC - Riverside	S-000752	724,946 129,157	30,056 -
	93.087	Administration for Children and Families - Enhance Safety of Children Affected by Substance Abuse		Volunteers of America Oregon Inc.	140132	135,176	-
	93.113	National Institutes of Health - Biological Response to Environmental Health Hazards		Oregon Health and Science University	1006193_PSU	143,507 3,468	- -
	93.121	National Institutes of Health - Oral Diseases and Disorders Research				226,225	121,102
	93.136	Centers for Disease Control and Prevention - Injury Prevention and Control Research and State Grants				164,738	14,637
	93.173	National Institutes of Health - Research Related to Deafness and Communication Disorders		Oregon Health and Science University	1008367	8,847	-
	93.213	National Institutes of Health - Research and Training in Complementary and Integrative Health		University of Western States	GR01AT006330-PSU	16,527	-
	93.242	National Institutes of Health - Mental Health Research Grants		Oregon Health and Science University	1002328_PSU	142,511 26,126	1,943 -
	93.243	Substance Abuse and Mental Administration - Substance Abuse and Mental Health_Projects of Regional and National Significance (PRNS)		Cascadia Behavioral Healthcare Yellowhawk Tribal Health Center Yellowhawk Tribal Health Center	Non assigned Non assigned	13,236 4,553 187,120	- - -
	93.262	Centers for Disease Control and Prevention - Occupational Safety and Health Program		Oregon Health and Science University Oregon Health and Science University	1005580_PSU 1008844_PSU	122,985 65,560 17,617	- - -

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award ID	PASS THROUGH ENTITY	Pass Through Identifying #	Total Expenditures	Pass Through to Subrecipients
	93.286	National Institutes of Health - Discovery and Applied Research for Technological Innovations to Improve Human Health				70,364	12,619
	93.307	National Institutes of Health - Minority Health and Health Disparities Research (B)				217,448	-
	93.310	National Institutes of Health - Trans-NIH Research Support				4,634,130	1,607,256
	93.433	Administration for Community Living - ACL National Institute on Disability, Independent Living, and Rehabilitation Research				1,111,759	12,906
				Temple University	300104-PSU	21,810	-
				Temple University	300162-PSU	8,511	-
	93.670	Administration for Children and Families - Child Abuse and Neglect		Boston Children's Hospital	PO # 0000710299	62,925	-
	93.837	National Institutes of Health - Cardiovascular Diseases Research		Oregon Health and Science University	GCROE0192A_PSU FY17.001.014 AMD 3	3,781	-
	93.847	National Institutes of Health - Diabetes, Digestive, and Kidney Diseases Extramural Research		Regents of University of Colorado Oregon Health and Science University	(PORTLAND)	61,274	-
				University	1005387_PSU	38,905	-
				Pacific Diabetes Technologies	150903	18,827	-
	93.855	National Institutes of Health - Allergy and Infectious Diseases Research				751,997	197,536
				DesignMedix Inc	130356	141,968	-
				StoneStable	87007597.2	37,810	-
	93.859	National Institutes of Health - Pharmacology Physiology and Biological Chemistry				26,010	-
				San Diego State University Research Foundation	SA0000497	151,596	-
				University of Florida	UFDSP00010949	79,720	-
	93.865	National Institutes of Health - Research for Mothers and Children				167,393	18,473
				Seattle Children's Hospital	11323SUB	38,531	-
				University of Oregon	215730A	3,570	-
	93.866	National Institutes of Health - Aging Research		EmbedRF LLC	RA#140763	5,351	-
	93.867	National Institutes of Health - Vision Research		Johns Hopkins University	2002969753	9,178	-
	93.958	Substance Abuse and Mental Health Services Administration - Block Grants for Community Mental Health Services				10,017	1,813
	93.XXX	Other Department of Health and Human Services Programs		Oregon Health Authority	145213	10,017	1,813
				Research Triangle Institute	17-312-0213405-52174L	134,889	-
				Yellowhawk Tribal Health Center	PO# 65597	82,666	-
				Sociometrics Corporation	C-136	(479)	-
Total Research and Development Cluster						\$ 31,926,872	\$ 3,936,163

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award ID	PASS THROUGH ENTITY	Pass Through Identifying #	Total Expenditures	Pass Through to Subrecipients
Student Financial Aid							
Department of Education							
	84.007	Office of Federal Student Aid - Federal Supplemental Educational				1,091,596	-
	84.033	Office of Federal Student Aid - Federal Work-Study Program				1,118,489	-
	84.038	Office of Federal Student Aid - Federal Perkins Loan				9,192,760	-
	84.063	Office of Federal Student Aid - Federal Pell Grant Program				34,684,996	-
	84.268	Office of Federal Student Aid - Federal Direct Student Loans				129,947,436	-
		Office of Federal Student Aid - Teacher Education Assistance for College and					
	84.379	Higher Education Grants (TEACH Grants)				692,009	-
Total Student Financial Aid - Cluster						176,727,286	-
TRIO Cluster							
Department of Education							
	84.042	Office of Postsecondary Education - TRIO Student Support Services				343,342	-
	84.044	Office of Postsecondary Education - TRIO Talent Search				321,465	-
	84.047	Office of Postsecondary Education - TRIO Upward Bound				458,661	-
	84.217	Office of Postsecondary Education - TRIO McNair Post-Baccalaureate				220,118	-
Total TRIO Cluster						\$ 1,343,586	\$ -
CCDF Cluster							
Department of Health and Human Services							
		Administration for Children and Families - Child Care and Development Block					
	93.575	Grant Administration for Children and Families		Oregon Department of Education	10487	2,321,047	-
				Oregon Department of Human Services	146205	72,305	-
				Oregon Department of Education	14-003	(733)	-
Total CCDF Cluster						\$ 2,392,619	\$ -
Non Cluster Programs							
Department of Agriculture							
	10.559	Food and Nutrition Service - Summer Food Service Program for Children		Oregon Department of Education	2608003	64,277	-
				Oregon Department of Education	2616018	7,925	-
		Rural Business-Cooperative Service - Rural Development Cooperative					
	10.890	Agreement Program				31,127	-
	10.XXX	Other Department of Agriculture Programs				10,498	-
Department of Commerce							
	11.XXX	Other Department of Commerce Programs				3,591	-
Department of Defense							
		Office of the Secretary of Defense - The Language Flagship Grants to					
	12.550	Institutions of Higher Education		Institute of International Education	0054-PDX-7-SSR-280-PO3	340,056	-
				Institute of International Education	NSEP-U631073-PDX-RUS	15,169	-
	12.903	GenCyber Grants Program				100,494	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award ID	PASS THROUGH ENTITY	Pass Through Identifying #	Total Expenditures	Pass Through to Subrecipients
Department of Housing and Urban Development							
		Office of Community Planning and Development - Community Development		Portland Development Commission			
	14.218	Block Grants/Entitlement Grants			3760-03	239,080	-
	14.850	Office of Public and Indian Housing - Public and Indian Housing		Home Forward	C1667	9,300	-
Department of the Interior							
		Bureau of Land Management - Fish, Wildlife and Plant Conservation					
	15.231	Resource Management				37,268	-
	15.232	Bureau of Land Management - Wildland Fire Research and Studies				12	-
	15.239	Bureau of Land Management - Management Initiatives				13,915	-
	15.649	Fish and Wildlife Service - Service Training and Technical Assistance (Generic Training)				42,263	-
	15.670	Fish and Wildlife Service - Adaptive Science				12,387	-
	15.945	National Park Service - Cooperative Research and Training Programs - Resources of the National Park System				51,797	-
	15.XXX	Other Department of the Interior Programs			F16PX01250	10,825	-
Department of Justice							
		Bureau of Justice Assistance - Body Worn Camera Policy and					
	16.835	Implementation				1,389	-
Department of State							
		Bureau of Educational and Cultural Affairs - Academic Exchange Programs - Undergraduate Programs		IREX	FY16-YALI-CL-PORTLAND-01	132,535	-
	19.009	Bureau of Educational and Cultural Affairs -Academic Exchange Programs - Educational Advising and Student Services		Institute of International Education	IIE0136_PSU_3.15.2017	23,943	-
	19.432			Institute of International Education	3171_PSU_1.1.16	(6,020)	-
	19.500	Bureau of Near Eastern Affairs - Middle East Partnership Initiative				239,622	-
	19.600	Bureau of Near Eastern Affairs		Institute of International Education	3216PDX3.15.2016	152,316	-
				Georgetown University	PSU-GR205340	33,133	-
Department of Transportation							
	20.215	Federal Highway Administration - Highway Training and Education				101,820	-
	20.XXX	Other Department of Transportation Programs		Oregon Department of Transportation	242555	4,543	-
Office of Personnel Management							
	27.011	Intergovernmental Personnel Act (IPA) Mobility Program				271,128	-
Library of Congress							
	42.XXX	Other Library of Congress Programs			PO 178195M PO 168240M	3,196	-
National Aeronautics and Space Administration							
	43.008	NASA Education				6,652	-
Institute of Museum and Library Services							
	45.024	National Endowment for the Arts - Promotion of the Arts_Grants to Organizations and Individuals				17,135	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award ID	PASS THROUGH ENTITY	Pass Through Identifying #	Total Expenditures	Pass Through to Subrecipients
Environmental Protection Agency							
	66.460	Office of Water - Nonpoint Source Implementation Grants		Oregon Department of Environmental Quality	045-16	(326)	-
	66.XXX	Other Environmental Protection Agency Programs			FP-91782201-0	16,345	-
Department of Energy							
	81.XXX	Other Department of Energy Programs		Desert Research Institute Lawrence Berkeley National Laboratory	659.4160-02/ AC#6352-659-6232 7265041	19,104 1,599	- -
Department of Education							
	84.021	Office of Postsecondary Education - Overseas Programs - Group Projects Abroad				43,671	-
	84.116L	Office of Postsecondary Education - Center for Best Practices to Support Single Parent Students		Endicott College	160214	28,247	-
	84.129	Office of Special Education and Rehabilitative Service - .Rehabilitation Long-Term Training				207,301	-
	84.299	Office of Elementary and Secondary Education - Indian Education - Special Programs for Indian Children				336,161 198,090	- -
	84.325	Office of Special Education and Rehabilitative Services - Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		Endicott College	PDX 88401 16-17	127,005 43,777	- -
	84.367	Office of Elementary and Secondary Education - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)		Western Oregon University Rhode Island Department of Elementary and Secondary Education	TRSUB17.03	140,436	-
	84.372	Institute of Education Sciences - Statewide Longitudinal Data Systems			151208	7,440	-
	84.407	Office of Postsecondary Education - Transition Programs for Students with Intellectual Disabilities into Higher Education				467,287	-
Department of Health and Human Services							
	93.051	Administration for Community Living - Alzheimer's Disease Demonstration Grants to States		Oregon Department of Human Services	145896	16,767	-
	93.104	Substance Abuse and Mental Health Services Administration - Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)				7,009	-
	93.136	Centers for Disease Control and Prevention - Injury Prevention and Control Research and State and Community Based Programs				145,907	-

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Program Cluster	Federal CFDA #	Federal Funding Agency/Major Subdivision - Program Title	Federal Award ID	PASS THROUGH ENTITY	Pass Through Identifying #	Total Expenditures	Pass Through to Subrecipients
		Substance Abuse and Mental Health Services Administration - Substance Abuse and Mental Health Services Projects of Regional and National Significance				456,196	-
93.243				Oregon Health Authority	147636	91,989	-
				Quartz Valley Circles of Care Outside In	CONTRACT #405/2015-010-COC 140408	78,194	-
				Native American Rehabilitation Association	160427	62,935	-
93.500		Office of the Secretary - Pregnancy Assistance Fund Program		Oregon Department of Justice	DM 7239303	10,149	-
				Oregon Department of Justice	DOJ-DM #8093243	7,896	-
				Oregon Department of Justice	DM 7226498	3,757	-
93.648		Administration for Children and Families - Child Welfare Research Training or Demonstration		The Research Foundation of State University of New York	16-28	1,963	-
				The Research Foundation of State University of New York	15-43	459,059	-
				Oregon Department of Education	14-51	99,823	-
93.778		Centers for Medicare and Medicaid Services - Medical Assistance Program				(9)	-
		Centers for Disease Control and Prevention - Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		Oregon Health Authority	150865	11,776	-
93.944		Other Department of Health and Human Services Programs		University of Maryland	SR00004717	449,525	-
93.XXX						371,714	31,616
Corporation for National and Community Service							
94.003		State Commission		Oregon Housing and Community Services	4364	96,503	-
				Oregon Housing and Community Services	4481	90,212	-
				Oregon Housing and Community Services	4245	(857)	-
94.019		Social Innovation Fund		United Way of Lane County	15SIHOR001	303,336	-
Agency for International Development							
98.002		Cooperative Development Program (CDP)		Arizona State University	16-868	116,829	-
Total Non Cluster Programs						\$ 6,488,186	\$ 31,616
Total Federal Awards Expended						\$ 218,878,549	\$ 3,967,779

See accompanying notes to Schedule of Expenditures of Federal Awards.

**PORTLAND STATE UNIVERSITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Portland State University under programs of the federal government of the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Portland State University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Portland State University.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Portland State University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 FEDERAL STUDENT LOAN PROGRAMS

The federal student loan programs listed subsequently are administered directly by Portland State University, and balances and transactions relating to these programs are included in Portland State University's basic financial statements. Loans outstanding at the beginning of the year and 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:

Program Title	CFDA Number	Amount Outstanding
Perkins Loans	84.038	\$7,199,310

**PORTLAND STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
3. Noncompliance material to financial statements noted? yes no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of Major Federal Programs

CFDA Number(s)

84.SFA

Name of Federal Program or Cluster

Student Financial Aid Cluster

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

\$1,260,644

Auditee qualified as low-risk auditee?

yes no

**PORTLAND STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2017 – 001

Federal agency: U.S. Department of Education

Federal program title: Student Financial Aid Cluster

CFDA Number:

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

Award Period: 2016 - 2017

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: 2 CFR 200.303 requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations and the terms and conditions of the Federal award. Additionally, 34 CFR 668.55 requires information from students selected for verification to be updated with correct information.

Condition: During our testing of compliance related to verification of student information (Special Test), we noted in our sample that the University failed to update information obtained during verification of a student's aid calculation. The failure to update the aid calculation resulted in an overaward of Pell grant.

Questioned costs: The student's over award of the Pell grant was \$800.

Context: We tested a sample of forty students who were selected for verification. Of the forty students tested, we found one instance of a student's aid calculation not being updated by the University.

Cause: The University did not have proper controls in place to ensure the aid calculation was updated correctly based on results of verification.

Effect: The University was not in compliance with federal regulations related to verification over Title IV aid.

Repeat Finding: No.

Recommendation: We recommend that the University implement processes and controls to ensure verification regulations are properly followed. Such controls should include a review procedure to ensure student aid information is updated based upon information received from the student. This review should be performed by someone separate from the person processing the verification of the student.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

2017-002

Federal agency: U.S. Department of Education

Federal program title: Student Financial Aid Cluster

CFDA Number:

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

Award Period: 2016 - 2017

Type of Finding:

- Compliance, Other Matter
- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: The Federal Code of Regulations 34 CFR 668.22 requires nonfederal entities to determine the amount of Title IV aid earned by a student when they withdraw. When a student completes greater than 60 percent of a term, they are considered to have fully earned their aid. If a student completes less than 60 percent of the term, the nonfederal entity is required to return a portion of the aid to the Department of Education based on various criteria discussed. Additionally, 34 CFR 668.22(j) and 668.173(b)(1) require an institution to return amounts of unearned Title IV aid as soon as possible, but no later than 45 days after the date of the institution's determination that the student withdrew.

Condition: During our testing of return to Title IV, we noted multiple instances where the University had not returned funds within the required 45 days. Further, we noted various instances where the University used the incorrect date of withdrawal, calculated the return incorrectly, and did not return funds in the correct order as prescribed. The University failed to implement adequate controls over timely return of Title IV funds despite findings in the previous two audit periods.

Questioned costs: Due to incorrect calculations of the refunds, an additional \$16,763 should have been refunded.

Context: We tested the return calculations and subsequent crediting of student accounts for a total of 60 students. Of the 60 students tested, 55 students required a return of unearned aid. Of those 55, we noted the following:

- Untimely returns: 24 were returned beyond the 45 day timeframe.
- No return made: The University did not return funds for seven students due to the University using an incorrect date of withdrawal. As a result, the University's records erroneously indicated the students had completed greater than 60 percent of the term.
- Order of Return: The return of two students tested were not applied to programs in the required order.
- Incorrect calculations: 16 returns were not calculated correctly by the University causing an under or over refund to the Department of Education.
- Incomplete documentation: For one student tested, the University did not maintain record of the refund calculation.

**PORTLAND STATE UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Cause: The University did not have proper internal controls in place to ensure calculations were made accurately on a consistent basis. Further, the University failed to monitor that the returns were being made within the required timeframe. As a result, the University failed to correct prior year findings over this compliance requirement.

Effect: The University was not in compliance with federal regulations related to the return of Title IV aid.

Repeat Finding: Yes, prior year finding 2016-002.

Recommendation: We recommend the University implement a control structure and training in the Student Financial Aid Department which ensure returns are completed accurately and timely. We recommend that the University implement procedures to ensure that unearned aid is returned timely to the Department of Education. In addition we recommend the University develop a process to track and implement corrective action plans related to federal findings.

Section IV – Prior Year Findings

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS**2016 – 001 – Enrollment Reporting**

Condition: When testing a sample of students for enrollment reporting data noted that 3 out of 40 students were not reported correctly to NSLDS.

Status: This item was resolved during 2017.

2016 – 002 – Return of Title IV Funds

Condition: During our testing of return to title IV we noted instances where the University had not returned funds within the required 45 days. Also we noted that the University misapplied the return of funds applying Pell prior to applying Perkins.

Status: This item was partially resolved during 2017, see current year finding 2017-002.

Reason for finding's recurrence: The R2T4 Coordinator who performed the calculations and fund returns resigned in January 2017. In an effort to resolve the issues that had resulted in the previous finding, the Director assigned the R2T4 process to the Assistant Director for Compliance & Assessment and charged her with researching and resolving the problems that had prevented compliance, and returning the funds within the required timeframe. While we investigated policies and practices that complicated determining students' last dates of attendance, and made some adjustments we thought would improve the situation, as the audit results show, we were not able to effect improvements. In retrospect, the Director did not adequately understand the scale of the effort that R2T4 fund returns require, and did not adequately track the progress of efforts to improve the process. The Assistant Director resigned in October 2017.

Office of the President

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Department of Health and Human Services

Portland State University respectfully submits the following corrective action plan for the year ended June 30, 2017.

Audit period: July 1, 2016 - June 30, 2017

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

Audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. DEPARTMENT OF EDUCATION

2017-001 Student Financial Aid Cluster

CFDA No. 84.063 - Federal Supplemental Educational Opportunity Grants (SEOG)
CFDA No. 84.033 - Federal Work Study Program (FWS)
CFDA No. 84.038 - Federal Perkins Loan (FPL)
CFDA No. 84.063 - Federal Pell Grant Program (PELL)
CFDA No. 84.268 - Federal Direct Student Loans (FDL)
CFDA No. 84.379 - Teacher Education Assistance for College and Higher Education Grants (TEACH)

Recommendation: We recommend that the University implement procedures to ensure accuracy and review of verification.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: During at least annual verification training and updates, we will impress upon staff who perform verification the importance of a detail-oriented, compliant review of all files to be verified..

Name(s) of the contact person(s) responsible for corrective action: G. Michael Johnson, Director; TBD, Assistant Director for Compliance & Operations.

Planned completion date for corrective action plan: The annual verification training and updates will occur throughout fiscal year 2018.

2017-002 Student Financial Aid Cluster

CFDA No. 84.063 - Federal Supplemental Educational Opportunity Grants (SEOG)
CFDA No. 84.033 - Federal Work Study Program (FWS)
CFDA No. 84.038 - Federal Perkins Loan (FPL)
CFDA No. 84.063 - Federal Pell Grant Program (PELL)
CFDA No. 84.268 - Federal Direct Student Loans (FDL)
CFDA No. 84.379 - Teacher Education Assistance for College and Higher Education Grants (TEACH)

Recommendation: We recommend the University implement a control structure and training in the Student Financial Aid Department, which ensure returns are completed accurately and timely. We recommend that the University implement procedures to ensure that unearned aid is returned timely to the Department of Education. In addition, we recommend the University develop a process to track and implement corrective action plans related to federal findings.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding. The R2T4 Coordinator who performed the calculations and fund returns resigned in January 2017. In an effort to resolve the issues that had resulted in the previous finding, the Director assigned the R2T4 process to the Assistant Director for Compliance & Assessment and charged her with researching and resolving the problems that had prevented compliance, and returning the funds within the required timeframe. While we investigated policies and practices that complicated determining students' last dates of attendance, and made some adjustments we thought would improve the situation, as the audit results show, we were not able to effect improvements. In retrospect, the Director did not adequately understand the scale of the effort that R2T4 fund returns require, and did not adequately track the progress of efforts to improve the process. The Assistant Director resigned in October 2017.

Action taken in response to finding: We are in the final stages of putting a three-person team in place to manage the return of funds process. An Assistant Director for Compliance & Operations will lead that team, working with appropriate campus areas to ensure compliance with all aspects of the R2T4 process, and meeting with the Director regularly to assess the progress of the improvements. An R2T4 Coordinator will perform most of the calculations and initiate fund returns. An R2T4 Counselor will assist with the calculations and communicate with affected students. We are doing internal searches for the Assistant Director and Coordinator, and should have both on board in early March; the Counselor started on February 12. In addition, we have formed a workgroup that consists of staff from the Office of the Registrar, Student Financial Services, and Office of Information Technology to evaluate our R2T4 workflow and determine best practices for using Banner and other reporting processes as efficiently and effectively as possible to facilitate compliant fund returns. The workgroup will report back promptly regarding changes to processes, systems or resources necessary to rectify this recurring problem.

Name(s) of the contact person(s) responsible for corrective action: G. Michael Johnson, Director; TBD, Assistant Director for Compliance & Operations.

Planned completion date for corrective action plan: Hiring of additional personnel should be completed during Spring term of 2018. The workgroup evaluating the R2T4 workflow processes has been asked to report on their findings and recommendations by April 15, 2018 so the underlying issues can be addressed by the end of fiscal year 2018.

If the Department of Health and Human Services has questions regarding this plan, please call G. Michael Johnson at 503-725-5442.