EASTERN OREGON UNIVERSITY

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2017
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 1

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 GRANT GUIDANCE 3

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 6

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS 7

SCHEDULE OF FINDINGS AND QUESTIONED COSTS 8
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 of Trustees
Eastern Oregon University
La Grande, 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 Eastern Oregon University (the University), a component unit of the State of Oregon, as of and for the years ended June 30, 2017 and 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 October 16, 2017. Our report includes a reference to other auditors who audited the financial statements of of the 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 University’s financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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 University’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP
Greenwood Village, Colorado
October 16, 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 of Trustees
Eastern Oregon University
La Grande, Oregon

Report on Compliance for Each Major Federal Program
We have audited Eastern Oregon University’s (the University) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on 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.
Members of the Board of Trustees
Eastern Oregon University

Opinion on Each Major Federal Program
In our opinion, Eastern Oregon 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 programs for the year ended June 30, 2017.

Other Matters
The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on the major federal program is not modified with respect to this matter.

The University’s response to the noncompliance 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 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 each the federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001, which we consider to be a significant deficiency.
The University’s response to the internal control over compliance 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 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 the business-type activities and the discretely presented component unit of the University, a component unit of the State of Oregon, 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 October 16, 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
October 16, 2017
EASTERN OREGON UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<table>
<thead>
<tr>
<th>Cluster:</th>
<th>Federal Grantor:</th>
<th>Program Title</th>
<th>CFDA Number</th>
<th>Pass-Through Entity</th>
<th>Pass-Through Entity Identifying Number</th>
<th>Expenditures</th>
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</thead>
<tbody>
<tr>
<td>Research and Development:</td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Department of Energy</td>
<td>Office of Science Financial Assistance Program</td>
<td>81.049</td>
<td>Bonneville Power Administration</td>
<td>1992-026-01</td>
<td>$178,921</td>
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<tr>
<td></td>
<td>Department of Energy</td>
<td>Office of Science Financial Assistance Program</td>
<td>81.049</td>
<td>Bonneville Power Administration</td>
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<td>30,940</td>
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<tr>
<td></td>
<td>National Science Foundation</td>
<td>Biological Sciences Education and Human Resources</td>
<td>47.074</td>
<td></td>
<td></td>
<td>57,458</td>
</tr>
<tr>
<td></td>
<td>National Science Foundation</td>
<td>Biological Sciences Education and Human Resources</td>
<td>47.076</td>
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<td></td>
<td>60,574</td>
</tr>
<tr>
<td></td>
<td>Department of Energy Total</td>
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<td></td>
<td></td>
<td></td>
<td>209,861</td>
</tr>
<tr>
<td></td>
<td>National Science Foundation</td>
<td>Biological Sciences Education and Human Resources</td>
<td>47.074</td>
<td></td>
<td></td>
<td>57,458</td>
</tr>
<tr>
<td></td>
<td>National Science Foundation</td>
<td>Biological Sciences Education and Human Resources</td>
<td>47.076</td>
<td></td>
<td></td>
<td>60,574</td>
</tr>
<tr>
<td></td>
<td>National Science Foundation Total</td>
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<td></td>
<td></td>
<td></td>
<td>118,032</td>
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<tr>
<td></td>
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<td>Total Research and Development Cluster</td>
<td></td>
<td></td>
<td></td>
<td>327,893</td>
</tr>
<tr>
<td>Student Financial Assistance:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Department of Education</td>
<td>Federal Supplemental Educational Opportunity Grants</td>
<td>84.007</td>
<td></td>
<td></td>
<td>122,342</td>
</tr>
<tr>
<td></td>
<td>Department of Education</td>
<td>Federal Work-Study Program</td>
<td>84.033</td>
<td></td>
<td></td>
<td>201,659</td>
</tr>
<tr>
<td></td>
<td>Department of Education</td>
<td>Perkins Loans</td>
<td>84.038</td>
<td></td>
<td></td>
<td>1,634,470</td>
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<tr>
<td></td>
<td>Department of Education</td>
<td>Federal Pell Grant Program</td>
<td>84.063</td>
<td></td>
<td></td>
<td>5,095,617</td>
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<tr>
<td></td>
<td>Department of Education</td>
<td>Federal Direct Student Loans</td>
<td>84.268</td>
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<td></td>
<td>15,326,938</td>
</tr>
<tr>
<td></td>
<td>Department of Education</td>
<td>TEACH Grants</td>
<td>84.379</td>
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<td></td>
<td>11,182</td>
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<tr>
<td></td>
<td></td>
<td>Total Department of Education and Student Financial Assistance Cluster</td>
<td></td>
<td></td>
<td></td>
<td>22,392,208</td>
</tr>
<tr>
<td>TRIO:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Department of Education</td>
<td>TRIO Student Support Services</td>
<td>84.042</td>
<td></td>
<td></td>
<td>287,443</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Department of Education and TRIO Cluster</td>
<td></td>
<td></td>
<td></td>
<td>287,443</td>
</tr>
<tr>
<td>Other Programs:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Department of Agriculture</td>
<td>Child and Adult Care Food Program</td>
<td>10.558</td>
<td>Oregon Department of Education</td>
<td>Not Available</td>
<td>92,033</td>
</tr>
<tr>
<td></td>
<td>Department of Education</td>
<td>Supporting Effective Instruction StateGrant</td>
<td>84.367</td>
<td>Oregon University System</td>
<td>TRSUB10.16</td>
<td>(1,758)</td>
</tr>
<tr>
<td></td>
<td>Department of Health and Human Services</td>
<td>Head Start</td>
<td>93.600</td>
<td>10CH0206-02-00</td>
<td></td>
<td>1,211,040</td>
</tr>
<tr>
<td></td>
<td>Department of Labor</td>
<td>Mine Health and Safety Grants</td>
<td>17.600</td>
<td>Not Available</td>
<td></td>
<td>125,646</td>
</tr>
<tr>
<td></td>
<td>Small Business Administration</td>
<td>Small Business Development Centers</td>
<td>59.037</td>
<td>Lane Community College</td>
<td>SBAHQ-16-B-0062</td>
<td>29,680</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Other Programs</td>
<td></td>
<td></td>
<td></td>
<td>1,456,641</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Expenditures of Federal Awards</td>
<td></td>
<td></td>
<td></td>
<td>$24,464,185</td>
</tr>
</tbody>
</table>

See Notes to the Schedule of Expenditures of Federal Awards (6)
NOTE 1  BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Eastern Oregon 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 Eastern Oregon University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Eastern Oregon 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. Eastern Oregon 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 Eastern Oregon University, and balances and transactions relating to these programs are included in Eastern Oregon 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:

<table>
<thead>
<tr>
<th>Program Title</th>
<th>CFDA Number</th>
<th>Amount Outstanding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perkins Loans</td>
<td>84.038</td>
<td>$1,382,388</td>
</tr>
</tbody>
</table>

NOTE 4  SUBRECIPIENTS

There were no amounts to report on the Schedule that were passed through to subrecipients.
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

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>84.007, 84.033, 84.038, 84.063,</td>
<td>Student Financial Assistance Cluster</td>
</tr>
<tr>
<td>84.268, 84.379</td>
<td></td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs: $750,000/$187,500

Auditee qualified as low-risk auditee? □ yes ☒ no
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: Department of Education
Federal program title: Student Financial Assistance Cluster
CFDA Number: 84.007 – Federal Supplemental Education Opportunity Grants
84.033 – Federal Work Study Program
84.038 – Federal Perkins Loans
84.063 – Federal Pell Grant Program
84.268 – Federal Direct Student Loans
84.379 – Teacher Education Assistance for College and Higher Education Grants

Award Period: July 1, 2016 to June 30, 2017

Type of Finding:
  • Compliance, Other Matter
  • Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The Code of Federal Regulations, 34 CFR 685.309, requires that enrollment status changes for students be reported to NSLDS within 15 days or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status. Regulations require the status include an accurate effective date. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that do not pass the NSLDS enrollment reporting edits.

Uniform Guidance requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws regulations, and program compliance requirements. Effective internal controls should include procedures to ensure that submission errors to the NSLDS are corrected and resubmitted in a timely manner.

Condition: Review of enrollment reporting data from the institution showed that errors were not corrected and returned to NSLDS within the prescribed timeframe. In addition, per a sample of 40 students whose underlying enrollment reporting data were tested for accuracy of status and timeliness of reporting to NSLDS, two were not reported with correct enrollment status.

Questioned costs: None.
Context: During our testing, we noted that errors identified by the NSLDS were not corrected within the prescribed 10-day timeframe. In addition, during testing of underlying enrollment information, we noted two students, in a sample of 40, whose enrollment data per the University was not correctly updated in NSLDS.

Cause: The University utilizes the National Student Clearinghouse (NSC) to report student information to NSLDS. The University attempted to correct errors within the required 10 days, but unfortunately, some of those records continued to not pass the NSLDS enrollment reporting edits. In addition, the University’s processes and controls did not ensure that student status changes were properly reported to NSLDS.

Effect: The NSLDS system is not updated with the student information, which can cause overawarding should the student transfer to another institution and the students may not properly enter the repayment period.

Repeat Finding: Yes

Recommendation: We recommend the University continue to review its reporting procedures to ensure that students’ statuses are accurately and timely reported to NSLDS as required by regulations described above.

View of Responsible Official: The University agrees with the finding.