

EASTERN OREGON UNIVERSITY
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2020

**EASTERN OREGON UNIVERSITY
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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 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, 2020 and 2019, 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 15, 2020. 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.

Members of the Board of Trustees
Eastern Oregon University

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 results 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

Denver, Colorado
October 15, 2020



**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 the 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, 2020. 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 each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 the 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 program for the year ended June 30, 2020.

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 2020-001. Our opinion on the major federal program is not modified with respect to these matters.

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 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.

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 did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, which we consider to be a significant deficiency.

Members of the Board of Trustees
Eastern Oregon University

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, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated January 13, 2021, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit. 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, based on our audit and the report of other auditors, 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

Denver, Colorado
January 13, 2021

**EASTERN OREGON UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Cluster	Federal Grantor	Program Title	CFDA Number	Pass-Through Entity	Expenditures	Pass-Through to Subrecipients
Research and Development						
	Department of Agriculture	Cooperative Extension Service	10.500		\$ 8,405	\$ -
	National Science Foundation	Biological Sciences	47.074		55,500	-
	National Science Foundation	Education and Human Resources	47.076		74,962	-
	National Science Foundation Total				<u>130,462</u>	-
	Total Research and Development Cluster				138,867	-
Student Financial Assistance						
	Department of Education	Supplemental Educational Opportunity Grants	84.007		125,253	-
	Department of Education	Work-Study Program	84.033		198,364	-
	Department of Education	Perkins Loan	84.038		922,801	-
	Department of Education	Pell Grant Program	84.063		5,199,820	-
	Department of Education	Direct Student Loans	84.268		13,089,535	-
	Department of Education	Teacher Education Assistance for College and Higher Education Grants	84.379		7,198	-
	Total Department of Education and Student Financial Assistance Cluster				<u>19,542,971</u>	-
TRIO						
	Department of Education	Student Support Services	84.042		218,179	-
	Total Department of Education and TRIO Cluster				<u>218,179</u>	-
Other Programs						
	Department of Agriculture	Child and Adult Care Food Program	10.558	Oregon Department of Education	92,302	-
	Department of Education	Higher Education Emergency Relief Fund (HEERF) Student Aid Portion (COVID-19)	84.425E		307,745	-
	Department of Education	HEERF Institutional Portion (COVID-19)	84.425F		263,800	-
	Department of Education Total				<u>571,545</u>	-
	Department of Labor	Mine Health and Safety Grants	17.600		125,106	-
	Small Business Administration	Small Business Development Centers	59.037	Lane Community College	33,000	-
	Department of Health and Human Services	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Center for Human Development Inc.	1,545	-
	Department of Health and Human Services	Head Start	93.600		1,950,448	-
	Department of Health and Human Services Total				<u>1,951,993</u>	-
	Total Other Programs				<u>2,773,946</u>	-
Total Expenditure of Federal Funds					<u>\$ 22,673,963</u>	<u>\$ -</u>

See Notes to Schedule of Expenditures of Federal Awards

**EASTERN OREGON UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020. 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. 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 are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2020 consists of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Perkins Loans	84.038	\$ 17,070

**EASTERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Assistance Cluster

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

Auditee qualified as low-risk auditee? yes no

**EASTERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

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

2020 – 001

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Number: 84.268 – Federal Direct Loans

Award Period: July 1, 2019 to June 30, 2020

Type of Finding:

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

Criteria or specific requirement: When a student withdraws during a term (or, in a nonterm program, during a payment period), the effective date for the withdrawn ('W') status is the withdrawal date used by the institution in accordance with 34 CFR 668.22(c). In the case of the student who completes a term and does not return for the next term, leaving the course of study uncompleted, the effective date for the 'W' status is the final day of the term in which the student was last enrolled. The description within the National Student Loan Data System (NSLDS) Enrollment Reporting Guide (and compliance supplement) defines the Effective Date as: the date that the current enrollment status reported for a student was first effective. The important piece about the effective date is it starts the grace period for loans, so if a student is an unofficial withdrawal and the school uses 50% of the term for the return of Title IV (R2T4) calculation, then that date should be the effective date within NSLDS as well.

Condition: In our statistically valid sample of forty (40) students selected for NSLDS enrollment reporting testing, there were seven total errors. Four students had effective dates per the University's records which did not match the effective date reported in NSLDS. There were two students with an incorrect status reported to NSLDS. Lastly, there was one student reported as withdrawn on the enrollment detail in NSLDS but reported as 3/4th time in the program-level NSLDS.

Questioned costs: None reported.

Context: The seven errors noted in the NSLDS testing included four incorrect effective dates, two incorrect status levels reported, and one status in the NSLDS enrollment level reporting which did not agree with the program level reporting within NSLDS.

Cause: Students with inaccurate enrollment dates were due to: unofficial withdrawal errors created by National Student Clearinghouse (NSC) guidance to not update NSLDS directly; due to timing of data uploads to NSC for later graduate records due to a data script error in the uploaded file from the University; and due to one student's enrollment date being updated by NSC incorrectly.

**EASTERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Effect: An accurate reporting of the effective date and change in status is critical for the student's grace period for repayment of their loans. Any errors in status or the effective date of that status impacts when a student would be obligated to start paying back loans.

Repeat Finding: Yes. Prior year finding 2019-001.

Recommendation: We recommend that the University implement procedures to ensure that changes in status and effective dates within NSLDS match the records of the institution.

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



EASTERN OREGON
UNIVERSITY

**EASTERN OREGON UNIVERSITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020**

U.S. Department of Education

Eastern Oregon University (“University”) respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2020.

Audit period: June 30, 2020

The findings from the prior audit’s schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2019 – 001 National Student Loan Database System (NSLDS) Reporting

Condition: Enrollment status changes were reported with improper statuses and were not reported timely.

Status: Partially Corrected. The University scheduled additional uploads in order to ensure reporting was done timely. The University had instances of incorrect status changes in the current year. See current year finding 2020-001.

Corrective Action: The University attempted to make the necessary enrollment corrections by posting to National Student Loan Data System (NSLDS) for unofficial withdrawal dates, which created errors through National Student Clearinghouse (NSC). NSC directed the University Registrar to not permit direct enrollment updates to NSLDS, but rather make the corrections through NSC. NSC however does not have a process to update enrollment dates after the term ends (required for unofficial withdrawals), because the new term enrollment overrides this change, making this an impossible change. The University has been working with information technology on a Banner process that could upload these enrollment records. If we cannot get this process to work, we will process directly to NSLDS to ensure compliance. After further consultation with other Financial Aid Directors, other universities post directly to NSLDS, receive the NSC error, and accept the error on our NSC reports. And, document the exception on the NSC.

2019 – 002 Federal Supplemental Education Opportunity Grants (FSEOG) Awarding

Condition: The University awarded FSEOG to a student with a non-zero expected family contribution (EFC), while eligible students with a zero EFC did not receive an FSEOG award. The amount awarded to this student was \$600.

Status: Corrected. The University prepares a report prior to financial aid disbursements to ensure all SEOG recipients have a zero EFC.

If the U.S. Department of Education has questions regarding this schedule, please call Sandy Henry at 541-962-3185.



EASTERN OREGON
UNIVERSITY

**EASTERN OREGON UNIVERSITY
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2020**

U.S. Department of Education

Eastern Oregon University (EOU) respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: June 30, 2020

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

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the current year that require a corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

2020-001

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Number: 84.268 – Federal Direct Loans

Award Period: July 1, 2019 to June 30, 2020

Type of Finding:

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

Recommendation: We recommend that the University implement procedures to ensure that changes in status and effective dates within National Student Loan Data System (NSLDS) match the records of the institution.

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

Action taken in response to finding: Eastern Oregon University has researched new methods of posting unofficial withdrawals to NSLDS either directly and overriding National Student Clearinghouse (NSC) errors or through a new Banner process; The EOU registrar has worked with the EOU IT department to correct the script error for graduating students to ensure their graduate records are uploaded to NSC/NSLDS correctly. The EOU Registrar worked with NSC to verify how the enrollment date change was made at NSC.

Name(s) of the contact person(s) responsible for corrective action: Sandy Henry, Director of Financial Aid/Student Financial Services Manager-(541)-962-3185.

Planned completion date for corrective action plan: June 30, 2021

If the U.S. Department of Education has questions, please have them contact Sandy Henry at 541-962-3185