

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

**SOUTHERN OREGON 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  
Southern Oregon University  
Ashland, 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, the discretely presented component unit and the remaining fund information of Southern Oregon University (University), 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 December 21, 2020. Our report includes a reference to other auditors who audited the financial statements of the Southern 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) as a basis for designing 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 financial statements. 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Denver, Colorado  
December 21, 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  
Southern Oregon University  
Ashland, Oregon

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

We have audited Southern 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 programs for the year ended June 30, 2020. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with 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 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 programs. However, our audit does not provide a legal determination of the University's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Southern 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 the major federal programs for the year ended June 30, 2020.

### ***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 2020-001 through 2020-005. Our opinion on the major federal programs is not modified with respect to these matters.

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

### **Report on Internal Control Over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on 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 programs 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2020-001 through 2020-005 that we consider to be significant deficiencies.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the 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, the discretely presented component unit and the remaining fund information of the University 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 December 21, 2020, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the Southern Oregon University Foundation. 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**

Denver, Colorado  
June 9, 2021

**SOUTHERN 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	Pass-Through Identifying Number	Passed Through to Subrecipients	Expenditures
Research and Development	Department of Agriculture	Partnership Agreements	10.699			\$ -	33,104
		Department of Defense	Youth Conservation Services	12.010			-
	Department of Justice	Legal Assistance for Victims	16.524	Regents of the University of Idaho	JDK061-SB-002	-	17,917
	Department of the Interior	American Battlefield Protection	15.926			-	2,262
		Cooperative Research and Training Programs Resources of the National Park System	15.945			-	69,354
		Cultural and Paleontological Resources Management	15.224			-	11,258
		Fish and Wildlife Management Assistance	15.608	California Dept of Fish & Game	P1980013	-	14,636
		Recreation Resource Management	15.225			-	19,892
		Wildlife Resource Management	15.247			-	5,092
		<b>Department of the Interior Total</b>				-	<b>122,494</b>
	National Science Foundation	Biological Sciences	47.074	Oregon State University	S1776A-B	-	1,705
		Education and Human Resources	47.076			16,679	56,490
		<b>National Science Foundation Total</b>				16,679	<b>58,195</b>
		<b>Total Research and Development Cluster</b>				<b>16,679</b>	<b>237,255</b>
	Student Financial Assistance	Department of Education	Federal Direct Student Loans	84.268			-
Federal Pell Grant Program			84.063			-	6,480,756
Federal Perkins Loan Program - Federal Capital Contributions			84.038			-	42,053
Federal Supplemental Educational Opportunity Grants			84.007			-	439,763
Federal Work-Study Program			84.033			-	441,502
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)			84.379			-	26,699
			<b>Total Department of Education Student Financial Assistance Cluster</b>				-
TRIO	Department of Education	TRIO - McNair Post-Baccalaureate Achievement	84.217			-	253,278
		TRIO - Student Support Services	84.042			-	294,442
			<b>Total Department of Education TRIO Cluster</b>				-
Higher Education Emergency Relief Fund	Department of Education	COVID-19 - Education Stabilization Fund - Institutional Support Portion	84.425F			-	1,388,133
		COVID-19 - Education Stabilization Fund - Student Financial Aid Portion	84.425E			-	811,150
			<b>Total Department of Education Higher Education Emergency Relief Fund</b>				-
Other Programs		Migrant Education - State Grant Program	84.011	Oregon Department of Education	11550	-	614
		Migrant Education - State Grant Program	84.011	Oregon Department of Education	12113	-	74,254
						-	74,868
	<b>Total Department of Education</b>					<b>33,315,042</b>	
Small Business Administration		Small Business Development Centers	59.037	Lane Community College	SBA 2018	-	-
		Small Business Development Centers	59.037	Lane Community College	SBA 2019	-	33,000
		Small Business Development Centers	59.037	Lane Community College	SBA 2020	-	5,774
			<b>Small Business Administration Total</b>				-
	<b>Total Expenditures of Federal Funds</b>				<b>16,679</b>	<b>33,591,071</b>	

See notes to Schedule of Expenditures of Federal Awards.



**SOUTHERN OREGON UNIVERSITY  
NOTES TO THE 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 Southern 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 Southern Oregon University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Southern 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.

Southern 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 Southern Oregon University, and balances and transactions relating to these programs are included in Southern 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>CFDA Number</u>	<u>Program Name</u>	<u>June 30, 2020 Outstanding Balance</u>
84.038	Federal Perkins Loan	\$ 25,504

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

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***Section I – Summary of Auditors’ Results***

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***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***

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Assistance Cluster
84.425E, 84.425F	Higher Education Emergency Relief Funding – Student Portion and Institutional Portion

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

Auditee qualified as low-risk auditee?  yes  no

**SOUTHERN OREGON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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***Section II – Financial Statement Findings***

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No financial statement findings were noted during 2020.

**SOUTHERN OREGON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2020 – 001**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Number: 84.268 – Federal Direct Student Loans

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

Type of Finding:

- Compliance, Other Matter – Eligibility
- Significant Deficiency in Internal Control Over Compliance

**Criteria or specific requirement:** Federal regulations require institutions to package students with Title IV funding based on other estimated financial assistance, their expected family contribution (EFC), student status, and other financial metrics to ensure a student is not awarded more need-based aid than their financial need and not awarded more than their Cost of Attendance (COA) with both need and non-need based aid. Any changes in funding that affect the amount of aid a student could be awarded must be considered and, if applicable, Title IV funding must be adjusted to ensure students are appropriately packaged. If revisions are not considered, a student could be underpackaged or overpackaged.

**Condition:** During our eligibility testing, there were five students that were either over awarded or under awarded Federal Direct Subsidized Loans and/or Federal Direct Unsubsidized Loans during a semester. Three Students were under awarded Federal Direct Unsubsidized Loans and two students were under awarded Federal Direct Subsidized Loans but over awarded Federal Direct Unsubsidized Loans. The net impact of these five students was the school under awarded Federal Direct Loans in the amount of \$3,576 for the period under audit.

**Questioned costs:** None

**Context:** In our sample of 40 students who were awarded federal aid, CLA noted that five students were under awarded direct loans. CLA noted that these students had changing factors (such as changes to COA, EFC, and other aid awarded) after the initial award processing and were not subsequently repackaged or correctly updated.

**Cause:** The Institution did not have formal procedures in place to review and adjust aid awards as changes to COA, EFCs, or other aid awards occurred.

**Effect:** Students could be over awarded or under awarded financial aid due to changed or adjustments after initial packaging.

**Repeat finding:** No

**Recommendation:** CLA recommends that the University enhance its policies and procedures for when students' financial aid package inputs (COA, EFC, other aid, etc.) change after the initial award processing.

**View of responsible official:** The University agrees with the finding.

**SOUTHERN OREGON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

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**2020 – 002**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Number: 84.268 – Federal Direct Student Loans

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

Type of Finding:

- Compliance, Other Matter – Eligibility
- Significant Deficiency in Internal Control Over Compliance

**Criteria or specific requirement:** The Code of Federal Regulations, 34 CFR 685.304 requires entrance counseling be performed before disbursing loan funds to students for Direct Subsidized Loans, Direct Unsubsidized Loans and Direct PLUS Loans. The regulations also require exit counseling for all students who cease at least half-time study at the school.

**Condition:** The University utilizes Exit Letters as part of satisfying the exit counseling requirement. During our testing, we noted one instance in which an Exit Letter was not sent to a student that graduated.

**Questioned costs:** N/A

**Context:** In our sample of 40 students who were awarded federal aid, CLA noted one graduate student who was not provided an Exit Letter. The student did appear on the exit counseling report for the Financial Aid Counselors to send the letter; yet, the counselors failed to send the letter to the student.

**Cause:** The Institution has a manual process to send Exit Letters to students upon graduation. This manual process led to the error of the student not being sent the Exit Letter.

**Effect:** Students are not all receiving the proper loan counseling which may contribute to a higher default rate.

**Repeat finding:** No

**Recommendation:** CLA recommends that the University review its policies and procedures for when a student withdraws or graduates from the University to ensure exit counseling for applicable students is provided. In reviewing its policies and procedures, the University may want to consider a more automated process to reduce the risk of error.

**View of responsible official:** The University agrees with the finding.

**SOUTHERN OREGON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

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**2020 – 003**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Number: 84.268 – Federal Direct Student Loans

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

Type of Finding:

- Compliance, Other Matter – Special Tests
- Significant Deficiency in Internal Control Over Compliance

**Criteria or specific requirement:** The Code of Federal Regulations, 34 CFR 668.164(e) states, “Whenever an institution disburses title IV, HEA program funds by crediting a student’s account and the total amount of all title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but—

- (1) No later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or
- (2) No later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.”

**Condition:** During our testing, CLA noted one instance in which a student’s credit balance was not paid to the student within 14 days.

**Questioned costs:** N/A

**Context:** In our sample of 40 students who were awarded federal aid, we noted one instance in which a tuition charge reversed created a credit balance on a student’s account that would have been caused by federal funds; however, the refund wasn’t paid to the student within 14 days.

**Cause:** The Institution’s policy regarding credit balances did not encompass mid-semester tuition and fee adjustments which could cause a credit balance.

**Effect:** The University did not refund students within 14 days for credit balances that arose from federal funds as required by the regulations noted above.

**Repeat finding:** No

**Recommendation:** CLA recommends that the University review its policies and procedures for ensuring student credit balances are addressed within 14 days of occurring, regardless of how they develop or when they occur.

**View of responsible official:** The University agrees with the finding.

**SOUTHERN OREGON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

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**2020 – 004**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Number: 84.268 – Federal Direct Student Loans

84.007 – Federal Supplemental Educational Opportunity Grants

84.063 – Federal Pell Grant Program

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

Type of Finding:

- Compliance, Other Matter – Special Tests
- Significant Deficiency in Internal Control Over Compliance

**Criteria or specific requirement:** Title IV funds may be expended only towards the education of the students who can be proved to have attended the institution. In a distance education context, documenting that a student has logged into an online distance education platform or system is not sufficient, by itself, to demonstrate academic attendance by the student per 34 CFR 668.22(I)(7).

**Condition:** During our testing to determine whether the Institution was in compliance with the distance education attendance requirements for students awarded Title IV funds, we noted two distance education students that academic attendance records could not be provided.

**Questioned costs:** \$8,735

**Context:** In our sample of 40 students who received Title IV aid while attending online courses during a payment period, we noted two students whom academic attendance could not be provided.

**Cause:** The University had to transition to Distance Learning as a result of the pandemic in Spring 2020 and some academic attendance documentation was not retained for various students.

**Effect:** Students who are not actually attending courses could be provided Title IV funding when they are not eligible.

**Repeat finding:** No

**Recommendation:** We encourage management to review policies and procedures for documenting attendance for students who are enrolled exclusively in online courses during the applicable payment period a student received Title IV Aid.

**View of responsible official:** The University agrees with the finding.

**SOUTHERN OREGON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

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**2020 – 005**

Federal agency: Department of Education

Federal program title: Student Financial Assistance Cluster

CFDA Number: 84.268 – Federal Direct Student Loans  
84.063 – Federal Pell Grant Program

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

Type of Finding:

- Compliance, Other Matter – Special Tests
- Significant Deficiency in Internal Control Over Compliance

**Criteria or specific requirement:** Institutions are required to report enrollment information under the Pell Grant and the Direct Loan programs via the National Student Loan Data System (NSLDS) (OMB No. 1845-0035) (Pell, 34 CFR 690.83(b)(2); Direct Loan, 34 CFR 685.309). Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website. There are two categories of enrollment information; “Campus Level” and “Program Level,” both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process.

**Condition:** During our testing of the Direct Loan and Pell Grant programs, we selected a sample of 40 student enrollment changes to test for timeliness and accurate reporting of student status changes to the National Student Loan Data System (NSLDS). 34 of 40 student enrollment changes tested had one or more instances of noncompliance noted below:

- I. 32 individual students where enrollments were not certified at least once every 60 days. 34 CFR 685.309 (b)(1) and 34 CFR 690.83(b)(2)
- II. 4 instances where the campus level enrollment effective date was not reported accurately. 34 CFR 685.309 (b)(1) and 34 CFR 690.83(b)(2)
- III. 13 instances where a student’s enrollment status change was not reported timely to NSLDS. 34 CFR 685.309(b)(2) and 34 CFR 690.83(b)(2)
- IV. 1 instance where the campus and program enrollment effective dates was incorrectly reported. 34 CFR 685.309 (b)(1) and 34 CFR 690.83(b)(2)

**Questioned costs:** N/A



**SOUTHERN OREGON UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2020**

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

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**2020 – 005 (Continued)**

**Context:** Our sample included a statistically valid sample of 40 student enrollment changes selected for testing, which derived from 35 unique students. There were approximately 34 unique student enrollment changes that exhibited at least one item of noncompliance which derived from approximately 32 unique students.

**Cause:** The School was unaware of the errors which were caused by the transmission of data between their student information system and the third-party servicer.

**Effect:** The NSLDS system was not updated with correct student information which could cause over subsequent awarding issues or repayment term discrepancies.

**Repeat finding:** No

**Recommendation:** We recommend that the University enhance its policies and procedures regarding enrollment reporting including additional monitoring over the third-party service provider to ensure that reporting is completed accurately and timely.

**View of responsible official:** The University agrees with the finding.

U.S. Department of Education

Southern Oregon University respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: July 1, 2019 – June 30, 2020

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**

None Noted

## **FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

Department of Education

### **2020-001**

Recommendation: CLA recommends that the University enhance its policies and procedures for when students' financial aid package inputs (COA, EFC, other aid, etc.) change after the initial award processing.

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

Action taken in response to finding: In regard to adjustments to awards, one counselor will now process an over-award report. In addition, when over-awards are the result of adding a scholarship, grant, or other funding, there is also a new spreadsheet that others on the staff can log these over-awards. As such, there are now two methods of identifying and reporting over-awards to counselors. The counselor processing over-awards will also leave comments in banner that state the EFC at the time of the over-award, need, and why the adjustment was made, and amount determined.

Name(s) of the contact person(s) responsible for corrective action: Kristen Gast, Director of Financial Aid; Karinda Decker, Assistant Director of Financial Aid Processes and Systems; and Jason Piazza, Financial Aid Processor.

Planned completion date for corrective action plan: December 2020

**2020-002**

Recommendation: CLA recommends that the University review its policies and procedures for when a student withdraws or graduates from the University to ensure exit counseling for applicable students is provided. In reviewing its policies and procedures, the University may want to consider a more automated process to reduce the risk of error.

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

Action taken in response to finding: Beginning June 2020, BANNER is now automated, and FA Counselors are not required to send out Exit letters in a manual process.

Name(s) of the contact person(s) responsible for corrective action: Kristen Gast, Director of Financial Aid; Karinda Decker, Assistant Director of Financial Aid Processes and Systems

Planned completion date for corrective action plan: June 2020

**2020-003**

Recommendation: CLA recommends that the University review its policies and procedures for ensuring student credit balances are addressed within 14 days of occurring, regardless of how they develop or when they occur.

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

Action taken in response to finding: It is SOU's policy to issue refunds within the 14-day period. We believe this was an isolated instance, where the refund was issued two days later. Supervisors in the Bursar's Office monitor all credit balances on student accounts and will be monitoring staff progress more closely.

Name(s) of the contact person(s) responsible for corrective action: Steve Larvick, Director of Business Services\Controller; Cynthia Ferrendelli, Assoc Dir & Deputy Controller

Planned completion date for corrective action plan: July 2021

**2020-004**

Recommendation: We encourage management to review policies and procedures for documenting attendance for students who are enrolled exclusively in online programs during the applicable payment period a student received Title IV Aid.

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

Action taken in response to finding: Currently, SOU is working to finalize a procedure with Remote/Distance Education classes and proof of attendance. We are working on developing a process of requiring an assignment or a discussion within the first week of classes. We are working with our MOODLE team to alert instructors of this upcoming requirement and are making the policy adjustments as needed.

Name(s) of the contact person(s) responsible for corrective action: Kristen Gast, Director of Financial Aid; Karinda Decker, Assistant Director of Financial Aid Processes and Systems

Planned completion date for corrective action plan: Summer 2021

**2020-005**

Recommendation: We recommend that the University enhance its policies and procedures regarding enrollment reporting including additional monitoring over the third-party service provider to ensure that reporting is completed accurately and timely.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding. SOU has been working with the National Student Clearinghouse as a third-party servicer to support the enrollment reporting process. Several of the noncompliance items were reported timely by SOU to the clearinghouse, however the internal delay within the clearinghouse led to the overall noncompliance.

Action taken in response to finding: SOU is currently working on running end of term reports so that we can catch those enrollment changes as they happen sooner. Our records and registration team is aware of this issue and is working to catch these possible errors sooner.

SOU will evaluate a method for reporting students who increase in status effectively, as the Clearinghouse defaults to the beginning of the term for those cases when the student didn't, in fact, increase in status until well into the term. Ellucian and Clearinghouse are both aware of this issue and have rebuffed this as a known defect with no intent to correct it.

Regarding timeliness, we will work with the Clearinghouse to understand how to allow both SOU and the Clearinghouse enough time to internally process the required enrollment reporting details to meet the federal requirements.

Name(s) of the contact person(s) responsible for corrective action: Kristen Gast, Director of Financial Aid; Karinda Decker, Assistant Director of Financial Aid Processes and Systems; Dr. Matt Stillman, University Registrar.

Planned completion date for corrective action plan: Summer 2021

If the U.S. Department of Education have questions regarding these plans, please call Kristen Gast, Director of Financial Aid; Karinda Decker, Assistant Director of Financial Aid Processes at (541) 552-8019.