

SOUTHERN OREGON UNIVERSITY
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2022



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**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 aggregate remaining fund information of Southern Oregon University (the University), a component unit of the state of Oregon, as of and for the year ended June 30, 2022, 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, 2022. Our report includes a reference to other auditors who audited the financial statements of the Southern Oregon University Foundation, a discretely presented component unit, and 98%, 91%, and 99%, for the year ended June 30, 2022, respectively, of the assets, fiduciary net position, and revenues of the aggregate remaining fund information 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 and the aggregate remaining fund information referred to above were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southern Oregon 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 Southern Oregon University's internal control. Accordingly, we do not express an opinion on the effectiveness of Southern Oregon University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal controls, described in the schedule of findings and questioned costs as item 2022-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern Oregon 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*.

Southern Oregon University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Southern Oregon University's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Southern Oregon University's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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



CliftonLarsonAllen LLP

Denver, Colorado
December 21, 2022



**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

Opinion on Each Major Federal Program

We have audited Southern Oregon University's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Southern Oregon University's major federal programs for the year ended June 30, 2022. Southern Oregon University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southern Oregon University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Southern Oregon University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Southern Oregon University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Southern Oregon University's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Southern Oregon University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Southern Oregon University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southern Oregon University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Southern Oregon University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Southern Oregon University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2022-002. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on Southern Oregon University's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Southern Oregon University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Southern Oregon University's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Southern Oregon University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

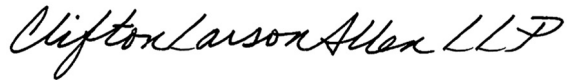
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities, the discretely presented component unit and the remaining fund information of the University as of and for the year ended June 30, 2022, 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, 2022, 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.

Members of the Board
Southern Oregon University

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Denver, Colorado
March 24, 2023

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Program	Federal Grantor	Program Title	Assistance Listing Number	Pass-Through Entity	Pass-Through Identifying Number	Passed Through to Subrecipients	Expenditures	
Research and Development								
	Department of Agriculture	Partnership Agreements	10.699			\$ -	\$ 6,307	
	Department of the Interior	Cooperative Research and Training Programs Resources of the National Park System	15.945			-	27,258	
		Cultural and Paleontological Resources Management	15.224			-	28,678	
		Cultural and Paleontological Resources Management	15.224			-	5,921	
		Cultural Resources Management	15.511			-	2,000	
		Forests and Woodlands Resource Management	15.233			-	5,124	
		Recreation Resource Management	15.225			-	(707)	
		Technical Preservation Services	15.915	Ausland Construction	CRLA 198641-140P2021C0062	-	19,642	
		Tribal Climate Resilience	15.156	Sauk-Suiattle Indian Tribe	N/A	-	13,330	
	<i>Department of the Interior Total</i>					-	101,246	
	Department of Transportation	Airport Improvement Program	20.106	Environmental Science Associates	D201800205.05	-	277	
		Airport Improvement Program	20.106	Environmental Science Associates	D201800205.06	-	15	
	<i>Department of Transportation Total</i>					-	292	
	National Science Foundation	Biological Sciences	47.074	Oregon State University	S1776A-B	-	6,158	
		Education and Human Resources	47.076			26,484	60,836	
		Education and Human Resources	47.076	Willamette University	WU-NSFADVANCE-SOU-2019	-	2,245	
		Geosciences	47.050	The American Geophysical Union	N/A	-	5,241	
	<i>National Science Foundation Total</i>					26,484	74,480	
	Total Research and Development Cluster						26,484	182,325
Student Financial Assistance								
	Department of Education	Federal Direct Student Loans	84.268			-	16,853,033	
		Federal Pell Grant Program	84.063			-	5,337,997	
		Federal Supplemental Educational Opportunity Grants	84.007			-	402,315	
		Federal Work-Study Program	84.033			-	529,277	
		Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379			-	18,859	
	Total Department of Education and Student Financial Assistance Cluster						-	23,141,481
TRIO								
	Department of Education	TRIO_McNair Post-Baccalaureate Achievement	84.217			-	261,075	
		TRIO_Student Support Services	84.042			-	285,262	
	Total Department of Education and TRIO Cluster						-	546,337
Education Stabilization Fund								
	Department of Education	COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	Higher Education Coordinating Commission	S425C200048	-	72,842	
		COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	Higher Education Coordinating Commission	21-059E	-	114,754	
		COVID-19 - Higher Education Emergency Relief Fund (HEERF) Student Aid Portion	84.425E			-	5,789,072	
		COVID-19 - Higher Education Emergency Relief Fund (HEERF) Institutional Portion	84.425F			-	5,766,557	
		COVID-19 - Higher Education Emergency Relief Fund (HEERF) Strengthening Institutions Program	84.425M			-	266,097	
	Total Department of Education and Education Stabilization Fund						-	12,009,322
Other Programs								
	Department of Education	Migrant Education_State Grant Program	84.011	Oregon Department of Education	N/A	-	8,877	
		Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	National Writing Project	92-OR02-2022GATES	-	3,300	
		Teacher Quality Partnership Grants	84.336	Southern Oregon Educ Svc District	N/A	-	31,542	
	<i>Department of Education Total</i>					-	43,719	
	Department of Homeland Security	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036			-	23,831	
	Small Business Administration	Small Business Development Centers	59.037	Lane Community College	SBA 2021	-	31,426	
		Small Business Development Centers	59.037	Lane Community College	SBAHQ-20-C-0074-155	-	28,379	
	<i>Small Business Administration Total</i>					-	59,805	
	Total Other Programs						-	127,355
	Total Expenditures of Federal Funds						\$ 26,484	\$ 36,006,820

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**SOUTHERN OREGON UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022. 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 for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

Southern Oregon University has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425C, 84.425E, 84.425F, 84.425M	COVID 19 – Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$ 1,080,205

Auditee qualified as low-risk auditee? yes no

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

2022 – 001

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Criteria or specific requirement: Generally accepted accounting policies (GAAP) requires expense recognition in the proper period.

Condition: When the University pays contributions to the Public Employees' Benefit Board (PEBB) medical benefit fund, the debit is originally made to a holding account. Then, through use of a 'composite rate' calculated to zero out the holding account, the University charges the applicable fund with the expense and credits out the holding account. At the end of this process, the holding account should be zero and the applicable expense should be represented in the funds of the University. Yet, for the past three years, the University made an error when calculating the composite rate that was used to expense employees' contributions to the PEBB medical benefit fund. The rate was too low. As such, funds were charged an expense that was too low and the holding account did not zero out.

Effect: The balance of unallocated PEBB funds in the holding account increased to an estimated \$1,561,211 debit balance as of June 30, 2021. This holding account fund was included within accounts payable as a debit balance, thus reducing the accounts payable balance reported by the University as of June 30, 2021. In order to correct the error, the University had to reverse the holding account through current year expense. In other words, \$1,561,211 of expenses that should have been reported in prior years flowed through current year activity. (It should be noted that GASB 75 entries do impact the benefit expense being recognized each year, but this error underreported the base of expenses that the GASB 75 entry is posted against.)

Cause: Management incorrectly calculated the composite rate for the past three years that led to the improper accumulation in the holding account. In addition, management did not have procedures in place to ensure all applicable holding accounts are eliminated for financial reporting purposes.

Repeat Finding: No

Recommendation: CliftonLarsonAllen LLP (CLA) recommends that the calculation of the yearly composite rate be reviewed by a member of management that understands the calculation. Additionally, CLA recommends that all holding and related accounts be reviewed, at least annually, to ensure amounts accumulating in the accounts are properly handled prior to year-end financial reporting.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. See separately issued corrective action plan by management.

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

2022 – 002

Reporting

Federal Agency: Department of Education

Federal Program: Educational Stabilization Fund

Assistance Listing Numbers:

84.425F – Higher Education Emergency Relief Fund (HEERF) Institutional Portion

84.425E – Higher Education Emergency Relief Fund Student Aid Portion

Federal Award Identification Number and Year: P425F204456 – 2022 & P425E200840 – 2022

Award Period: July 1, 2021 – June 30, 2022

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

Criteria or specific requirement: The Code of Federal Regulations, 2 CFR 200.303, non-Federal entities receiving Federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations and program compliance requirements. In accordance with section 2003 of the American Rescue Plan Act of 2021 (ARP) (Pub. L. 117-2) (supplemental award or grant) by the U.S. Department of Education and section 2003 of the ARP and section 314 of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) (Pub. L. 116-260), recipients must promptly and timely provide a detailed accounting of the use and expenditure of the funds provided by these supplemental award in such manner and with such frequency as the Secretary may require. There are three components to reporting for HEERF: 1) public reporting on the (a)(1) Student Aid Portion; 2) public reporting on the (a)(1) Institutional Portion (a)(2) and (a)(3) subprograms (Quarterly Reporting Form), as applicable; and 3) the annual report.

Condition: The University is not in compliance with quarterly and annual reporting requirements for HEERF Institutional and Student Grants.

Questioned costs: N/A

Context: We tested two of the four required quarterly student reports, two of the four required quarterly institutional reports, and the one required annual report. During our testing of this sample for the HEERF reporting requirements at Southern Oregon University, we noted:

- 1) Non-Compliant Student Quarterly Reporting
 - a. Neither of the two quarterly student reports tested had an acknowledgement that the University signed and returned to the Department of Education the Certification and Agreement and the assurance that the University has used the applicable amount of funds designated under the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA) to provide Emergency Financial Aid Grants to Students. Both of these were required elements of the student quarterly reporting.

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022**

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

2022 – 002 (Continued)

Context (continued):

- b. On both reports tested, the University reported total amount of emergency financial aid grants distributed, the estimated total number of students at the institution that are eligible to receive emergency financial aid grants, and the total number of students who have received an emergency financial aid grant cumulatively, not on a quarterly basis. Additionally, the reports were cumulative as of days mid-month.
- 2) Non-Compliant Institutional Quarterly Reporting.
- a. The Original report published for the third quarter of 2021 was not retained on the website. The revised report was published in January 2022. Ultimately the reports were not posted timely within the 10-day requirement.
 - b. The first quarter of 2022 report was also published one day after the deadline on 4/11/2022.
- 3) Non-Compliant Annual Reporting
- a. Institutional amounts spent in accordance with section 2003(5) of the American Rescue Plan Act of 2021 were not correctly reported on the 2021 annual report. Specifically, no amounts were reported for earmarking requirements in accordance with the ARP Institutional Appropriation expended in 2021.

Cause: Staff turnover and misunderstanding of reporting guidance caused the reporting noncompliance.

Effect: The University was not in compliance with HEERF reporting requirements.

Repeat finding: Yes 2021-003

Recommendation: We recommend that the University continue to review their reporting policies and procedures to ensure accurate and timely reporting.

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

U.S. Department of Education

Southern Oregon University respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2022.

Audit period: July 1, 2020 – June 30, 2021

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

No Findings

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2021 – 001

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). Our testing resulted in the following items of noncompliance.

1. 20 individual students' enrollments were not certified at least once every 60 days. 34 CFR 685.309(b)(1) and 34 CFR 690.83(b)(2).
2. Eight 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).

Status: Resolved.

2021 – 002

Condition: We sampled 40 students that were withdrawn, dropped, on a leave of absence, never began attendance or terminated during the audit period to ascertain if returns of Title IV funds were properly calculated and timely processed.

Our testing identified 13 instances where the return of Title IV calculation was incorrectly calculated. Eight of the 13 instances were disbursed funding subsequent to their withdrawal causing an inadvertent overpayment. The institution incorrectly included aid as disbursed in the R2T4 calculation instead of including the Aid in the "could have been disbursed" column. (DCL GEN-04-03 Revised, November 2004). The remaining five instances of noncompliance were due to either using the wrong last day of attendances and/or an incorrect amount of aid disbursed or could have been disbursed within the calculation.

Status: Resolved.

2021 – 003

Condition: The University is not in compliance with quarterly and annual reporting requirements for HEERF Institutional and Student Grants.

Status: See Current year finding 2022-002.

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



**CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

U.S. Department of Education

Southern Oregon University respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: July 1, 2021 – June 30, 2022

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

2022-001 Significant deficiency in internal control over financial reporting

Recommendation: CLA recommends that the calculation of the yearly composite rate be reviewed by a member of management that understands the calculation. Additionally, CLA recommends that all holding and related accounts be reviewed, at least annually, to ensure amounts accumulating in the accounts are properly handled prior to year-end financial reporting.

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

Action taken in response to finding: SOU Controller's office identified the composite calculation error prior to June 2022. The Controller's office initiated the necessary accounting adjustments for fiscal year 2022 and also informed the auditors. SOU's Management agrees with this finding and has since added internal control procedures and review processes to ensure that in addition to HR review, the Composite Rate calculation is also reviewed by the Controller's office and the Budget Director at the beginning of each fiscal year.

Name of the contact person responsible for corrective action: Agnes Maina, Director of Business Services & Controller

Completion date for corrective action plan: June 30, 2022

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Department of Education

2022-002 Higher Education Emergency Relief Funding - Reporting

Recommendation: We recommend that the University continue to review their reporting policies and procedures to ensure accurate and timely reporting.

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

Action planned in response to finding: SOU has updated our processing timeline and our policies to reflect the need for reporting in accordance with Department of Education regulations.

Name of the contact person responsible for corrective action: Agnes Maina, Director of Business Services & Controller

Planned completion date for corrective action plan: June 30, 2023.

If the Department of Education has questions regarding this plan, please call Agnes Maina, Director of Business Services & Controller at (541) 552-6594.



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