

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARD PROGRAMS IN  
ACCORDANCE WITH OMB CIRCULAR A-133 YEAR ENDED JUNE 30, 2010**

**A Recommendation**

1. **Division and Department:** Finance and Administration, Controller's Office
2. **Introduction:** The Schedule of Expenditures of Federal Award Programs in Accordance with OMB Circular A-133 Year Ended June 30, 2010 (Schedule) for Oakland University (University) has been completed (Attachment A).

The audit opinion of Andrews Hooper and Pavlik P.L.C. (AH&P) states "We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above." And, they noted "The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*." The auditor also concluded that "In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010." And, "Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole."

3. **Previous Board Action:** The public accounting firm of AH&P was appointed by the Board of Trustees (Board) on March 7, 2007, and reappointed on January 9, 2008, October 30, 2008, and April 10, 2010 to conduct annual audits of the University's financial accounting records.
4. **Budget Implications:** The annual financial audits are budgeted for in the General Fund. No budget variances have occurred or are expected.
5. **Educational Implications:** None.
6. **Personnel Implications:** None.
7. **University Reviews/Approvals:** The Schedule was prepared by the Controller's Office and reviewed by the Vice President for Finance and Administration, President, and the Board's Finance, Audit and Investment Committee at their September 24, 2010 meeting, and audited by AH&P.

8. **Recommendation:**  
RESOLVED, that the Board of Trustees accept the Schedule of Expenditures of Federal Award Programs in Accordance with OMB Circular A-133 Year Ended June 30, 2010, which was audited by the public accounting firm of Andrews Hooper & Pavlik P.L.C.

Schedule of Expenditures of Federal Award Programs in  
Accordance with OMB Circular A-133 Year Ended June 30, 2010  
Oakland University  
Board of Trustees Formal Session  
September 28, 2010  
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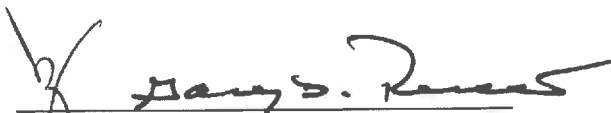
9. Attachments:

A. Schedule of Expenditures of Federal Award Programs in  
Accordance with OMB Circular A-133 Year Ended June 30, 2010

Submitted to the President  
on 9/24, 2010 by

  
\_\_\_\_\_  
John W. Beaghan  
Vice President for Finance and Administration and  
Treasurer to the Board of Trustees

Recommended on 9/24, 2010  
to the Board for approval by

  
\_\_\_\_\_  
Gary D. Russi  
President

Oakland University  
Schedule of Expenditures  
of Federal Award Programs  
in Accordance with OMB Circular A-133

*Year ended June 30, 2010*

Oakland University

Schedule of Expenditures  
of Federal Award Programs  
in Accordance with OMB Circular A-133

Year Ended June 30, 2010

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**ANDREWS HOOPER & PAVLIK P.L.C.**  
Certified Public Accountants

**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***

Board of Trustees  
Oakland University  
Rochester, Michigan

We have audited the financial statements of Oakland University (University) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 2, 2010. We conducted our audit in accordance with 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Trustees, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Andrews Hooper Paulik PLC*

September 2, 2010



**ANDREWS HOOPER & PAVLIK P.L.C.**  
Certified Public Accountants

**Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Trustees  
Oakland University  
Rochester, Michigan

**Compliance**

We have audited the compliance of Oakland University (University) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The University's major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, the University complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

We did not audit the University's compliance with the requirements governing billing, recordkeeping, payment processing, reporting and due diligence functions for the University's Federal Perkins Loan Program. Those requirements govern functions performed by University Accounting Service, Inc. University Accounting Service, Inc.'s compliance with the requirements governing the functions it performs for the University was audited by other auditors, whose report was furnished to us. Based on our review of the other auditors' report, we have determined that all of the compliance requirements that are applicable to the University's Federal Perkins Loan Program are addressed either in our report or the report of the other auditor. Based on our review of the other auditors' report, we have determined that it does not contain any findings of noncompliance pertaining to the services that University Accounting Service, Inc. performs for the University.

**Internal Control Over Compliance**

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the University's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

The internal control policies and procedures relating to billing, recordkeeping, payment processing, reporting and due diligence functions for the University's Federal Perkins Loan Program are performed at University Accounting Service, Inc. For these control categories, other auditors obtained an understanding of the design of relevant policies and procedures, determined whether they have been placed in operation and assessed control risk. The other auditor's report has been furnished to us; however, the scope of our work did not extend to these internal control policies and procedures established and maintained at University Accounting Service, Inc.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

**Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the University as of and for the year ended June 30, 2010, and have issued our report thereon dated September 2, 2010. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Andrew Hooper Paulik PLC*

September 2, 2010



Oakland University  
Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

| Federal Grant/Pass Through Grant Program Title                                       | Federal Catalog or<br>Grant Number |     | Federal<br>Expenditures |
|--|------------------------------------|-----|-------------------------|
| <b>RESEARCH AND DEVELOPMENT</b>  |                                    |     |                         |
| U.S. Department of Health and Human Services:  |                                    |     |                         |
| National Institutes of Health:   |                                    |     |                         |
| Basic Research Support Grants (16)   | 93.RD                              | (1) | \$ 2,459,891            |
| American Recovery and Reinvestment Act (11)  | 93.701                             | (1) | 872,205                 |
| Health Resources & Services Administration   | 93.887                             | (1) | 298,180                 |
| U.S. Army:   |                                    |     |                         |
| Basic Research Support Grants (7)  | 12.RD                              | (1) | 909,985                 |
| Passed through the Battelle  | 12.RD                              | (1) | 2,907                   |
| Passed through Foster-Miller   | 12.RD                              | (1) | 69,410                  |
| Passed through the University of Michigan (2)  | 12.RD                              | (1) | 136,467                 |
| Passed through Saint Gorbain Ceramics  | 12.RD                              | (1) | 17,797                  |
| Passed through Science Application International Corporation                         | 12.RD                              | (1) | 49,242                  |
| National Science Foundation:   |                                    |     |                         |
| Basic Research Support Grants (22)   | 47.RD                              | (1) | 1,355,367               |
| American Recovery and Reinvestment Act (4)   | 47.082                             | (1) | 260,405                 |
| Passed through the University of Illinois at Chicago                                 | 47.041                             | (1) | 55,699                  |
| U.S. Air Force:  |                                    |     |                         |
| Passed through the University of Dayton  | FA8650-04-2-4201                   | (1) | 12,660                  |
| U.S. Department of Agriculture:  |                                    |     |                         |
| Passed through Michigan State University   | 10.001                             | (1) | 18,941                  |
| U.S. Navy:   |                                    |     |                         |
| Basic Research Support Grants (3)  | 12.300                             | (1) | 148,655                 |
| Passed through the University of Mississippi   | 12..300                            | (1) | 124                     |
| U.S. Department of Defense:  |                                    |     |                         |
| Passed through Virginia Polytechnic Institute and State University                   | 12.910                             | (1) | 126,874                 |
| U.S. Department of Education:  |                                    |     |                         |
| Passed through Michigan State University   | 84.337                             | (1) | 106                     |
| U.S. Department of Energy:   |                                    |     |                         |
| Passed through Battelle (2)  | 81.RD                              | (1) | 61,861                  |
| Passed through US Automotive Material Partnership (5)                                | 81.087                             | (1) | 42,049                  |
| National Writing Project Corporation   | 84.928A                            | (1) | 35,512                  |
| National Aeronautics & Space Administration:   |                                    |     |                         |
| Passed through the Michigan Space Grant Consortium and the<br>University of Michigan | 43.A34618                          | (1) | 8,242                   |
| Total Research and Development   |                                    |     | <u>6,942,579</u>        |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Oakland University  
Schedule of Expenditures of Federal Awards (continued)

Year ended June 30, 2010

| Federal Grant/Pass Through Grant Program Title              | Federal Catalog or<br>Grant Number |      | Federal<br>Expenditures |
|---|------------------------------------|------|-------------------------|
| U.S. DEPARTMENT OF EDUCATION                                |                                    |      |                         |
| Student Financial Assistance:                               |                                    |      |                         |
| Federal Supplemental Educational Opportunity Grants         | 84.007                             | *(1) | 518,766                 |
| Federal Work-Study Program (Note 7)                         | 84.033                             | *(1) | 431,058                 |
| Federal Perkins Loan Program (Note 5)                       | 84.038                             | *(1) | 168,145                 |
| Federal Pell Grant Program (Note 6)                         | 84.063                             | *(1) | 14,880,675              |
| William D. Ford Federal Direct Loan Program (Note 4)        | 84.268                             | *(1) | 91,480,848              |
| Academic Competitiveness Grant (ACG)                        | 84.375                             | *(1) | 332,441                 |
| National SMART Grant  | 84.376                             | *(1) | 494,192                 |
| Total Student Financial Assistance                          |                                    |      | 108,306,125             |
| TRIO Program:   |                                    |      |                         |
| Upward Bound  | 84.047A                            | *(1) | 640,983                 |
| Gear Up   |                                    |      |                         |
| Gear Up Passed through the State of Michigan                | 84.334S                            | *(1) | 52,094                  |
|   |                                    |      | 693,077                 |
| U.S. Department of Education:                               |                                    |      |                         |
| Fund For Improvement of Postsecondary Educations            | 84.116                             |      | 78,785                  |
| CCAMPIS   | 84.335                             |      | 54,121                  |
| Emergency Management for Higher Education                   | 84.184T                            |      | 193,756                 |
| Passed through the Michigan Department of Education:        |                                    |      |                         |
| Passed through Macomb Intermediate School District          | 84.366B                            |      | 21,554                  |
| Improve Literacy Teaching and Learning in Urban Schools     | 84.367                             |      | 242,374                 |
| U.S. Department of Education – ARRA                         |                                    |      |                         |
| Passed through the State of Michigan                        |                                    |      |                         |
| State Fiscal Stabilization Fund                             | 84.394A                            | *    | 1,485,477               |
| U.S. Department of Energy – ARRA                            |                                    |      |                         |
|   | 81.087                             | *    | 362,248                 |
| Bureau of Health Resource & Services Administration:        |                                    |      |                         |
| Basic Instruction Grant, nurse anesthetist training         | 93.124                             |      | 33,327                  |
| Basic Instruction Grant, advanced nurse training            | 93.358                             |      | 62,311                  |
| Small Business Administration                               |                                    |      |                         |
| Passed through Macomb County                                | 59.006                             |      | 124,819                 |
| U.S. Department of Labor                                    |                                    |      |                         |
| WIA Adult Program - Passed through the City of Detroit      | 17.258                             | (1)  | 348,030                 |
| WIA Dislocated Workers – Passed through the City of Detroit | 17.260                             | (1)  | 115,816                 |
| Total Expenditures of Federal Awards                        |                                    |      | \$ 119,064,399          |

\* Denotes a major program.

(1) Denotes a cluster.

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

Oakland University  
Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

**Note 1: Summary of Significant Accounting Policies**

The accompanying schedule of expenditures of federal awards includes all federal grant transactions of the University recorded on the accrual basis of accounting for the fiscal year ending June 30, 2010. Grant revenues are recorded for financial reporting purposes when the University has expended the funds in accordance with the grant agreement. The University reporting entity is defined in Note 1 to the University's financial statement. All federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

**Note 2: Major Programs and Clusters**

As defined in OMB Circular A-133, Student Financial Assistance programs, Trio, and Research and Development programs are considered to be clusters of programs and, accordingly, have been classified as one program for testing purposes. Trio and Student Financial Assistance have been defined as major programs. In determining major programs, the entire Student Financial Assistance cluster was removed due to the large loan and loan guarantee funds within the cluster.

**Note 3: Administrative Costs**

The following administrative cost allowances were received by the University:

|  |          |
|--|----------|
| Federal Perkins Loan Program                               | \$ 8,407 |
| Federal Work-Study Program                                 | 26,737   |
| Federal Supplemental Educational Opportunity Grant Program | 34,584   |
| Federal Pell Grant Program                                 | 19,700   |

The University has approved predetermined direct cost rates that are effective for the year ended June 30, 2010. The base rate for on-campus is 48% of Modified Total Direct Cost.

**Note 4: William D. Ford Federal Direct Loan Program**

During the 2009/2010 award year, the University participated in the U.S. Department of Education Federal Direct Loan Program. Under this program, Direct Subsidized Loans, Direct Unsubsidized Loans and Direct PLUS Loans are made from the Department of Education to the students. The University is responsible for completing portions of the loan applications, verifying student eligibility and handling the disbursement of the proceeds to these students. For the year ended June 30, 2010, Direct Student Loans totaled 84,439,790 (\$34,433,728 subsidized and \$50,006,062 unsubsidized), Direct Parent Loans for Undergraduate Students (PLUS) totaled \$5,710,608 and Direct PLUS Graduate Loans totaled \$1,330,450.

Oakland University  
Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

**Note 5: Federal Perkins Loan Program**

The University utilizes the services of University Accounting Services, Inc. (UAS) to administer the repayment of Perkins Loans and perform certain due diligence procedures. The UAS Compliance Attestation Examination of Title IV Student Financial Assistance Programs report for the fiscal year ended June 30, 2010 was received and reviewed. No significant items of noncompliance or control weaknesses were noted. During the 2009/2010 fiscal year, Perkins Loans were issued which included no current year federal contribution. There was \$2,091,480 of Federal Perkins Loans (CFDA Number 84.038) outstanding as of June 30, 2010.

Total program disbursements under the Federal Perkins Loans program for the year ended June 30, 2010 were as follows:

|                       |            |
|-----------------------|------------|
| Student loans awarded | \$ 168,145 |
|-----------------------|------------|

The amount shown as Federal Perkins Loan Program loans and loan guarantees represents the amounts loaned by the University during the year less the current year Federal contribution, if any.

**Note 6: Federal Pell Grant Program**

The Federal Pell Grant Program authorization is based on the most recent ED255-6; Federal Pell Grant Program Statement of Account dated June 17, 2010. Expenditures are the actual amounts incurred through June 30, 2010. The University will process amendments at year end to finalize the 2009-2010 award year.

**Note 7: Federal Work-Study Program**

During the year, the University transferred \$30,000 from the Federal Work-Study Program to the Job Location and Development Program as well as \$143,686 to the Supplemental Educational Opportunity Grant. These amounts were fully expended. The \$30,000 of expenditure is being reported as part of the Federal Work-Study Program. The \$143,686 of expenditure is being reported as part of the Federal Supplemental Educational Opportunity Grant on the schedule of expenditures of federal awards.

Oakland University  
Schedule of Findings and Questioned Costs

Year ended June 30, 2010

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

**Financial Statements**

|  |                    |                              |
|--|--------------------|------------------------------|
| Type of auditors’ report issued:   | <u>Unqualified</u> |                              |
| Internal control over financial reporting:   |                    |                              |
| Material weakness(es) identified?  | _____ Yes          | _____ <u>X</u> No            |
| Significant deficiencies identified that are not considered to be material weakness(es)? | _____ Yes          | _____ <u>X</u> None Reported |
| Noncompliance material to financial statements noted?                                    | _____ Yes          | _____ <u>X</u> No            |

**Federal Awards**

|   |                    |                              |
|---|--------------------|------------------------------|
| Internal control over major program:  |                    |                              |
| Material weakness(es) identified?   | _____ Yes          | _____ <u>X</u> No            |
| Significant deficiencies identified that are not considered to be material weakness(es)?                          | _____ Yes          | _____ <u>X</u> None Reported |
| Type of auditors’ report issued on compliance for major program:  | <u>Unqualified</u> |                              |
| Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? | _____ Yes          | _____ <u>X</u> No            |

Identification of major programs:

| <u>Federal Grantor/Program Name</u>            | <u>Federal Catalog or Grantor Number</u>               |
|--|--|
| <b>Trio Cluster – Upward Bound and Gear Up</b> |  |
| U.S. Department of Education                   | 84.047A; 84.334S                                       |
| <b>State Fiscal Stabilization Fund - ARRA</b>  |  |
| U.S. Department of Education                   | 84.394A  |
| <b>U.S. Department of Education - ARRA</b>     | 81.087   |
| <b>Student Financial Assistance Cluster</b>    |  |
| U.S. Department of Education                   | 84.007; 84.033; 84.038; 84.063; 84.268; 84.375; 84.376 |

|  |                    |          |
|--|--------------------|----------|
| Dollar threshold used to distinguish between Type A and Type B programs: | <u>\$322,748</u>   |          |
| Auditee qualified as low-risk auditee?                                   | _____ <u>X</u> Yes | _____ No |

Oakland University  
Schedule of Findings and Questioned Costs (continued)

Year ended June 30, 2010

**Section II – Findings Relating to the Financial Statements Reported in Accordance with  
*Government Auditing Standards***

None.

**Section III – Findings and Questioned Costs Relating to Federal Awards**

None.