



**REGULAR MEETING OF THE WOU BOARD OF TRUSTEES
MEETING NO. 31 – FEBRUARY 19, 2020
12:00 PM – 6:00 PM**

WERNER UNIVERSITY CENTER, COLUMBIA ROOM

AGENDA

wou.edu/livestream

[TypeWell Access](#)

- I. CALL-TO-MEETING/ROLL CALL**
- II. CHAIR’S WELCOME**
- III. LUNCH/SHOWCASE:** [Intercollegiate Athletics](#)
- IV. CONSENT AGENDA** ([Appendix A](#))
 - 1) [November 20, 2019 meeting minutes](#)
 - 2) [FY20 December 31, 2019 Management Report](#)
 - 3) Proposal for new undergraduate degree program:
 - a) [Undergraduate Minor in Sustainability](#)
 - 4) [Washington Federal Line of Credit](#)
- V. PUBLIC COMMENT**
- VI. SHARED GOVERNANCE REPORTS**
 - 1) [Faculty Senate](#)
 - 2) [Staff Senate](#)
 - 3) ASWOU
- VII. PRESIDENT’S REPORT** ([Cabinet Full Reports in Appendix B](#))
- VIII. BREAK**
- IX. FINANCE & ADMINISTRATION COMMITTEE (FAC)**
 - 1) Committee Chair Report
 - 2) Committee Recommendations for Board Action/Discussion



- a) 2019 Annual External Audit Reports
 - i. [FY2019 Financial Statements Audit](#)
 - ii. [FY2019 Single Audit](#)
- b) [University Financial Update](#)

X. FEBRUARY DISCUSSION THEME: [Affordability & Access](#)

XI. EXECUTIVE GOVERNANCE & TRUSTEESHIP COMMITTEE (EGTC)

- 1) Committee Chair Report
- 2) Committee Recommendations for Board Action/Discussion
 - a) [Internal Audit Charter](#)
 - b) [Procurement Card Audit Report](#)

XII. BREAK

XIII. ACADEMIC & STUDENT AFFAIRS COMMITTEE (ASAC)

- 1) Committee Chair Report
- 2) Committee Recommendations for Board Action/Discussion

XIV. FINAL ANNOUNCEMENTS

XV. ADJOURNMENT

WOU Athletics

Mission: To Provide each student athlete with championship experience through a commitment to academic achievement, athletic excellence, University pride, personal growth and community engagement.



Board of Trustees
2/19/2020

Curtis Campbell



NCAA DII Athletics

DII Student-athletes are able to play sports, be integrated in campus life, do well in the classroom and graduate with distinction.



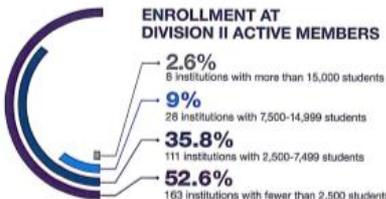
MAKE IT YOURS

Life in the Balance

Division II supports the educational mission of college athletics by fostering a balanced and inclusive approach in which student-athletes learn and develop through their desired academic pursuits, in civic engagement with their communities and in athletics competition. Division II gives student-athletes the unique opportunity to compete in the classroom, on the field, in their career, for their causes, and on their terms.



23 conferences | 310 active members | 4 schools in membership process ▶ 2 schools in year two
2 schools in year one



AVERAGE NUMBER OF STUDENT-ATHLETES

SCHOOLS WITH FOOTBALL	SCHOOLS WITHOUT FOOTBALL
467 288 men 179 women	307 159 men 148 women

COMPOSITION OF ENROLLMENT



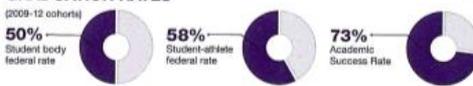
MEDIAN TOTAL EXPENSES

By quartile (in millions)

1ST QUARTILE OF SCHOOLS (with football)	2ND QUARTILE OF SCHOOLS (with football)	3RD QUARTILE OF SCHOOLS (without football)	4TH QUARTILE OF SCHOOLS (without football)
\$10.9	\$9	\$6.5	\$5
\$7.9	\$6.6	\$4.1	\$3.3

Overall median expenses \$6.6 million

GRADUATION RATES



CONFERENCES



CHAMPIONSHIPS



WOU Student Athletes

325 Student-Athletes- 120 women & 205 men

134 (41%) of SA population is non-white (Black, Hispanic, Native Hawaiian, Asian, Two or more)

13 States represented (OR, WA, CA, AZ, HI, AK, CO, ID, NV, GA, OH, NC, TX & Australia)

3.2 Fall term GPA- Women 3.45 - Men 2.95

103 earned Honor Roll status

75 % Academic Success Grad Rate



Athletics on Campus

Home competitions-90+ games/meets yearly

SAAC Initiatives

Homecoming week

Family Weekend activities

Alumni functions

Preview Day & SOAR

Holiday Tree Lighting

Abby's House partnership

Canned Food & Toy Drive

Academic leadership



Student Employment & Game Attendance

Employ 100+ student workers for 90 home events each year

7 Graduate Assistant Staff members

Internship Opportunities in Athletics

Student Attendance:

Fiscal Year 18	
<u>Sport</u>	<u>Total Students</u>
Football	993
WBB	484
MBB	1242



Community Engagement & Recruitment

Host camps/clinics- 1000+ campers

Host youth XC meets 2000+ runners

Host CEVA tournaments 1000+

Volunteer at MES, IES, ACES

Adopt a Highway program

1200+ community service hours per year

Independence Day Parade with Drum Line

Making Spirits Bright Rain Deer Run



2018 SUMMER
SPEED & AGILITY CAMP

Athletics at the State Capitol

Participate in TRU Day

Interact with government officials

Testify for Oregon Sports Lottery

Met with Governor Kate Brown



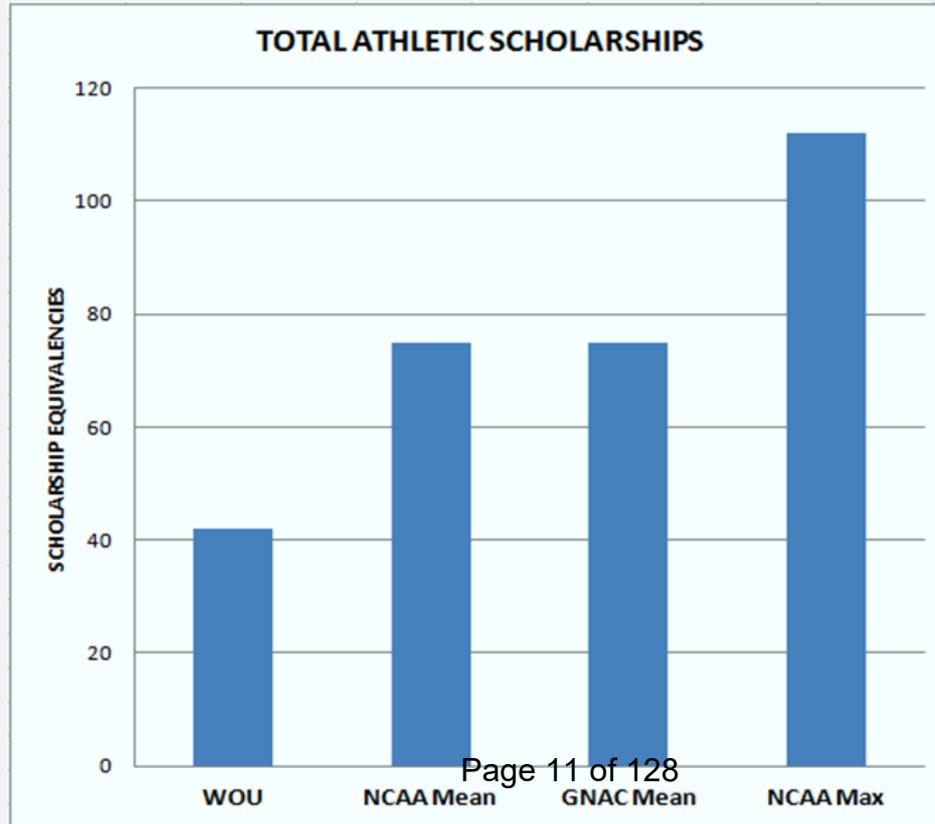
Athletic Scholarships

75% of student-athletes receive athletic aid

Most common annual award-\$1500-\$3000 per year



Scholarship Comparisons



Conference Map

Great Northwest Athletic Conference



7 Reasons Student-Athletes Make the Best Employees

1. They persevere.
2. They excel at time management.
3. They learn from failures.
4. They are accountable.
5. They put the team first.
6. They are students of the game.
7. They can handle criticism.



By [Christina DesMarais](#) Contributor, [Inc.com](#) @salubriousdish



Thank You!



WOU Faculty Senate (wou.edu/facultysenate) Report February 19, 2020

1. Curriculum

- Approved 44 undergraduate courses and 2 graduate courses with minor changes and/or added to the new General Education curriculum
- Added 5 new Graduate courses, 16 new undergraduate courses
- Dropped (catalog clean-up) 9 graduate, 12 undergraduate courses

2. Programs

- New Minor in Sustainability approved
- New BS degree Economics & Mathematics approved
- New Certificate in Gerontology: Aging/Older Adulthood approved
- Approved 16 program minor modifications (descriptions, course numbers, title)
- Clarified catalog language – double degrees do not require a minor

3. Committees

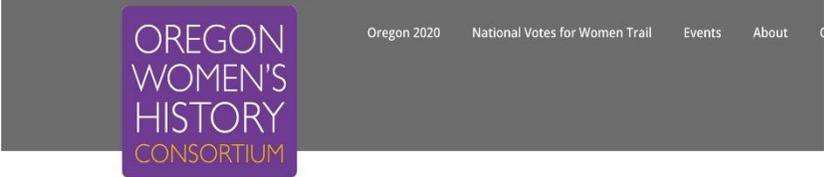
- Currently assisting with filling faculty seats on the University Cultural Competency Advisory Committee (UCCAC), as required by HB 2864
- Currently working with President's Office for At-large Faculty representative vacancy on the Board of Trustees
- Filled positions:
 - University Budget Advisory Committee, new membership: Stewart Baker
 - WOU Foundation Board, At-large Faculty Representative continuing: Patty Flatt
 - Interinstitutional Faculty Senate new Senator: Emily Plec
- Endorsed a memo from CLAS leadership to route service requests through Division Chairs and Department Heads; increases transparency
- General Education Taskforce on Applied Baccalaureates - alignment to General Education for the AB Core, new courses, plus updated degree name

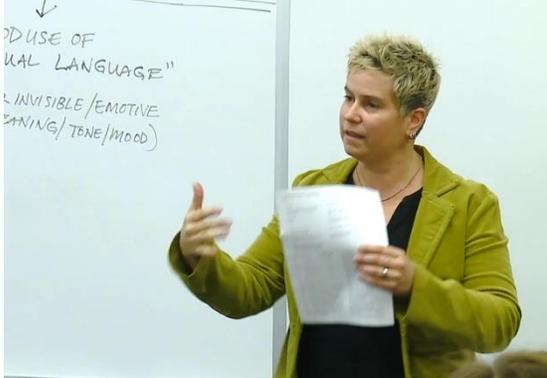
4. University

- Reviewed Integrative Learning ULO PLC findings from AY 2018 – 2019
- Better defined the functions of the Strategic Scorecard to inventory how our campus is meeting our Strategic Plan
- Disseminated preliminary results of the WOU Campus Climate Survey and Best Colleges to Work for Survey
- Facilitated faculty interest in piloting iPads on campus
- Disseminated information on the Regional Resources Center on Deafness
- Disseminated information on the new Today at WOU website
- Worked with General Education and Academic Advising to spread informational updates and support faculty in advising

5. Beyond Curriculum

WOU Faculty Involvement Off-Campus	Who
Counseling, Rehabilitation, Mental Health, Accessibility:	
<p>Community services access: Coordinator for free counseling services at Polk Community Free Clinic in Dallas, Oregon. 52% of those served at the clinic are Latinx and many are undocumented. This is our third year of partnership with this volunteer run clinic that has a positive impact on our community.</p> <p>Member of the State Rehabilitation Council which provides partnership and oversight to Oregon Vocational Rehabilitation, to support the success of individuals with disabilities obtaining and maintaining employment.</p>	<p>Kim Poage, MS, CRC Rehabilitation and Mental Health Counseling Division of Deaf Studies and Professional Studies</p>
<p>DeafBlind work: Began Seabeck service learning and then began DeafBlind Culture, Communication, and Guiding, prepping students to go work with DeafBlind adults for a week in the summer.</p> <p>Trains interpreters nationwide on how to interpret and use the language of DeafBlind folks, resulting in growing the DeafBlind community in Monmouth.</p>	<p>CM Hall, Co-Project Director for DeafBlind Interpreting</p>
<p>Student support: Faculty spend many hours talking with students who have shared that they are suicidal or have been having suicidal thoughts. Faculty do a lot of prevention, triage, in addition to our “regular” work (committees, grading, curriculum).</p>	<p>Emily Plec, Communication Studies; other WOU faculty</p>
<p>Support for Aging Adults: serves on the Board for the Grace Center Adult Day Services, organizes Aging Summit community education events, co-organizes OSU Gerontology Conference, and presents to the community regularly about aging issues.</p> <p>Serves on the Board for the Monmouth Senior Center and on the Board of the Oregon Gerontological Association, has worked with older adults in the community to help shape WOU's vision of becoming an Age-Friendly University, presents to the community regularly.</p>  	<p>Margaret Manoogian, Professor, Department Head Gerontology/Behavioral Sciences</p> <p>Melissa Cannon, Assistant Professor, Gerontology/Behavioral Sciences</p>

Service on Boards, Committees, National Groups, and as Reviewers:	
<p>Resources for Oregon Women's History: Board member of the Oregon Women's History Consortium, connects students to the community by interviewing female Oregon leaders, creating online resources about Oregon women and voting connected to the centenary of the ratification of the Nineteenth Amendment. Present to groups such as the League of Women Voters, the American Association of University Women, at public libraries and other organizations.</p> <p>http://www.oregonwomenshistory.org/oregon-2020/</p> 	<p>Kimberly Jensen, Department of History, Social Science Division</p>
<p>Invited Reviewer: invited peer reviewer for 1 to 3 journal articles per year for publications.</p>	<p>Rob Troyer, English Studies Department, Division of Humanities</p>
<p>Falls City Committee: I serve on the Budget Committee for the City of Falls City.</p>	<p>Nick Backus, Communication Studies, Humanities</p>
Community Outreach:	
<p>Promote Outdoor Recreation: Worked with Outdoor Editor of the Statesman Journal, to produce a podcast, video and feature story on winter recreation at Detroit Lake. Deputy editor of The Flyfishing & Tying Journal, a 50-year-old, nationally distributed magazine.</p>	<p>Henry Hughes: Humanities/ English Studies.</p>
<p>Community Geoscience Outreach: Offered several community outreach presentations to the general public on Newberry Volcano in central Oregon to regional geoscience.</p>	<p>Jeff Templeton, Earth and Physical Science, Natural Sciences and Mathematics</p>
<p>Enhancing Creativity: Offered workshops on creativity, creative strengths, weaknesses, how to enhance creative behavior, and how team climate variables affect creative behavior. Developed a new and validated Creative Behavior Survey (CBS) to be used with folks in workshops.</p>	<p>David Foster, Professor, Psychological Sciences; Director, Creativity Research Lab; Organizational Leadership Master's program; Center for Leadership and Creativity</p>
<p>The Rural-Urban Divide: Spoke to Salem City Club on "It's Complicated: The Politics of Oregon's Rural - Urban Divide." Will present to Corvallis Academic of Lifelong Learning a short course: "Oregon's Rural-Urban Divide: Sources and Significance".</p>	<p>Mark Henkels, Professor, Public Policy and Administration</p>

<p>Monmouth City Engagement: Chaired the Monmouth Engaged "University Community Connections Committee", a mix of WOU faculty, staff and community members, and we report annually to the Monmouth City Council. We investigate new ways that the City and Western Oregon University can work together and make Monmouth more of a college town.</p>		<p>Jen Bracy, Associate Professor, Art & Design, Art Department</p>
<p>Music around Monmouth and beyond: Serve on editorial board for the Journal of Jazz Education in Research and Practice and secretary of the Music, Gender, and Sexuality Subcommittee of the International Council for Traditional Music. Also work with choirs in many of the public schools throughout the state providing clinics and workshops during the school day and adjudicate festivals.</p>	<p>James Reddan, Music/Creative Arts</p>	

Recognition and Value

WOU Strategic Plan 2017-2023 Forward Together, item 6.3 under section V. Sustainability & Stewardship states “Implement process improvements to improve satisfaction and productivity of faculty and staff.”

- The findings in the “Great Colleges to Work For” survey were similar to the results of an internal Staff Senate survey we sent to classified and unclassified staff in late October 2019.

Staff Senate Goals for 2019-2020

Based on the data from those surveys, we have continued to focus on these goals:

- Internal communication of information
 - Communication remains an issue that affects students.
 - When deadlines, processes or forms change but are not communicated to faculty and staff that work outside the department that initiated the change, they provide students inaccurate information, which can affect their course registration, their financial aid or account balances, and their level of satisfaction with WOU.
 - With support from Faculty Senate, Staff Senate proposes an inward-facing webpage or portal channel that provides important changes to procedures, forms, deadlines, and internal restructuring that affect faculty and staff and, most importantly, their interactions with students.
- Professional development and mandatory training
 - Staff Senate approved and sent an endorsement in support of a learning management system budget proposal from Human Resources to provide annual compliance training, essential training that Staff Senate has recommended, and professional development opportunities. This system will administer, document, track, report, create and deliver training programs.
- Employee evaluations
 - Staff Senate invited Julie McMurry and Heather Mercer to present the status of classified and unclassified staff evaluations from November 18, 2018 - November 18, 2019 along with an overview of the procedures Human Resources uses to notify supervisors when evaluations are due and past due.

- The numbers of completed evaluations for both classified and unclassified staff over a full year were disquietingly low. In twelve full months, only 59% of classified staff received a CBA-required evaluation while a mere 13% of unclassified staff received an evaluation.
- Staff Senate has committed to continue to emphasize the need for annual evaluations for all staff that foster professional growth and job satisfaction as a way of increasing staff retention and morale.

Sub Committees

- Staff Connection Committee has been working to create a quarterly staff newsletter, a weekly fair weather morning walk, building tours, and events, including Wine Down Wednesdays in conjunction with Dining, and off-campus events like bowling.
- Student Support Committee will be increasing fundraising efforts to raise the amount of money for annual Staff scholarships for WOU students.



**Board of Trustees, February 19, 2020
President's Report**

1. Budget Planning for FY2020-21

The budgeting and tuition-setting process for fiscal year 2020-2021 is underway and takes into consideration state funding, enrollment, operational costs and many other factors. This effort is based on the Public University Support Fund (PUSF) funding from this biennium which fell short of maintaining the same service level provided in FY2018-19. Additionally, WOU made the decision to keep our tuition increase at the lowest rate of all universities, at 2.33%.

For next academic year, we are building the budget on a decrease in enrollment of 2.5% and an undergraduate resident tuition increase of less than 5%. Toward this end, the Tuition and Fee Advisory Committee, which includes 10 current students and two faculty members, is expected to make a tuition recommendation in the coming weeks. The University Budget Advisory Committee (UBAC) is considering 36 funding and efficiency proposals and the Incidental Fee Committee (IFC) is discussing a potential restructuring of the fee and is working toward an increase below 5%. All of these actions are consistent with our goal of being the most affordable public university in Oregon.

In the next few months, there will many opportunities for the campus community to share input on the university budget, including townhall-style meetings, college meetings, divisional meetings and ASWOU meetings.

2. Western Oregon University Federation of Teachers (WOUFT)

The University and WOUFT bargaining process began on February 6. The process will be guided by a set of ground rules that were adopted by both parties. The University's 2020 proposals reflect three overarching themes:

- *Clarity/Readability*, so that the Collective Bargaining Agreement (CBA) supports faculty and the University in practical ways as we pursue the University's mission
- *Workplace*, so that that we have fair and transparent tools and processes for supervisors to set clear standards for accountability in faculty performance and conduct
- *Sustainability*, so that we work together to confront the economic pressures facing the University and ensure our long-term viability

The summary for bargaining is located [here](#).

3. Provost and Vice President for Academic Affairs

Registration Nudges Impact and Data for the 2019-20 Academic Year

Registration Nudges Fact Sheet Fall 2019 to Winter 2020

The table below shows the impact of registration nudges sent during Fall term 2019. Lists of unregistered students were sent to their assigned advisor for registration nudges on November 25, 2019 and general advising nudges were sent by the SSA office on December 12, 2019.

Overall by the end of December, the percent of students not registered (excluding students graduating, attending OHSU, or placed on academic suspension) dropped from 19% to 8%, an increase of 445 students registering for Winter term.

Date Enrollment Status Checked	Students Not Registered Winter Term 2020	Applied for Graduation Fall Term	Students Attending OHSU	Students Registered	Total Students Not Registered (excluding graduating and OHSU students)	Percent of Students Not Registered (excluding graduating and OHSU students)	Total Students Enrolled Fall Term 2018
11/25/2019	980	161	59	3248	760	19.0%	4228
	Students Still Not Registered			Additional Students Registered	Total Students Not Registered (excluding graduating and OHSU students)	Percent of Students Not Registered (excluding graduating and OHSU students)	
12/12/19	456	4	n/a	308	452	11.3%	
	Students Still Not Registered		Students Suspended	Additional Students Registered	Total Students Not Registered (excluding graduating, OHSU, and suspended students)	Final Percent of Students Not Registered (excluding graduating, OHSU, and suspended students)	
1/2/2019	316	1	30	137	315	8.0%	

Hispanic Serving Institution (HSI) Summit: Together We Succeed – April 3rd

We are planning to hold an HSI Summit to be held on April 3rd, 2020, which will provide an opportunity for the campus community to learn more about what it means to be a Hispanic Serving Institution. We will also have opportunities to learn more about current services, resources and support for our Latinx students. In addition, we strive to provide a platform for people to share ideas and give feedback so WOU can support all our students, including Latinx students, in an effective and culturally sensitive manner. We will have plenary speakers, a lightning round panel and a moderated panel.

Dean of Graduate Studies and Research Search

In the later part of January, four candidates for the Dean of Graduate Studies and Research visited campus. This search combined two positions: 1. Director of Graduate Studies and 2. Director of The Research Institute. The Dean of Graduate Studies and Research model is common and should serve WOU well. We are grateful for the work the Dr. Linda Stonecipher has done for many years in her role as Director of Graduate Studies and now in her role as Interim Dean of Graduate Studies and Research.

Preschool Promise Renewed

Preschool Promise is a grant for \$133,545.00 that pays for a 3/4 time enrollment for 16 preschool families at the Child Development Center each year. The purpose of the Preschool Promise grant is to reach the "working poor" in our area. The Head Start program serves families that are under 100% of the federal poverty level. The Preschool Promise, which still serves those families that are under 100%, is meant to target families that are between 101-200% of the federal poverty level. We are helping those families that need quality, early childhood education but literally cannot afford it.

Rebuilding Academic Innovation

The process to rebuild Academic Innovation as a unit reporting to the Dean of Library and Academic Innovation began during Summer 2019. This is important work as it builds our capacity to deliver online, hybrid and technology-enhanced courses. Academic Innovation also plays a key role in creating professional development opportunities for faculty. Thus far, the following steps have been taken in our effort to rebuild this department:

- Revised vacant Academic Innovation Instructional Technology Specialist position (Zhang) to create Director of Academic Innovation position. Posted October 2019; Interviews took place in January 2020.
- Revised vacant Library Digital Media and Publishing Specialist position (Carter) to create an Instructional Designer position reporting to the Director

- of Academic Innovation. Posted November 2019; Interviews taking place January/February 2020.
- Moved existing Academic Innovation staff (Moodle/LMS Support) into Library DMC space. Designated vacant office (Carter) for Director of Academic Innovation position.

Underway:

- University Budget Advisory Committee proposal for an additional Instructional Designer
- University Budget Advisory proposal for Canvas Learning Management System

Critical needs to expand online programming:

- Canvas LMS - our self-hosted Moodle environment does not support our current scale and is becoming a major barrier to forward progress.
- General Education Online Pathway Coordinator - we need to ensure students pursuing an online undergraduate degree complete their curriculum in a reasonable amount of time, and that the online courses enabling this meet national quality standards.
- Funding for support services to ensure online student success (disability services, tutoring, tutorials, library materials, etc.)
- Instructional designer skills: online lab development, expertise in pedagogy to support community-building in an online environment
- Proctoring services
- We need to ensure students pursuing an online degree complete their curriculum in a reasonable amount of time, and that the online courses enabling this meet national quality standards."

The needs outlined above will all require up-front investments in order to ensure our future success.

Open Educational Resources (OER)

WOU OER Stipend Program

The OER Stipend Program provides stipends for faculty to adopt (\$1000), adapt (\$2,000), or create (\$4,000) OER materials for their course(s). The primary goal of the program is to significantly reduce course materials and textbook costs for students, yet provide access to high-quality, pedagogically creative, open educational content for teaching, learning, and research.

The WOU OER Stipend Program launched in January with a call for proposals, which are due January 31, 2020. All tenure track and non-tenure track faculty can apply for this competitive stipend, which is administered by the Textbook Affordability Committee and Hamersly Library and Academic Innovation.

Successful applicants are required to take part in professional development activities, meet with the Office of Disability Services, and complete project benchmarks along the way. The majority of the work will take place during the summer of 2020, and the new OER courses will be delivered Fall 2020.

OpenOregon Educational Resources (HECC funded initiative)

Since 2015, WOU faculty have participated in three different OpenOregon Educational Resources programs. The number of participants, funding totals and savings-related numbers are listed below.

Program	Number of Participants	Funding Total	Student Savings	Student Savings/Program Dollar Spent
Open Textbook Network Workshops	37	\$5016	\$27,700 (estimate)	\$5.52
Textbook Sprint	12	\$8500	\$110,000 (estimate)	\$12.94
Statewide Grants	2	\$50,000	\$232,323	\$4.65
Total	51*	\$63,516	\$369,323 (estimate)	\$5.81
*This number may be misleading as some faculty participated in more than one program.				

Spanish classes in the spring

Beginning Spring 2020, we will offer non-credit Spanish classes for staff who identify as beginners. During Fall 2020 and beyond, we intent to offer both beginner and intermediate Spanish classes for staff. We anticipate that these classes will take place during the noon hour so staff can use their lunch hour, if they choose.

4. Vice President and General Counsel

The following are major activities from (a) the Board's Office, (b) the Office of the General Counsel (including legal services and risk management), (c) Human Resources, (d) Institutional Research, and (e) Public Affairs and Strategic Initiatives from November 2019-February 2020.

Office of the President

Board's Office

- Continued work on the 2019-2020 EGTC workplan, including specific work and research for a draft Board Statement on Diversity, Inclusion, Equity and Accessibility.
- Worked with EGTC and President on needs assessment matrix for upcoming board vacancies, including engagement of the University's shared governance groups on the designated positions.
- Attended monthly meetings of the Board Secretaries of all seven public universities.
- Completed charter for the University's HB 2864 (cultural competence) advisory committee.
- Worked with new internal audit function on presentation of procurement card audit and internal audit charter to the EGTC.
- Prepared for HECC/university board of trustees strategic planning session.

Office of the General Counsel (including legal services and risk management)

- Attended Public University Risk Management and Insurance Trust (PURMIT) quarterly meeting to, among other items, start work on insurance renewals for FY2021.
- Convened cross-department work group to finalize procedures for new procurement code.
- Managed outstanding litigation, in concert with PURMIT and Berkley Risk (University's third-party risk administrator), including supervision of Anderson et al v. SEIU et al. and settlement of Lents et al v. Oregon and WOU.
- Continued significant preparation for collective bargaining with Western Oregon University Federation of Teachers (WOUFT), including first session on February 6.
- Participated in joint labor-management committee with WOUFT.
- Attended quarterly all-public university attorney meetings in Portland.
- Attended periodic meetings of all seven public university general counsels.
- Continued negotiations with the University's Foundation on the lease-to-own agreement for Gentle House.
- Significant work on University investigations, grievances, and complaint hearings, including but not limited to work under both the SEIU and WOUFT collective bargaining agreements.
- Significant day-to-day legal advice protected by the attorney-client privilege.
- Identified priority policies and procedures from each Vice President's functional area in order to revise and update.
- Continued work with the President and Intercollegiate Athletics on the possibility of adding men's soccer.

Office of the President

- Convened all units for VPGC retreat to discuss goals and action items on the fiscal year theme of ethical visibility.
- Worked with VPFA and outside counsel to perfect line of credit approved by the Board.

Human Resources

- Continued work on two climate surveys with Sybille Guy and created presentations to communicate relevant results to various stakeholder groups, including University Council and Staff Senate.

Institutional Research

- Completed required IPEDS reports prior to the deadline.
- Updated data for Board dashboards, including the net affordability measure for the February 2020 board meeting.
- Continued work—in conjunction with University Computing Solutions—on the faculty workload project.
- Compiled and submitted required data for accreditation reports.
- Continued to assist Human Resources on the campus climate survey presentations.
- Provided data and ongoing assistance for recruitment and enrollment reports.

Public Affairs and Strategic Initiatives

- Prepared for 2020 legislative session, focusing on WOU and public university priorities of revision to ORS 352.011, securing funding for capital projects, and enhancing working relationship with the Oregon Legislative Assembly, Governor's Office, and DAS/BAM/LFO staff.
- Participated in several HECC groups, including Student Success and Completion Model (SSCM) advisory group and Equity Advisory Group.
- Attended OCOP and Legislative Advisory Council (LAC) planning retreats.
- Met with multiple legislators in preparation for 2020 legislative session.
- Prepared for 2020 University Lobby Day—February 13.

5. Finance and Administration

The Finance & Administration division continues to make efforts in implementing its 2019-23 divisional strategic plan in support of the university strategic plan. All department heads have met and reviewed their progress towards the goals established by the divisional strategic plan and made necessary adjustments given the current budgetary circumstances.

In the last six months, the division made the following significant accomplishments:

Office of the President

- Developed strategic plan for Finance & Administration to move from tactical to strategic operations
- Made significant improvements with respect to transparency, stewardship, and credibility
- Implemented credit card terminals for the Cashier's office
- Implemented internal bank reconciliations and cash flow projections
- Established internal auditor position and hired
- Began in-service public safety training to ensure annual compliance with state and federal requirements
- Implemented zone parking
- Upgraded and installed security cameras throughout campus
- Upgraded parking program software
- Completed on-going training for building managers and emergency preparedness training
- UCS reviewed and implemented CIS20 controls
- Deployed and developed information security training program
- Deployed myWOU (mobile app for students, faculty, and staff)
- Implemented feedback opportunity for facilities services
- Implemented monthly meetings for facilities student workers

For the remaining five months of the year, the division's primary focus is going to be on the following tasks:

- Transitioning to in-house financial statements
- Creating budget for FY21 in collaboration with TFAC, UBAC, IFC, and all other stakeholders
- Continuing progress with the Welcome Center, ITC, and Salem renovation
- Enhancing cybersecurity by implementing best practices, including a hub and spokes security design and helping functional areas to improve their banner utilization
- Continuing to improve parking practices, including implementing pay stations instead of meters
- Finalizing and implementing security plan for Vick building
- Implementing positive pay for accounts payable and student refunds
- Continuing to simplify the tuition structure
- Reviewing the payroll and cash receipts process

6. Student Affairs

Fall 2020 Enrollment Update

Applications and Admitted students are tracking ahead of previous years at this point. Overall, Applications are up 430 compared to last year and a little over 150

from two years ago. Admitted students are also running up a little over 225 from last year and about even from two years ago where we had a larger freshmen class.

As we continue our efforts to become a Hispanic Serving Institution, our Latinx admitted student numbers are 54 students higher than this time last year. An increase year-to-year of 11%. Our Asian/Pacific Islander numbers are also up by 41 from this time last year. An increase of 28%.

Related to this, overall retention rates are up this year by 5% (74%). When you look further at this data, the two groups who are being retained at the highest rate (freshman to sophomore) are Latinx (81.9%) and Asian (82.8%). So all these efforts and results are positively impacting our enrollment.

To complete the cycle of a student, graduation rates of Latinx and Asian students are higher than the average and higher than white students.

Housing currently is tracking significantly ahead. We have 248 students who have applied for housing as compared to 182 at this time last year, an increase of 36%.

Several efforts were conducted leading up to the winter break to generate interest. President Fuller sent an e-mail to students who had been admitted but hadn't filed their FAFSA and offered them a \$750 scholarship with the direction that they might be eligible for additional aid, but we need to have their FAFSA to know. 310 students completed their FAFSA from this e-mail.

Admissions did a similar push with the students in which we had their FAFSA, but they hadn't applied or completed their admission application. We had 244 students open the e-mail and 40 complete an application to date.

The Financial Aid office also went out with early award letters to over 1300 students. This was also an increase of nearly 100 awards from 2019.

Other Events (Numbers):

Saturday Visits: 11/23 (19 students); 12/7 (21 students); 1/25 (43 students)

Application Workshops: 12/6 (13 students); 1/17 (16 students)

Transfer Day, January 24 (33 students)

Winter Preview occurred on February 1. One hundred and thirteen students attended. Ninety-nine students attended in 2019. 13 were transfers students, 53 were high school seniors and 50 were juniors or younger.

Our goal in all of these endeavors is to increase our Fall 2020 enrollment.

Tree Lighting

On December 6, WOU held its annual Tree Lighting event. This event is a great event which also unites the three communities, Independence, Monmouth, and WOU. There is a coloring contest and essay contest for students in the elementary schools. The winner of the essay contest gets to “flip the switch” to light the Giant Sequoia. After the official tree lighting, there are choir performances from the various grade schools, high school and WOU which occur in the Pacific Room. The Werner University Center also is the center of this event where various crafts can be made, cookies tasted, and entertainment enjoyed.

MLK Event

Approximately 250 students, staff, faculty and community members turned out for this year’s Dr. Martin Luther King Jr. Tribute Dinner. As part of the program there were performances by Rainbow Dance Theatre and WOU Chamber Singers.

Family Weekend

Family Weekend was January 24-26, 2020. We had 73 families in attendance. The weekend started with a dessert reception on Friday evening and ended with a brunch send-off on Sunday. Families were able to participate in many activities including Trivia Night, a cornhole tournament, men’s and women’s basketball games, and utilize the Health and Wellness Center.

Search Advocate Training

Approximately 35 members from the Division of Student Affairs participated in a search advocate training conducted by a trainer from Oregon State University. The goal of the training is to have individuals look more critically at each search process to ensure inclusion and equity of candidates. Our intent is to start implementing pieces of this training immediately.

University Diversity and Inclusion Advisory Committee

UDIAC continues to work on the development of a Diversity Strategic Plan. The goal is to have a plan ready for review by the end of this academic year. This group continues to meet every few weeks to work on this plan.

Student Support Services Grants

We just submitted grant applications for two grants. The first is the renewal of our current US Department of Education, Student Support Services grant (known as Student Enrichment Program). The second application was for a new and additional Student Support Services grant to serve education majors. The Student Enrichment Programs serves 250 low-income, first-generation and/or students with disabilities. In addition, the University contributes funds to serve an additional 250 students who meet the same qualifications of SEP. The Teacher Preparation Student Support Services grant will serve 140 low-income, first-generation and/or students with a

disability who are education majors. We should know the outcome of these grant applications by early summer.

Common Application for Leadership Positions

This year the PLUS Team (orientation leaders), Ambassadors (Admission Tour Guides), Resident Assistants, and Peer Mentors all used the same Common Application for these positions. Students could check which positions they were interested in and complete the rest of the application for these positions. 193 students completed the application and each of the areas saw an increase in their applicant pool.

Fees and Rates for FY21

Incidental Fee Committee (IFC)

We are in the process of setting rates and fees for FY21. The incidental fee process is well underway and will likely raise fees by 5% which is the maximum they can raise the fee without further approval. With enrollment being down, this has put pressure on this fee and funds available to meet current service level for the various areas funded by this fee.

Student Health and Counseling

The Student Health and Counseling Center will likely increase 4.3% from \$139 to \$145 per term. This fee has been at \$139 for the past three years. Personnel and benefit costs are largely driving this increase.

University Housing and Dining

University Housing and dining rates will also likely increase about 4% for FY21. These rates also did not increase this past year and are impacted by personnel and benefit increases.

7. Presidential Outreach

- December 6 – Tree Lighting
- December 13 – Monmouth Independence YMCA Annual meeting
- December 16 – Oregon Business Council, Leadership Summit
- January 13 – Salem Chamber—Les Zaitz
- January 22-25 – NCAA Convention
- February 4 – Testimony on SB 1521
- February 6 – Model UN Dinner
- February 8 – Rotary Good Works Fundraiser
- February 12 – HECC/BOT meeting
- February 15 – Athletic /Foundation event

8. Advancement, Alumni and MarCom

Highlights:

- Creation of Today.WOU.edu to provide resource for community to be informed about what is happening at WOU
- Why I Love WOU social media campaign wins CASE award
- Effective year-end fundraising campaign
- Gifts through Jan. 22, 2019:
 - Overall committed: \$2,251,348 (includes pledges, increase of \$648,132)
 - Overall received: \$2,158,991 (increase of \$602,478)

Major print and web projects completed:

- Athletics promotional materials (e.g.: posters, social media, etc.)
- Holiday Card created
- Multiple webpage overhauls
- Support for email design and campaigns
- Monthly WordPress training sessions started
- New web calendar layout launched
- Creation of Creative Cloud Library for icons

Ongoing and future projects:

- Western Edge magazine Spring/Summer issue
- SEO/Accessibility back-log project
- Wolves Auction materials
- Why I Love WOU social media campaign (2nd annual)
- Giving Day, direct mail and other advancement design
- Comprehensive Campaign materials
- Digital presentation for recruitment booths

Marketing & Communication: By the numbers & highlights:

- Increase in number of Instagram followers since Nov.: 176
- 19,607 total followers between Instagram, Facebook and Twitter
- 9 weeks of Spanish radio ads featuring a student voice. Message directed at parents. 15 spots per week for 9 weeks: 45 spots.
- Completed first of three months' worth of YouTube ads targeting students in Houston, Austin, Oregon and Hawaii. Gained 225,000 impressions, 100,000 video views and a 44% view rate (average is 25-35%).
- Five-month run of movie theater ads in Salem movie theater as well as video ad at Dallas theater started.
- Sponsored java jackets at IKE Box and Isaac's to promote WOU:Salem. 10,000 jackets purchased; still being distributed.

- Provided 26 pieces of branded professional clothing to WOU employees to wear at conferences and community events. Created 100 buttons for faculty and staff to wear with calls to action on each one ("Ask me about Oregon's only bachelor's in Gerontology")
- Sponsored, provided WOU swag for, or otherwise supported six academic conference representatives or event participants to create visibility for WOU.
- Handed out 700 glow sticks at Holiday Tree Lighting
- Helped create Admissions communication plan and supported email recruitment initiatives and contract with Ruffalo Noel Levitz
- Created and populated Today at WOU website. Launch in February.
- Supported and contributed to planning for first-ever Latino Conference. MarCom member will be present during Feb. 15 event to hand out WOU gear and work with Wolfie.
- Most popular Facebook post during fall term: A photo of Wolfie throwing fall leaves in the air with the text, "Happy first day of fall term!" 11,804 impressions, reached 8,761 users, 844 likes, 48 shares, 35 comments.
- Most engaging Instagram post during fall term: A photo of a raccoon standing up next to a tree behind the Cottage. 5,309 impressions, 3,090 reach, 591 likes, 8 comments.
- Most engaging Twitter post during fall term: Same raccoon photo as Instagram. 5,433 impressions, 581 engagements.

Gifts of note (\$50,000+):

- James & Shirley Rippey Family Foundation increased giving from \$75,000 to \$125,000 for scholarships for any WOU student.
- Joseph Weston Foundation increased giving from \$31,000 to \$72,000 for scholarships for Willamette Promise students.
- Edith Mulkey's estate established the Edward W & Edith M Mulkey Women's Athletics & Track Program endowment
- Edouard Foundation established an endowment for the LGBTQIA+ Commitment Scholarship

Active projects:

- Active committee working to create the Class of 1970 Scholarship Endowment as a class gift from this year's Golden Wolves
- Giving Day – March 3rd!
- Sales of all of Fred Maurice's art collection to support the Maurice Challenge. Art show being held from Feb. 19 – Mar. 20, celebration event on Mar. 11.

Alumni Relations events to engage alums and friends of the university:

- Alumni relations led events – Senior Kick-off, Tailgates, Alumni Recognition Night at WOU Basketball

- Volunteer led events – Alumni & Friends After Hours (occur monthly in a variety of locations, generating engagement from previously not involved alumni), Men's Basketball Alumni Night
- Participation in events – Family Weekend, Non-Profit & Government Career Fair
- Support of Emeritus Society and helped secure \$5,000 match for scholarship donations on Giving Day
- Added two new members to Alumni board

9. Athletics: NCAA II

Indoor Track and Field (as of January 31)

- Maya Hopwood opens indoor season breaking the school record in the 55-meter, then adds to that by breaking the school record in the 60 (multiple times), including the first time against several Division I competitors at the University of Washington Preview. While her recent time in the 200 currently puts her fifth in the school record books.
- Derek Holdsworth won the 800-meter against several competitors from Division I and one that was a 2018 silver medalist at the World Championships when he took the title at the Dempsey Indoor Meet on the campus of the University of Washington. His time currently ranks third in the WOU school record books, sitting just ahead of all-time great David Ribich.
- Justin Crosswhite posted a NCAA Provisional Mark in the mile at the UW Preview and his time ranks him seventh currently in the WOU record books.
- Grace Knapp not just set a new personal record in the 3k, but she trimmed 13 seconds off her previous time at the UW Preview. Her time ranks second in the all-time WOU record books.
- Jillian Greene holds the sixth-best time in the 600-meter and the ninth-best time in the school books in the mile
- Derek Holdsworth and Maya Hopwood have each been named GNAC Track Athletes of the Week
- Men's 4x400 relay won the title at the Portland Indoor Meet #1, women's 4x400 placed third in same meet

Men's Basketball (as of January 31)

- With 12 wins so far this season, keeps streak of double-digit victories currently at 14 straight seasons. WOU has reached 10 or more wins at least in a season in 19 of their 20 NCAA Division II seasons
- Defeated then No. 6 nationally ranked Dixie State on Dec. 20, highest win over a ranked team since beating No. 7 Cal Poly Pomona back in 2013
- Named GNAC Team of the Week following the win over Dixie State on Dec. 23
- Currently lead the GNAC in fewest turnovers, free throw percentage, points per game, three-point field goal percentage and turnover margin. Rank in the top-25

nationally in fewest turnovers (13th), field goal percentage (22nd), free throw percentage (5th), points per game (24th), three-point field goals per game (15th), and three-point field goal percentage (18th)

- Extended winning streaks over several GNAC opponents with the win over Central Washington, currently on eight-game winning streak, in the 19 meetings with Simon Fraser since 2010, WOU has gone 18-1 against the Clan, eight-game winning streak against Montana State Billings, swept Concordia this season to improve to 9-2 in the series

Women's Basketball (as of January 31)

- Picked up a thrilling home win over Western Washington in double overtime back on Jan. 2. It was just the fifth win for the Wolves over the Vikings in the previous 39 meetings. WOU has now won two of the last three home meetings in the series
- Early in the season picked up West Regional victories against Cal State East Bay and Sonoma State. Cal State East Bay and Sonoma State each have 13 wins currently on the season
- 5 wins this season, going 4-6 at home
- The home win over Montana State Billings on Jan. 11 in Monmouth was just the seventh win for the Wolves in the previous 32 meetings. WOU has won two of the last four meetings in the series
- WOU has stayed close with some of the top teams in the conference, as outside of the top team Alaska Anchorage, when you look at the numbers against the No. 2 team (Northwest Nazarene), No. 3- tie between Western Washington and Simon Fraser, WOU held a lead until late against both Northwest Nazarene (lost by 10) and Simon Fraser (lost by 7), while defeating the Vikings

Academic Excellence: Fall Quarter 2019

Baseball Team GPA: 2.95

M-Basketball Team GPA: 2.69

M-Cross Country GPA: 3.30

Football Team GPA: 2.65

M-Track & Field Team GPA: 3.15

Men's Teams GPA: 2.95

W-Basketball Team GPA: 3.39

W-Cross Country GPA: 3.68

Soccer Team GPA: 3.53

Softball Team GPA: 3.25

W-Track & Field Team GPA: 3.55

Volleyball Team GPA: 3.17

Women's Teams GPA: 3.45

Combined GPA: 3.20

Office of the President

345 North Monmouth Avenue • Monmouth, Oregon 97361 • (503) 838-8888 • Fax: (503) 838-8600 • www.wou.edu/president

Community Engagement: Winter Quarter 2020

- Face painting station at the Tree Lighting Ceremony
- SAAC Sponsored a table and handed out candy on Halloween at the Public Library
- Hosting a canned food drive for the WOU Food Pantry on February 13
- Hosting a cancer night to raise money for cancer research on February 15

Accountability: Winter Quarter 2020

- Completed the NCAA Financial Report due January 15, 2020
- Currently preparing FY21 IFC Budget Request
- Administrative staff received Purchase Card training

Sustainability and Stewardship: Winter Quarter 2019

- Current total giving for FY20 is at \$357,447 (the most athletics has ever raised)
- Received matching gift for weight-room enhancements for \$10,000
- Received \$177,447 from Edward and Edith Mulkey for Women's Track
- Continuing to solicit and secure gifts for the Drive for 325 and Athletic Alumni Challenge

Finance & Administration Committee (FAC), FY 2019 Financial Statements Audit

The [Western Oregon University's 2019 Annual Financial Report](#) was prepared by the University in conjunction with the University Shared Services Enterprise (USSE).

The public accounting firm, Eide Bailly LLP (“Auditor”), has audited the financial report and has issued an unmodified opinion, i.e., in their opinion the financial statements present fairly, in all material respects, the financial position of the University. Eide Bailly also performed testing of the University’s compliance with certain provisions of laws, regulations, contracts and grant agreements. This testing resulted in a report on compliance for each major federal program, a report on internal control over compliance, and a report on expenditures of federal awards, as required by Uniform Guidance.

These reports and detailed findings are provided in the Federal Awards Reports in Accordance with the Uniform Guidance document which communicates certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process.

The Auditor issued their opinion that the University complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of University’s major federal programs.

COMMITTEE RECOMMENDATION:

The WOU Finance and Administration Committee recommends that the Western Oregon University Board of Trustees accept the University’s fiscal year 2019 audit of financial statements.



November 15, 2019

To the Board of Trustees
Western Oregon University
Monmouth, Oregon

We have audited the financial statements of Western Oregon University (the University), and the discretely presented component unit of the University as of and for the year ended June 30, 2019, and have issued our report thereon dated November 15, 2019. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and Government Auditing Standards and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated May 29, 2019, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the University complied with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Western Oregon University solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the University's major federal program compliance, is to express an opinion on the compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing 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 internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the University's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's 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* dated November 15, 2019. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated November 15, 2019.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Western Oregon University is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2019. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

Collectability of receivables and student accounts are based on past history and current market conditions. We reviewed the underlying assumptions and past history to determine that the estimate appears reasonable.

The remaining obligation under the other postemployment benefit (OPEB) plans is based on actuarial estimates provided by Milliman and audited by independent auditors. We evaluated the key factors and assumptions used to develop the OPEB assets/(liabilities) in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability is based on actuarial estimates provided by the Oregon Public Employee Retirement System (OPERS). We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the University's financial statements relate to:

Note 14 – Employee Retirement Plans – This describes the details and assumptions of the Oregon Public Retirement System (OPERS) Plan and the related net pension liability.

Note 15 – Other Postemployment Benefits (OPEB) – This describes the details of the postemployment benefit plans.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. No such misstatements were detected during the course of our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the University's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated November 15, 2019.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the University, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the University's auditors.

Other Matters

The financial statements include the financial statements of Western Oregon University Development Foundation (the Foundation), which we considered to be a significant component of the financial statements of the University. The financial statements of the Foundation were audited by other auditors, and we did not assume responsibility for the audit performed by the other auditors, rather we have referred to their audit in our report. Our decision to refer to the report of the other auditor is based on our evaluation of the materiality of the Foundation with respect to the financial statements as a whole. Our audit procedures with respect to the Foundation included required correspondence with the other auditor, obtaining and reading their auditor's report and the related financial statements, and other procedures as considered necessary.

This report is intended solely for the information and use of the members of the Board of Trustees, State of Oregon, and management of Western Oregon University and is not intended to be and should not be used by anyone other than these specified parties.

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

Boise, Idaho

Finance & Administration Committee (FAC), FY 2019 Single Audit

The Western Oregon University's 2019 Annual Financial Report was prepared by the University in conjunction with the University Shared Services Enterprise (USSE).

The public accounting firm, Eide Bailly LLP ("Auditor"), has audited the financial report and has issued an unmodified opinion, i.e., in their opinion the financial statements present fairly, in all material respects, the financial position of the University. Eide Bailly also performed testing of the University's compliance with certain provisions of laws, regulations, contracts and grant agreements. This testing resulted in a report on compliance for each major federal program, a report on internal control over compliance, and a report on expenditures of federal awards, as required by Uniform Guidance.

These reports and detailed findings are provided in the Federal Awards Reports in Accordance with the Uniform Guidance document which communicates certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process.

The Auditor issued their opinion that the University complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of University's major federal programs.

COMMITTEE RECOMMENDATION:

The WOU Finance and Administration Committee recommends that the Western Oregon University Board of Trustees accept the University's fiscal year 2019 single audit.



Federal Awards Reports in Accordance with the Uniform
Guidance
June 30, 2019

Western Oregon University

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 1

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 3

Schedule of Expenditures of Federal Awards 6

Notes to Schedule of Expenditures of Federal Awards 9

Schedule of Findings and Questioned Costs 10



Independent Auditor’s 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*

To the Board of Trustees
Western Oregon University
Monmouth, Oregon

We have audited, 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, the financial statements of the Western Oregon University (the University), as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2019. Our report includes a reference to other auditors who audited the financial statements of Western Oregon University Development Foundation (the Foundation), as described in our report on the University’s financial statements. The audit of the financial statements of the Foundation were not performed in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or compliance with other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

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

Boise, Idaho
November 15, 2019



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Trustees
Western Oregon University
Monmouth, Oregon

Report on Compliance for Each Major Federal Program

We have audited Western Oregon University's (the University) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the University's major federal program for the year ended June 30, 2019. The University's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the 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 its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses and 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 a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 through 2019-005 that we consider to be significant deficiencies.

The University's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the University and its discretely presented component unit Western Oregon University Foundation (the Foundation) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated November 15, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming and opinion 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.

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

Boise, Idaho
November 15, 2019

Western Oregon University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
Department of Agriculture				
<u>Direct Programs</u>				
Research and Development Cluster:				
Child and Adult Care Food Program	10.558	Not Applicable	\$ 38,396 *	\$ -
Total Department of Agriculture			<u>38,396</u>	<u>-</u>
Department of Education				
<u>Direct Programs</u>				
Student Financial Aid Cluster:				
Federal Supplemental Educational Opportunity Grants	84.007	Not Applicable	190,503	-
Federal Work-Study Program	84.033	Not Applicable	242,876	-
Federal Perkins Loans	84.038	Not Applicable	4,272,635	-
Federal Pell Grant Program	84.063	Not Applicable	8,093,962	-
Federal Direct Student Loans	84.268	Not Applicable	26,430,193	-
Teacher Education Assistance for College & Higher Education Grants	84.379	Not Applicable	<u>222,399</u>	<u>-</u>
Total Student Financial Aid Cluster			<u>39,452,568</u>	<u>-</u>
TRIO Cluster:				
TRIO Student Support Services	84.042	Not Applicable	343,581	-
TRIO Upward Bound	84.047	Not Applicable	<u>269,021</u>	<u>-</u>
Total TRIO Cluster:			<u>612,602</u>	<u>-</u>
Rehabilitation Long-Term Training				
Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind	84.129	Not Applicable	613,355	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.160	Not Applicable	395,572	-
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	Not Applicable	202,545	-
Passed -through:				
CEEDAR Center				
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	ODE Subgrant 43119	41,783	-
Oregon State University				
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325	OSU Subaward ED197A-A	<u>45,531</u>	<u>-</u>
Subtotal			<u>289,859</u>	<u>-</u>

Western Oregon University
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2019

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	Not Applicable	843,240	268,835
Passed - through: National Center on Deaf-Blindness				
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	Subaward Agreement	469,071	-
Subtotal			1,312,311	268,835
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367	Not Applicable	40,294	40,400
<u>Pass-Through Programs</u>				
Oregon Department of Education				
Special Education - IDEA Cluster:				
Special Education Grants to States	84.027	ODE IGA No 10976	280,497	-
Special Education Grants to States	84.027	Not Applicable	12,051	-
Total Special Education - IDEA Cluster:			292,548	-
Twenty-First Century Community Learning Centers	84.287	DASPS-2432-15	41,791	-
			41,791	-
<u>Total Department of Education Programs</u>			334,339	-
Total Department of Education			43,050,900	309,235
Department of Health and Human Services				
<u>Direct Programs</u>				
Research and Development Cluster:				
ACL National Institute on Disability, Independent Living, and Rehabilitation Research	93.433	Not Applicable	19,035 *	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Not Applicable	104,174	-
<u>Total Department of Health and Human Services Direct Programs</u>			123,209	-

Western Oregon University
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
<u>Pass-Through Programs</u>				
Oregon Department of Education				
477 Cluster				
Child Care and Development Block Grant	93.575	ODE Agreemnt 11407	4,308	-
Child Care and Development Block Grant	93.575	ODE Agreement 11407 ADM 1	121,103	-
			<u>125,411</u>	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	ODE Agreement 11407	1,847,133	30,040
Total 477 Cluster			<u>1,972,544</u>	<u>30,040</u>
Oregon Childhood Development Coalition				
Research and Development Cluster:				
Head Start	93.708	Letter of Agreement	49,035 *	-
<u>Total Department of Health and Human Services Pass-Through Programs</u>			<u>2,021,579</u>	<u>30,040</u>
Total Department of Health and Human Services			<u>2,144,788</u>	<u>30,040</u>
Department of Justice				
<u>Direct Programs</u>				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	Not Applicable	103,476	-
Public Safety Partnership and Community Policing Grants	16.710	Not Applicable	30,517	-
Edward Byrne Memorial Competitive Grant Program	16.751	Not Applicable	119,269	-
Crime Victim Assistance	16.575	Not Applicable	23,256	-
<u>Total Department of Justice Direct Programs</u>			<u>276,518</u>	-
<u>Pass-Through Programs</u>				
Tribal Law and Policy Institute				
Tribal Court Assistance Program	16.608	Tribal Law & Policy Inst Sub	88,593	-
			<u>88,593</u>	-
Total Department of Justice			<u>365,111</u>	-
Environmental Protection Agency				
<u>Direct Programs</u>				
Environmental Education Grants	66.951		36,502	8,500
Total Environmental Protection Agency			<u>36,502</u>	<u>8,500</u>
Total Expenditures of Federal Awards			<u>\$ 45,635,697</u>	<u>\$ 347,775</u>
* Subtotal of the Research and Development Cluster			<u>\$ 106,466</u>	

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Western Oregon University (the University) under programs of the federal government for the year ended June 30, 2019. The information 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 the University, it is not intended and does not present the financial position, changes in net position, or cash flows of the University.

The University received federal awards both directly from federal agencies and indirectly through pass-through entities. Federal financial assistance provided to a subrecipient is treated as an expenditure when it is paid to the subrecipient.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are recognized on the accrual basis of accounting except for expenditures passed through to sub-recipients, which are recognized on the cash 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.

Note 3 - Indirect Cost Rate

The University has not elected to use the 10% de minimis cost rate.

Note 4 - Federal Student Loan Programs

The federal student loan programs listed subsequently are administered directly by the University and balances and transactions relating to these programs are included in the University's basic financial statements. Loans made during the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding at June 30, 2019, consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2019</u>
84.038	Federal Perkins Loan Program	\$3,661,684

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	Yes

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Student Financial Aid Cluster	
Federal Supplemental Educational Opportunity Grant	84.007
Federal Work-Study Program	84.033
Federal Pell Grant Program	84.063
Federal Perkins Loan Program	84.038
Federal Direct Student Loans	84.268
Teacher Education Assistance for College & Higher Education Grants	84.379
Special Education Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326
477 Cluster	
Child Care and Development Block Grant	93.575
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

There were no findings relating to the financial statement audit.

Section III – Federal Award Findings and Questioned Costs

2019-001

Direct Programs – Department of Education
CFDA# 84.007, 84.033, 84.063, 84.038, 84.268, 84.379
Student Financial Aid Cluster
Special Tests and Provisions: NSLDS Withdrawal Date
Significant Deficiency in Internal Controls over Compliance

Criteria:

34 CFR section 685.309 states that an Institution shall ensure that all information reported to the Secretary is within the required time frame. The NSLDS Enrollment Reporting Guide further states that the information that is reported to the Secretary is accurate in addition to timely.

Condition:

During our testing of students that were disbursed financial aid during the 2018-19 school year, there were two instances in which the students' withdrawal date per the Return of Title IV Aid (R2T4) calculation worksheets did not match the dates reported to NSLDS.

Cause:

The withdrawal date was incorrectly reported to NSLDS.

Effect:

The withdrawal date for 2 of the 32 students sampled was reported incorrectly to NSLDS.

Questioned Costs:

None

Context/Sampling:

A non-statistical sample of 32 students out of 158 students were selected for R2T4 testing.

Repeat Finding from Prior Year(s):

None

Recommendation:

We recommend that the University implement a control process in which the NSLDS system is updated between the Registrar's office and the Student Financial Aid's office. The University should also periodically monitor this process to ensure that it is working effectively.

Views of Responsible Officials

Management agrees with these findings. The Student Financial Aid Office and the Registrar Office will ensure the final submission for each semester is recording the proper withdrawal date for each student reported to NSLDS.

2019-002

Direct Programs – Department of Education

CFDA# 84.007, 84.033, 84.063, 84.038, 84.268, 84.379, 84.326

Student Financial Aid Cluster, Special Education Assistance for College and Higher Education Grants

Cash Management

Significant Deficiency in Internal Controls over Compliance

Criteria:

Under the Uniform Guidance, there must be an independent review from the preparer of all cash draw downs.

Condition:

During our testing over the cash draw down process, it was noted that there was no independent review of the cash draw downs prior to submitting for reimbursement.

Cause:

The current process over cash draw downs does not include an independent review of the cash draw downs to ensure accuracy.

Effect:

The incorrect amount may be drawn down from the granting agency, however, none were incorrect in our sample.

Questioned Costs:

None

Context/Sampling:

A non-statistical sample of 7 cash draw downs out of 39 total draw downs for the Student Financial Aid Cluster were selected for testing.

A non-statistical sample of 4 cash draw downs out of 12 total draw downs for the Special Education Assistance for College and Higher Education Grants.

Repeat Finding from Prior Year(s):

None

Recommendation:

We recommend that the University implement a control process where the cash draw downs are reviewed by someone independent of the preparer.

Views of Responsible Officials:

Management agrees with these findings.

2019-003

Direct Programs – Department of Education

CFDA# 84.326

Special Education Technical Assistance for College and Higher Education Grants

Procurement, Suspension, and Debarment

Significant Deficiency in Internal Controls over Compliance

Criteria:

Under the Uniform Guidance, non-federal entities are prohibited from contracting with or making subawards of covered transactions to parties that are suspended or debarred.

Condition:

During our testing over procurement and subrecipients, we noted that there was no process in place to verify that entities in which the University contracts with, whether through a vendor relationship or a subrecipient relationship, were not suspended or debarred.

Cause:

The current process over vendor contracts and subrecipients does not include a step for verifying that the entity had not been suspended or debarred.

Effect:

The University could contract with vendors or subrecipients that had been suspended or debarred.

Questioned Costs:

None

Context/Sampling:

A non-statistical sample of 4 contracts out of 9 total contracts and 2 subrecipients out of 7 total subrecipients were selected for testing.

Repeat Finding from Prior Year(s):

None

Recommendation:

We recommend that the University implement a process where contracts and subrecipients are verified to ensure that they are not suspended or debarred and retain documentation of the verification.

Views of Responsible Officials:

Management agrees with these findings.

2019-004

Direct Programs – Department of Education

CFDA# 84.326

Special Education Technical Assistance for College and Higher Education Grants

Allowable Costs and Activities

Significant Deficiency in Internal Controls over Compliance

Criteria:

Under 2 CFR part 200 and the grant agreement, there are specific costs that the University is allowed to submit for reimbursement under the grant.

Condition:

During our testing over allowable costs, there was one cost that was submitted for reimbursement incorrectly.

Cause:

The current review process did not identify the cost being submitted for reimbursement was coded to the incorrect program.

Effect:

The University submitted costs for reimbursement under the grant that were not incurred under the grant.

Questioned Costs:

None

Context/Sampling:

A non-statistical sample of 60 out of 1,449 total transactions were selected for testing.

Repeat Finding from Prior Year(s):

None

Recommendation:

We recommend that the University review their current control process over allowable costs to ensure that all costs allocated to grants are accurate.

Views of Responsible Officials:

Management agrees with these findings.

2019-005

Direct Programs – Department of Education

CFDA# 84.160

Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind

Allowable Costs and Activities

Significant Deficiency in Internal Controls over Compliance

Criteria:

Under 2 CFR part 200.306 and the grant agreement, the University must follow the guidance of the federal awarding agency as to what is allowable to cost share.

Condition:

The University was notified that they were inappropriately using unrecovered indirect costs as part of their cost sharing commitment. Under 34 CFR 75.562(c), an indirect cost reimbursement on a training grant is limited to the recipient's actual indirect costs, as determined by its negotiated indirect cost rate agreement, or eight percent of a modified total direct cost base, whichever amount is less. Indirect costs in excess of the limit may not be charged directly, used to satisfy matching or cost sharing requirements, or charged to another federal award.

Cause:

The University did not use the correct indirect cost rate under the terms of the grant agreement.

Effect:

The University reported unallowable expenses as cost share; thus, the cost sharing budget had to be revised to identify appropriate sources of cost sharing.

Questioned Costs:

\$133,332 in unallowable cost share expenditures over a three year time period.

Context/Sampling:

There was no sample selected from this program in the current year.

Repeat Finding from Prior Year(s):

None

Recommendation:

We recommend that the University fully understand and appropriately budget the terms of the indirect cost rate and cost sharing requirements for their grants prior to the application submission.

Views of Responsible Officials:

Management agrees with this finding. The error occurred at the proposal stage and was brought to the attention of the University by the federal awarding agency. A revised cost sharing plan was submitted to the Sponsor and the Sponsored projects Office is reviewing the commitment and necessary documentation to ensure compliance.

Management's Response to Auditor's Findings:
Summary Schedule of Prior Audit Findings and
Corrective Action Plan
June 30, 2019

Prepared by Management of
Western Oregon University

Finding 2018-001

Federal Agency Name: Department of Education

Program Name: Student Financial Aid Cluster

CFDA #84.007, 84.003, 84.063, 84.038, 84.268, 84.379

Initial Fiscal Year Finding Occurred: 2018

Finding Summary: There were 12 instances in which students' withdrawal date per the Return to Title IV Aid (R2T4) calculation worksheets did not match the dates reported to NSLDS.

Status: See finding 2019-001

Finding 2019-001

Federal Agency Name: Department of Education

Program Name: Student Financial Aid Cluster

CFDA #84.007, 84.003, 84.063, 84.038, 84.268, 84.379

Finding Summary: During testing of students that were disbursed financial aid during the 2018-19 school year, there were two instances in which the students' withdrawal date per the Return of Title IV Aid (R2T4) calculation worksheets did not match the dates reported to NSLDS.

Responsible Individuals: Kella Helyer, Director of Financial Aid

Corrective Action Plan: The Financial Aid Office processes both official and unofficial withdrawal calculations for students. The official withdrawal calculation process has been updated from a paper form that contained multiple student signature dates, which lead to mixed reporting with the National Student Clearinghouse (NSC), to an online process with one official withdrawal date based on the student's initiation of the process. A daily report is generated from the Banner system and emailed to the Financial Aid Office, the Accounting and Business Office and Housing Office alerting the departments of the students who have completely withdrawn during the previous two days. Robert Hoffman, Assistant Director of Financial Aid processes the official withdrawal calculation using the one initiated withdrawal date from the report. This withdrawal date is then picked up in the enrollment reporting to NSC who then updates NSLDS.

The unofficial withdrawal calculation is a financial aid process only. Unofficial withdrawals are not recognized by academics and enrollment reporting as a reportable status. Students who unofficially withdraw, earning all non-passing grades (F, W, NC) at the end of each term, will have their aid recalculated based on their proven attendance in all courses. The enrollment reporting status for these students is not triggered through the normal reporting channel so, during the aid recalculation process, the Financial Aid Office directly updates the student record in NSLDS showing them as Withdrawn.

Anticipated Completion Date: 6/1/2019

Corrective Action Plan

Finding 2019-002

Federal Agency Name: Department of Education

Program Name: Student Financial Aid Cluster

CFDA #84.007, 84.003, 84.063, 84.038, 84.268, 84.379

Finding Summary: During testing over the cash draw down process, it was noted that there was no independent review of the cash drawdowns prior to submitting for reimbursement.

Responsible Individuals: Sandra Holland, Grant Accountant & Emily Diamond, Post-Award Administrator

Corrective Action Plan: Prior to the cash draws from any of the federal agencies, the Grant Accountant prepares a report of the planned draw and submits to the Controller or his/her designee, who is independent of the preparer, for review and approval prior to the draw occurrence. The review will be documented on the draw spreadsheet with a signature from the preparer and reviewer and is to be maintained on file with the drawdown records. The Grant Accountant processes the drawdown and records the data in Banner. The drawdown entries post revenue to the grants. The staff responsible for reconciling the grants ensures the revenue matches the expenses.

Anticipated Completion Date: 11/30/2019

Corrective Action Plan

Finding 2019-003

Federal Agency Name: Department of Education

Program Name: Special Education Technical Assistance for College and Higher Education Grants

CFDA #84.326

Finding Summary: During testing over procurement and subrecipients, it was noted that there was no process in place to verify that entities in which the University contracts with, whether through a vendor relationship or a subrecipient relationship, were not suspended or debarred.

Responsible Individuals: Emily Diamond, Post-Award Administrator & Ryan Hagemann, University VP & General Counsel

Corrective Action Plan: When federal grant awards are made and sub-recipients are involved, the recently formed Sponsored Projects Office will utilize a sub-award checklist to ensure compliance with sub-recipient requirements. Part of the checklist will be to check the federal debarment and suspension list. As a check and balance of the process, the General Counsel office will ensure the debarment and suspension verification was completed on the sub-award checklist prior to processing any federal sub-award agreements.

Anticipated Completion Date: March 30, 2020

Corrective Action Plan

Finding 2019-004

Federal Agency Name: Department of Education

Program Name: Special Education Technical Assistance for College and Higher Education Grants

CFDA #84.326

Finding Summary: During testing over allowable costs, there was one cost that was submitted for reimbursement incorrectly.

Responsible Individuals: Emily Diamond, Post-Award Administrator & Amanda Bales, Mailroom Specialist

Corrective Action Plan: All internal transactions will require a work ticket/order specifying grant index. Sponsored Project Office will receive a completed work order and review it for its accuracy.

Anticipated Completion Date: January 31, 2019

Finding 2019-005

Federal Agency Name: Department of Education

*Program Name: Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind
CFDA #84.160*

Finding Summary: The University was notified that they were inappropriately using unrecovered indirect costs as part of their cost sharing commitment. Under 34 CFR 75.562(c), an indirect cost reimbursement on a training grant is limited to the recipient's actual indirect costs, as determined by its negotiated indirect cost rate agreement, or eight percent of a modified total direct cost base, whichever amount is less. Indirect costs in excess of the limit may not be charged directly, used to satisfy matching or cost sharing requirements, or charged to another federal award.

Responsible Individuals: Emily Diamond, Post-Award Administrator & Eric Dickey, Pre-Award Administrator

Corrective Action Plan: The University placed an appropriate control structure in place by forming a central Sponsored Projects Office in February 2019. The office includes a Pre-Award Administrator who reviews proposals prior to submission, which includes reviewing cost sharing commitments to ensure appropriate financial planning and compliance. Since this issue originated at the proposal stage, this development was crucial in preventing similar errors in the future.

Anticipated Completion Date: Completed

UNIVERSITY FINANCIAL UPDATE

February 6, 2020

Prepared by: Dr. Ana Karaman, VPFA & CFO;
Camarie Moreno, Director of Budget & Planning;
and Gabe Dougherty, Controller



Western Oregon
UNIVERSITY

BUDGET CONCEPTS



BUDGET CONCEPTS

General Terms:

- Budget – a plan, projection, estimate
- Revenue – income, money earned
- Expense – cost, money spent
- Funds – separate bookkeeping records for different purposes
- Transfers – moving money between funds
- Fund Balance – similar to a savings account, cumulative difference between revenues & expenses



TYPES OF REVENUES

- Tuition – tuition, mandatory fees (building, health service, incidental, student health building, student recreation center building), fee remissions
- State Appropriations
- Investment – interest from bank deposits & student account outstanding balances
- Grants
- Sales & Services – ticket sales, room & board, dining, bookstore, etc.
- Other – internal sales, reimbursements



TYPES OF EXPENSES

- Personnel – salaries & wages, health insurance, retirement, payroll taxes
- Services & Supplies – office supplies, subscriptions & dues, desks, travel, etc.
- Capital Outlay – equipment, library collections, etc.



TYPES OF FUNDS

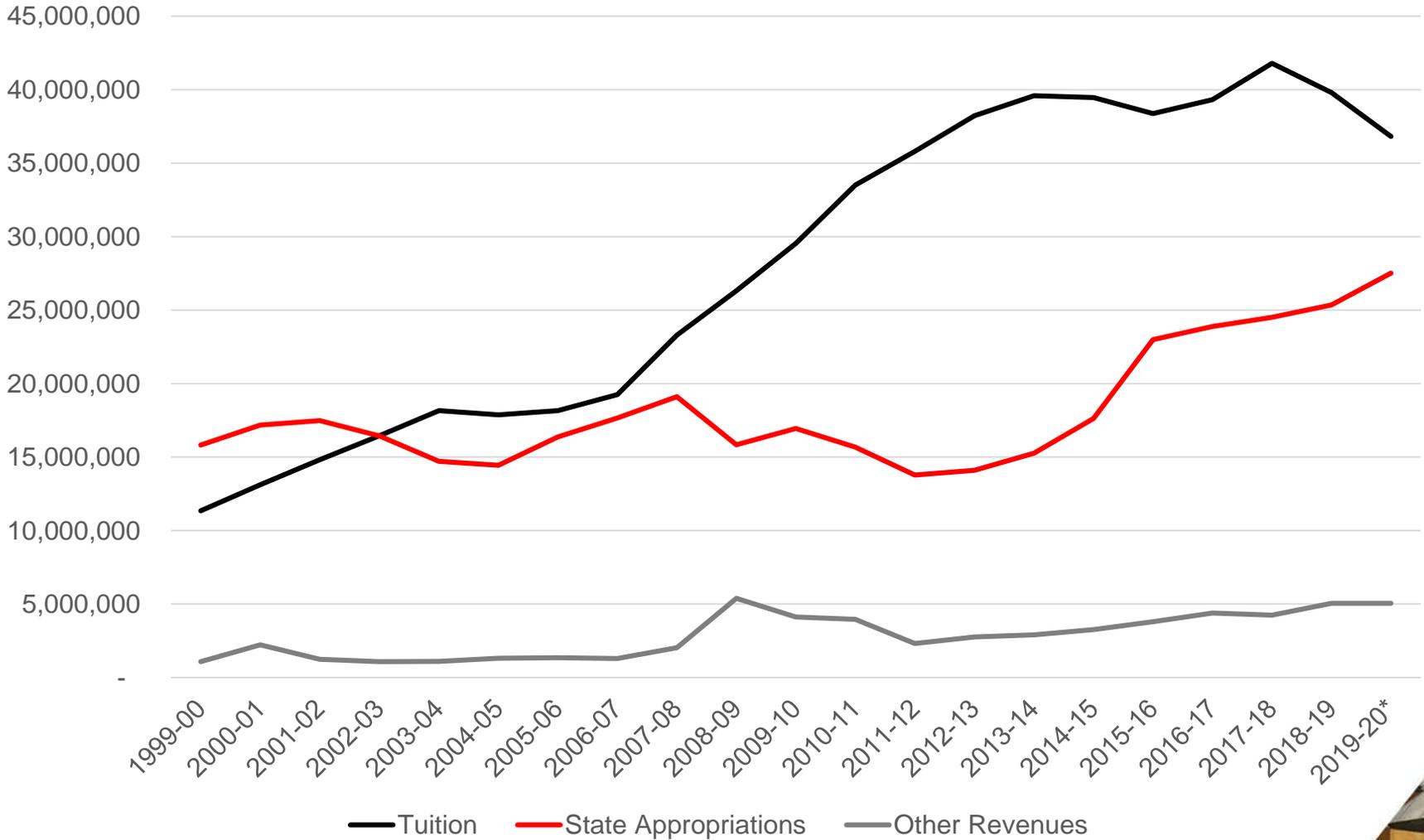
- Education & General (E&G) – operational – tuition & fee revenue, state appropriation, instructional expenses, administrative expenses, institutional support, etc.
- Auxiliaries – bookstore, housing, dining, athletics, Incidental Fee Committee (IFC), etc.
- Capital – buildings, repairs, etc.
- Grants – financial aid, federal & state grants, research, etc.
- Other Funds – DesOps, Service, Restricted



HISTORICAL CHANGES



HISTORICAL E&G REVENUES



* 2019-20 based on budgeted revenues



STATE ALLOCATION: Students Success and Completion Model

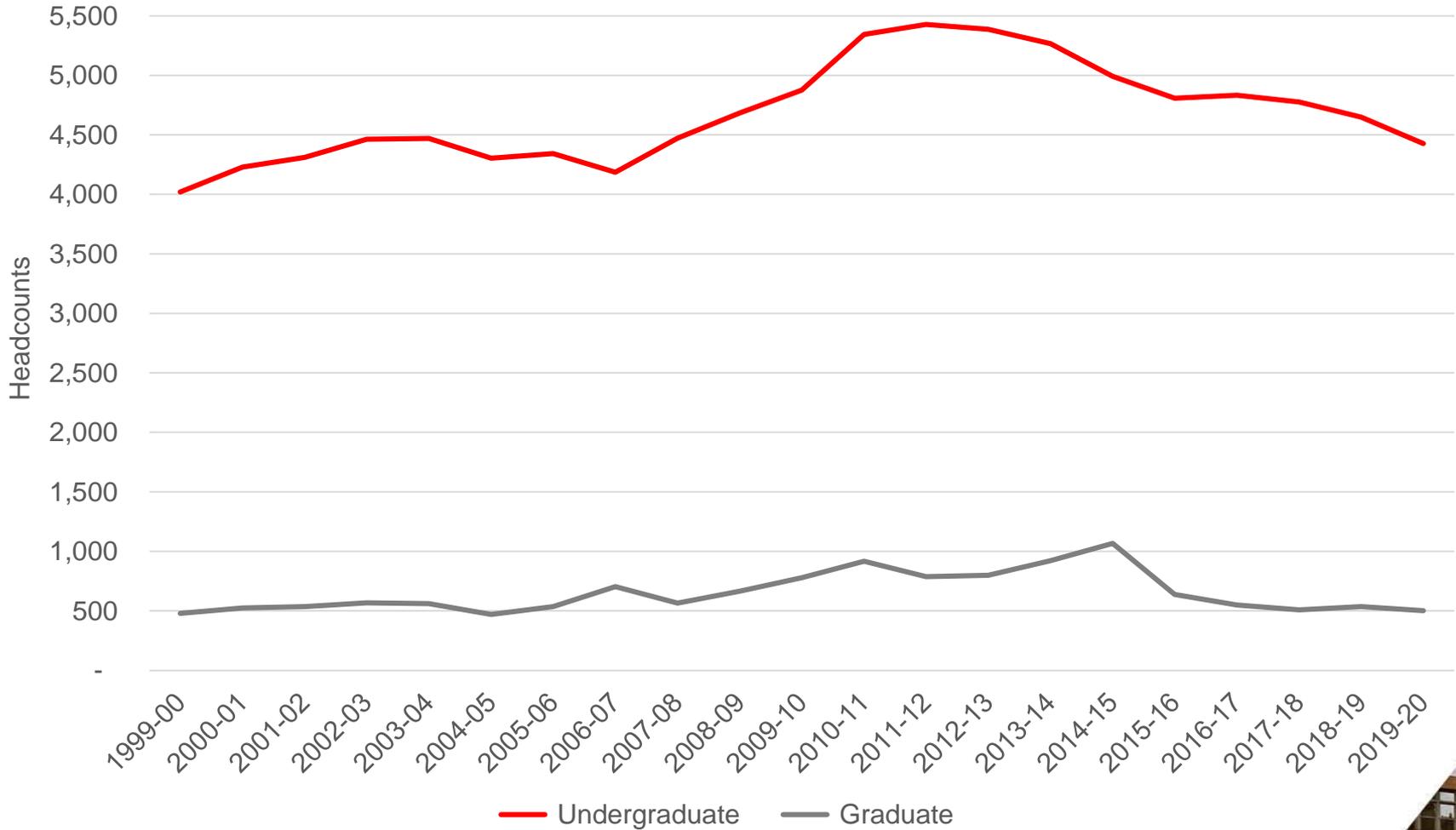
Consists of three components:

- Mission Differentiation Funding Allocation – supports a public university’s activities consistent with Regional Support, Mission Support, and Research Support
- Outcomes-Based Allocation – determined by the most recent three-year average total cost weighted degrees produced, student type, and priority area
- Activity-Based Allocation – determined by the most recent three-year average total, cost weighted, completed, resident student credit hours (SCH)

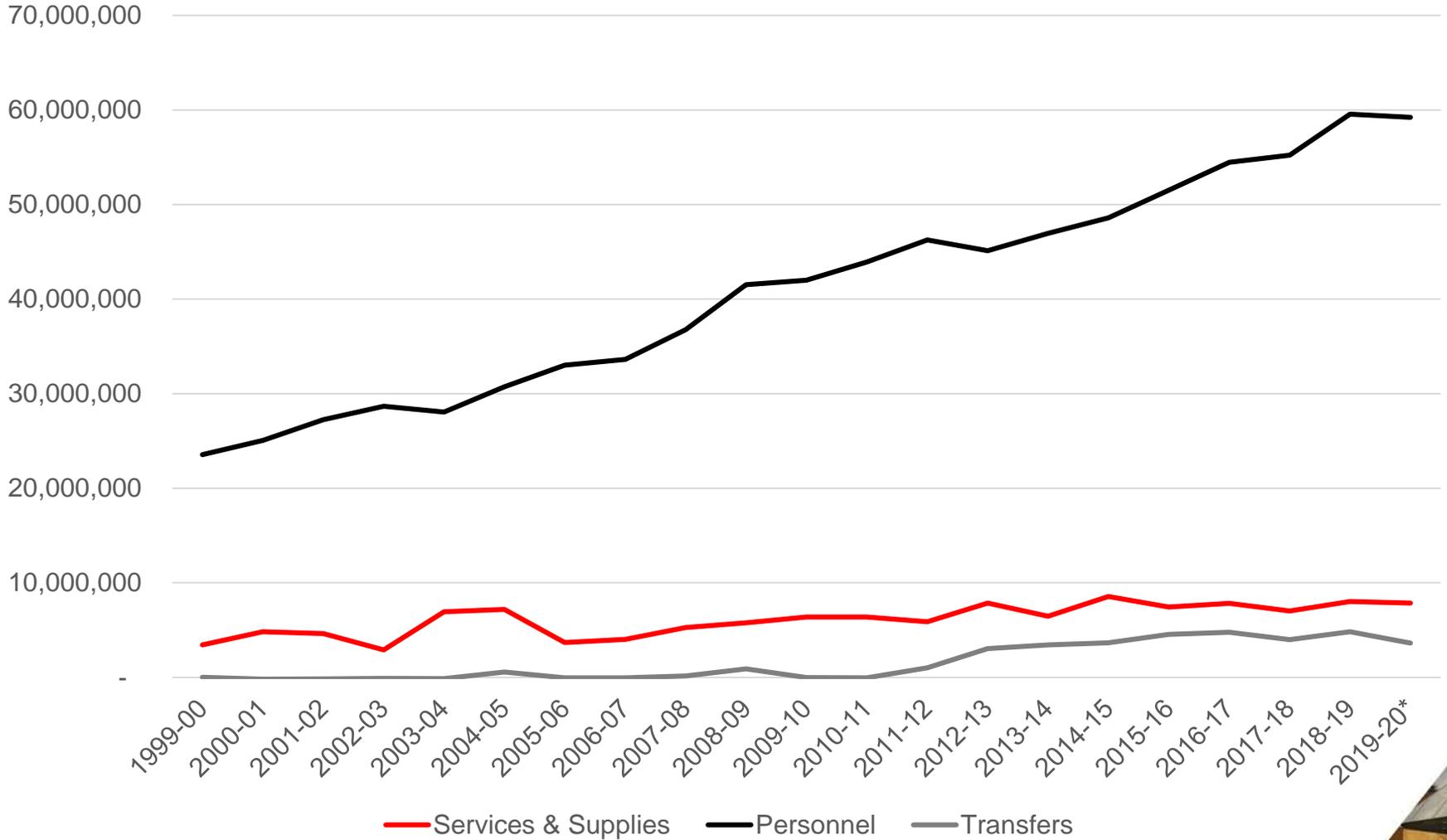
Mission Differentiation Allocation is completed first, with the remaining funds then being allocated 60% to Outcomes-Based and 40% to Activity-Based



HISTORICAL ENROLLMENT



HISTORICAL E&G EXPENSES



* 2019-20 based on budgeted expenses



FY20 Budget



FY20 BUDGET CREATION PROCESS

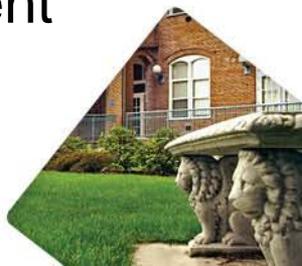
Engage all relevant campus stakeholders

- 26 meetings, including LAS, COE, divisions of Academic Affairs, Student Affairs, General Counsel, Development & Advancement, Finance & Administration, and Auxiliary Services
- Tuition & Fee Advisory Committee (TFAC) – lowest resident undergrad tuition increase of 2.33% (\$4/credit)
- University Budget Advisory Committee (UBAC) – 9 funded proposals, totaling \$997K
- Incidental Fee Committee (IFC) – set incidental fee and allocation (\$16 increase, 4.4%)



FY20 ADOPTED BUDGET ASSUMPTIONS & ENHANCEMENTS

- Tuition revenues were built on assumed flat enrollment & \$6.27M of fee remissions
 - FY18 – 3% down
 - FY19 – 1% up
- State Allocation was unknown ranging from \$40.5M to \$120M being added to the PUSF fund
 - Ultimately, \$100M was added to the PUSF; \$120M (which would have maintained CSL for universities) would have resulted in an additional \$550K to WOU
- Other revenues were assumed flat
- Flat S&S expense, minimum wage increase for students, \$500K for classified raises, \$500K for faculty raises, \$350K for unclassified raises, \$1.25M retirement increase
- Resulted in \$1.3M E&G budget deficit



FY20 ADJUSTED BUDGET

- Tuition revenues built on fall census – an ~5% decline from prior year & \$5.349M of fee remissions
 - Reallocated \$521K of fee remissions to lottery & \$400K due to fewer students
- To maintain the original \$1.3M deficit, \$3.828M of budget cuts were needed
- To date, we have identified & reduced the budget by \$1.943M
- Fee remissions are projected to be \$6.5M (\$1.15M over the revised budget)
- We need to find \$3M additional budget savings



FY20 YEAR-END FORECAST

	FY19 Year-End Actuals	FY20 Year-End Projected	FY20 Adjusted Budget	Variance FY20 Projected Year-End to Adjusted Budget
Education & General Fund				
Recurring Operating Activities				
Student Fees & Tuition (net of remissions)	39,804	35,571	36,819	(1,248)
Government Resources & Allocations	25,348	27,512	27,512	0
Gift Grants and Contracts	848	794	850	(56)
Other Revenue	4,209	3,525	4,209	(684)
Total Revenues	70,209	67,401	69,391	(1,989)
Personnel	58,712	62,572	59,240	(3,332)
Service & Supplies	7,556	5,812	7,640	1,828
Capital Expense	454	66	203	137
Total Expenses	66,722	68,450	67,083	(1,367)
Interfund Transfers In	(12,350)	(1,319)	(841)	478
Interfund Transfers Out	16,971	4,532	4,460	(72)
Total Expenses and Transfers	71,343	71,663	70,702	(961)
Operating Net Revenues less Expenses	(1,134)	(4,262)	(1,311)	2,951
Other Activities				
Investment in Salem Building	0	(2,698)	(3,500)	(802)
Retirement Window Payment	(840)	(783)	(783)	0
Other	(213)	(88)	(45)	43
Total Other Activities	(1,052)	(3,569)	(4,328)	(759)
Total Net Revenues less Expenses	(2,187)	(7,830)	(5,639)	2,192
Fund Balance at the Beginning of the Year	15,143	12,956	12,956	
Fund Balance at the End of the Year	12,956	5,125	7,317	
Fund Balance as a Percentage of Revenues	18.45%	7.60%	10.54%	



FY21 Budget



FY21 BUDGET

- Planning stages
 - TFAC process underway – goal of resident undergrad tuition increase of less than 5%
 - UBAC process underway – 37 proposals received & being reviewed in phase 1
 - IFC process underway – potential restructuring of fee, increase of less than 5%
- Assuming enrollment decline of 2.5%



FY2019 Audited Financial Statements HIGHLIGHTS



CAMPUS ACCOMPLISHMENTS: Highlights

We started a **second campus in Salem** to offer programs tailored to the needs to adult learners. Today, **WOU:Salem** is located in the historic Vick building in downtown Salem.

The Higher Education Coordinating Commission approved the university's **Master's program in Organizational Leadership**.

The **Natural Science renovation** is nearly complete and sports a bevy of upgrades and classroom improvements.

BALANCE SHEET: Abbreviated Statement

(in thousand dollars)

	FY2019	FY2018	Change	% Change
Assets				
Current assets				
Cash and cash equivalents	21,367	19,350	2,017	10%
Accounts receivable, net of allowances	15,373	8,522	6,851	80%
Other	3,752	4,609	(857)	-19%
Total current assets	40,492	32,481	8,011	25%
Total noncurrent assets	146,465	149,172	(2,707)	-2%
Total assets	186,957	181,653	5,304	3%
Liabilities				
Total current liabilities	20,746	21,136	(390)	-2%
Noncurrent liabilities				
Long-term liabilities	52,631	52,473	158	0%
Net pension liabilities	33,824	35,461	(1,637)	-5%
OPEB liability	2,361	2,438	(77)	-3%
Total noncurrent liabilities	88,816	90,372	(1,556)	-2%
Total liabilities	109,562	111,508	(1,946)	-2%
Net position				
Net investment in capital assets	66,611	63,049	3,562	6%
Restricted net position	10,349	7,532	2,817	37%
Unrestricted net position	11,445	12,171	(726)	-6%
Total net position	88,405	82,752	5,653	7%

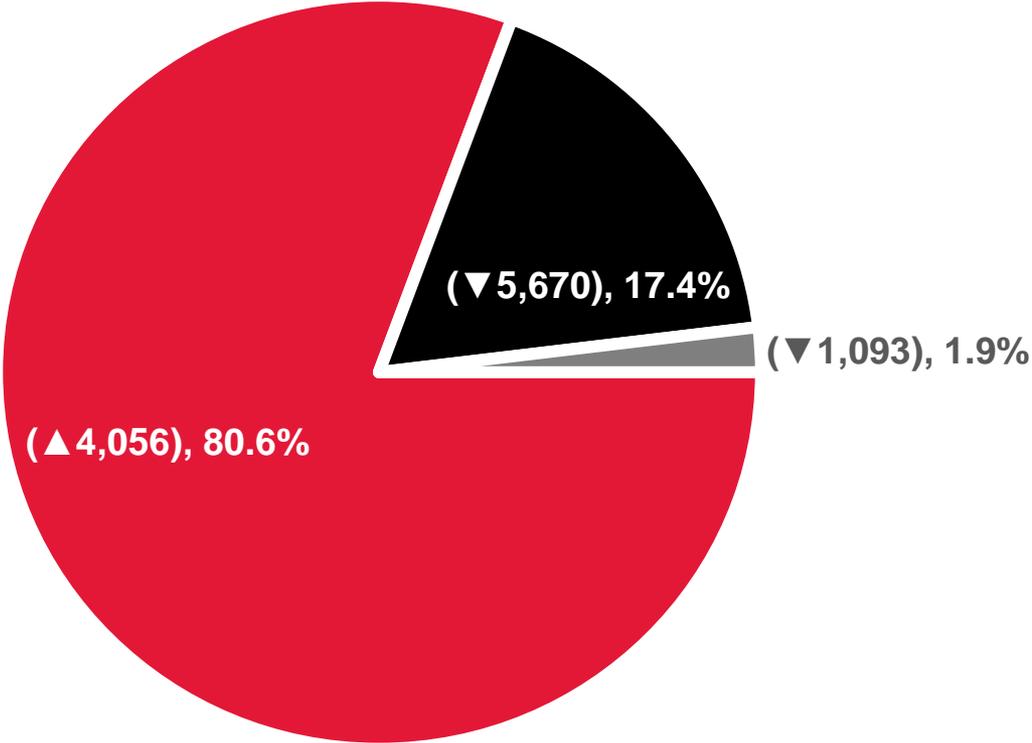
BALANCE SHEET: Accounts receivable

(in thousand dollars)

	FY2019	FY2018	Difference	% Change
Student Tuition and Fees	18,487	19,483	(996)	-5%
Federal Grants and Contracts	2,816	1,485	1,331	90%
State Capital Construction Grants and Contracts	3,301	310	2,991	965%
Auxiliary Enterprises and Other Operating Activities	2,464	1,850	614	33%
State, Other Government, and Private Gifts, Grants, and Contracts	1,052	1,079	(27)	-3%
	28,120	24,207	3,913	16%
Less: Allowance for Doubtful Accounts	(12,988)	(15,874)	2,886	-18%
Accounts Receivable, Net	15,132	8,333	6,799	82%

BALANCE SHEET: Noncurrent assets

Noncurrent assets
FY 2019



· Capital assets, net of accumulated depreciation · Investments · Other

INCOME STATEMENT: Abbreviated Statement

(in thousand dollars)

	FY2019	FY2018	Difference	% Change
Operating Revenues	64,507	68,552	(4,045)	-6%
Operating Expenses	107,904	108,080	(176)	0%
Operating Loss	(43,397)	(39,528)	(3,869)	10%
Nonoperating Revenues, Net of Expenses	41,162	37,441	3,721	10%
Other Revenues	7,888	7,547	341	5%
Increase in Net Position	5,653	5,460	193	4%
Net Position, Beginning of Year	82,752	77,292	5,460	7%
Net Position, Ending of Year	88,405	82,752	5,653	7%

INCOME STATEMENT: Total Revenues

(in thousand dollars)

	FY2019	FY2018	Difference	% Change
Student Tuition and Fees	32,253	34,304	(2,051)	-6%
Grants and Contracts	8,034	9,085	(1,051)	-12%
Auxiliary Enterprises	20,025	20,943	(918)	-4%
Educational and Other	4,195	4,220	(25)	-1%
Total Operating Revenues	64,507	68,552	(4,045)	-6%
Appropriations	25,929	25,087	842	3%
Financial Aid Grants	14,284	13,954	330	2%
Gifts	1,050	984	66	7%
Investment Activity	2,487	401	2,086	520%
Capital Grants and Gifts	7,506	7,165	341	5%
Gain (Loss) on Sales of Assets, Net	(41)	0	(41)	0%
Total Nonoperating Revenues	51,215	47,591	3,624	8%
Total Revenues	115,722	116,143	(421)	0%

STATEMENT OF CASH FLOWS: Abbreviated Statement

(in thousand dollars)	FY2019	FY2018	Difference	% Change
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and Fees	30,565	32,736	(2,171)	-7%
Grants and Contracts	6,636	10,204	(3,568)	-35%
Educational Department Sales & Services	688	857	(169)	-20%
Auxiliary Enterprises	19,464	20,931	(1,467)	-7%
Payments to Employees for Wages & Benefits	(74,804)	(70,838)	(3,966)	6%
Payments to Suppliers	(19,705)	(20,377)	672	-3%
Student Financial Aid	(6,789)	(7,075)	286	-4%
Other Operating Receipts	3,435	3,362	73	2%
Net Cash Used by Operating Activities	(40,510)	(30,200)	(10,310)	34%
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Government Appropriations	25,547	24,705	842	3%
Financial Aid Grants	14,284	13,954	330	2%
Other	916	882	34	4%
Net Cash Used by Noncapital Financing Activities	40,747	39,541	1,206	3%
Net Cash Used by Capital Financing Activities	(7,277)	(5,682)	(1,595)	28%
Net Cash Used by Investing Activities	8,157	(783)	8,940	1142%
NET INCREASE IN CASH AND EQUIVALENTS	1,117	2,876	(1,759)	-61%
CASH AND CASH EQUIVALENTS				
Beginning Balance	20,200	17,324		
Ending Balance	21,367	20,200	1,167	6%

KEY PERFORMANCE INDICATORS: Financial Ratios

	2019	2018	2017	Benchmark
Viability Ratio	0.48	0.46	0.42	1.00
Primary Reserve Ratio	0.24	0.23	0.21	0.40
Net Revenues Ratio	-1.28%	-1.78%	-6.39%	2-4%
Net Assets Ratio	7.16%	7.18%	-2.49%	3-4%
Debt Burden Ratio	4.03%	3.94%	3.94%	4.5%

KEY PERFORMANCE INDICATORS: Financial Ratios

Viability Ratio

The viability ratio determines the ability of an institution to continue to achieve its operating objectives and fulfill its mission over the long term. The ratio is used to measure the ability of the institution to liquidate debt from its *expendable* resources.

Primary Reserve

The primary reserve ratio provides a snapshot of financial strength and flexibility by indicating how long an institution could function using its *expendable* resources without relying on additional assets.

$$x_{\text{reserve}} \times 12 = \text{months of funding}$$

Net Revenues Ratio

The net revenues ratio measures an institution's operating surplus or deficit. The ratio answers the question, "Did the institution balance operating expenses with available revenue?"

KEY PERFORMANCE INDICATORS: Financial Ratios

Net Assets Ratio

The net assets ratio measures an institution's total economic during a fiscal year. The ratio is used to determine if the institution is better off than it was a year ago.

Debt Burden Ratio

The debt burden ratio examines the institution's dependence on borrowed funds as a source of financing its mission and the relative cost of borrowing to overall expenditures.

NEXT FINANCIAL REPORT

Current Fiscal Year

- Management report through February 2020
- Year-end forecast based on period 8 actuals
- Update on current capital projects

Next Fiscal Year

- Tuition recommendation from TFAC
- IFC decision on incidental fee
- Management recommendation on other tuition and fees
- Update on future capital projects

Access and Affordability

February 19, 2020
Board of Trustees



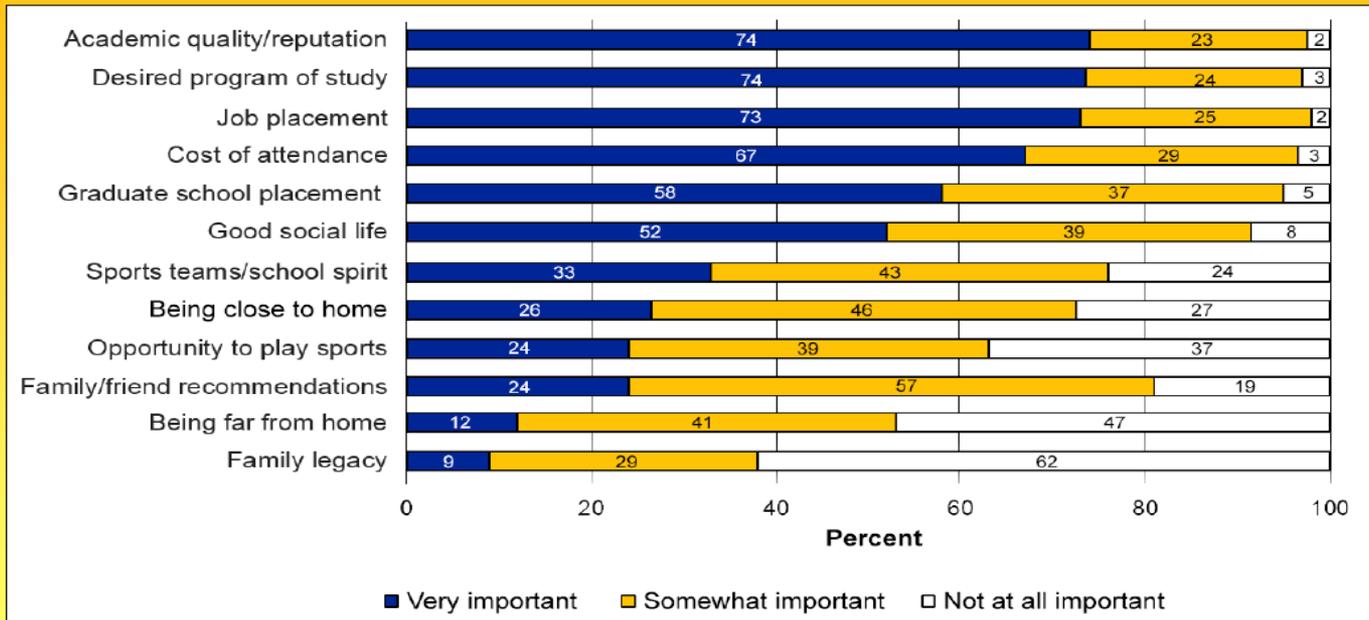
Goals

Affordability & Sustainability: Ensure that total cost of attendance is among the three lowest rates for Oregon residents using cost of attendance as share of Oregon median household income to measure affordability



What factors do students rate as important when they are choosing a school or college to attend after high school?

FIGURE 1. Percentage distribution of students' ratings of the importance of factors that influence college choice among fall 2009 ninth-graders in spring 2012

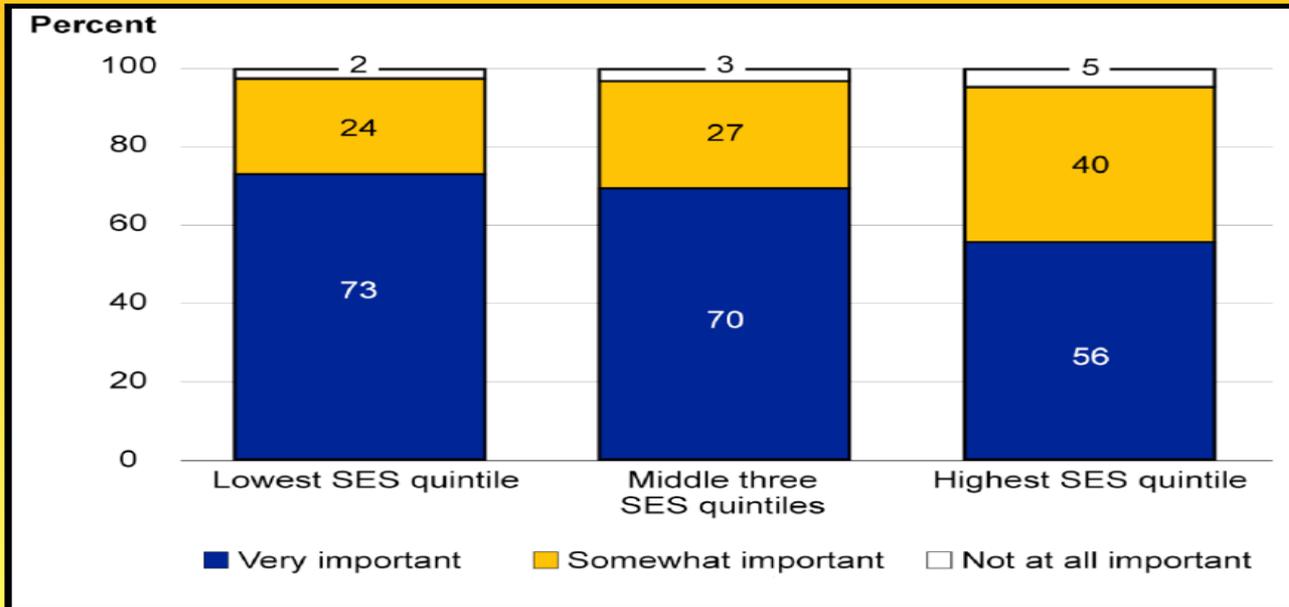


NOTE: Percentages may not sum to 100 due to rounding.

SOURCE: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. High School Longitudinal Study of 2009 (HSL:09) First Follow-up Public-Use Data File (NCES 2014-358).



FIGURE 2. Percentage distribution of students' ratings of the importance of cost of attendance in their college choice among fall 2009 ninth-graders in spring 2012, by socioeconomic status (SES)



NOTE: Percentages may not sum to 100 due to rounding. Socioeconomic status (SES) is a composite score of the family's relative social position based on parents' education, occupational prestige, and family income. The lowest SES quintile is the lowest one-fifth (i.e., lowest 20 percent) of the SES distribution, and the highest SES quintile is the highest one-fifth (i.e., highest 20 percent).
 SOURCE: U.S. Department of Education, Institute of Education Sciences, National Center for Education Statistics. High School Longitudinal Study of 2009 (HSLs:09) First Follow-up Public-Use Data File (NCES 2014-358).



Strategic Planning Linkages

V. SUSTAINABILITY & STEWARDSHIP

Promote effective university stewardship of educational, environmental, financial, human and technological resources.

2. Maintain access and affordability with regard to cost of degree attainment.
 - 2.1 Evaluate net cost of attendance versus median household income relative to peers and comparator institutions to ensure access and affordability.
 - 2.2 Provide students with meaningful financial support and effective connections as they transfer from other educational institutions.
 - 2.3 Expand support for undergraduate scholarships in second, third and fourth years of attendance.
 - 2.4 Evaluate and improve the outcomes of tuition-assistance programs on enrollment, retention, and graduation.
 - 2.5 Evaluate assumptions underlying our current tuition cost structure and compare our system to other fiscally sustainable institutions.
 - 2.6 Increase access to, and education about, scholarship opportunities, particularly for students of color, immigrants, rural and socio-economically disadvantaged students.



Total Cost of Attendance

Resident Undergraduate Cost of Attendance	2017-18	2019-20	2017-18	2019-20
	On-campus	On-campus	Off-campus	Off-campus
Tuition	\$7,440	\$ 7,920	\$7,440	\$ 7,920
Fees	\$1,758	\$ 1,848	\$1,758	\$ 1,848
Books/supplies	\$1,299	\$ 1,200	\$1,299	\$ 1,200
Room/Board	\$10,167	\$10,389	\$6,900	\$ 10,260
Personal	\$2,466	\$ 2,496	\$2,466	\$ 2,496
Total	\$23,740	\$23,853	\$20,463	\$23,724

The regular academic year consists of three terms or quarters. The estimated cost of education below is for undergraduate students for the academic year (9 months) paying the promise tuition. The tuition and fees estimates for undergraduate students are based on 15 credits per term.

Source: WOU Office of Financial Aid, Estimated Cost of Attendance
wou.edu/financial-aid/tuition-fees/cost-of-attendance



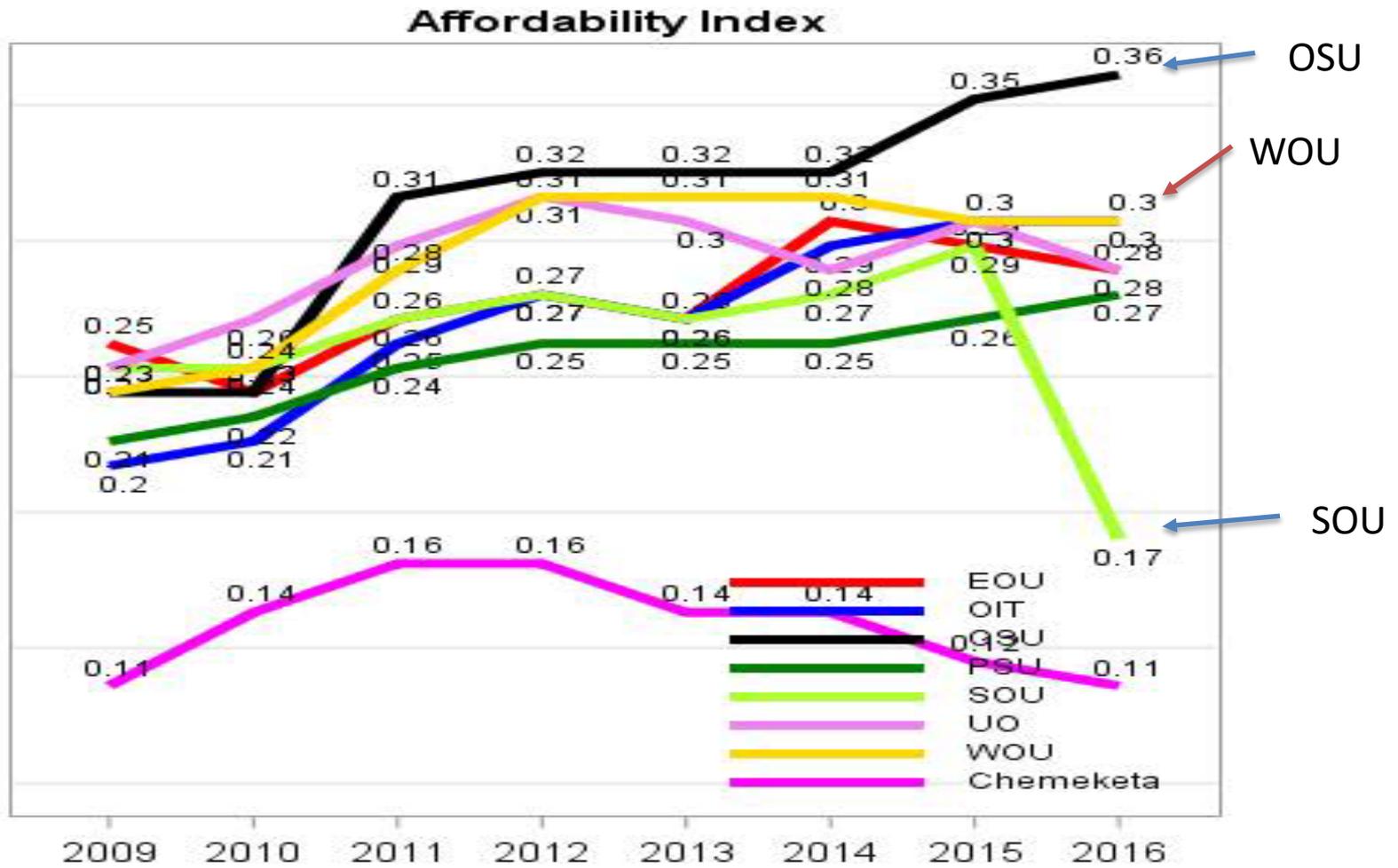
Comparison Costs (2019-20)

School	Total Cost '17-18	Total Cost '19-20	UG Resident Tuition	UG Resident Fees	Room/Board
WOU	\$23,730	\$23,853	\$7,920	\$1,848	\$10,389
OSU	\$26,046	\$26,046	\$9,840	\$1,869	\$12,345
UO	\$26,502	\$28,764	\$12,720	\$2,280	\$12,941
OIT	Not available	\$24,368	\$8,774	\$1,944	\$9,135
PSU	\$25,379	\$25,689	\$8,076	\$1,500	\$13,611
SOU	\$26,746	\$28,854	\$8,505	\$1,974	\$14,589
EOU	\$22,953	\$23,505	\$7,515	\$1,569	\$9,852

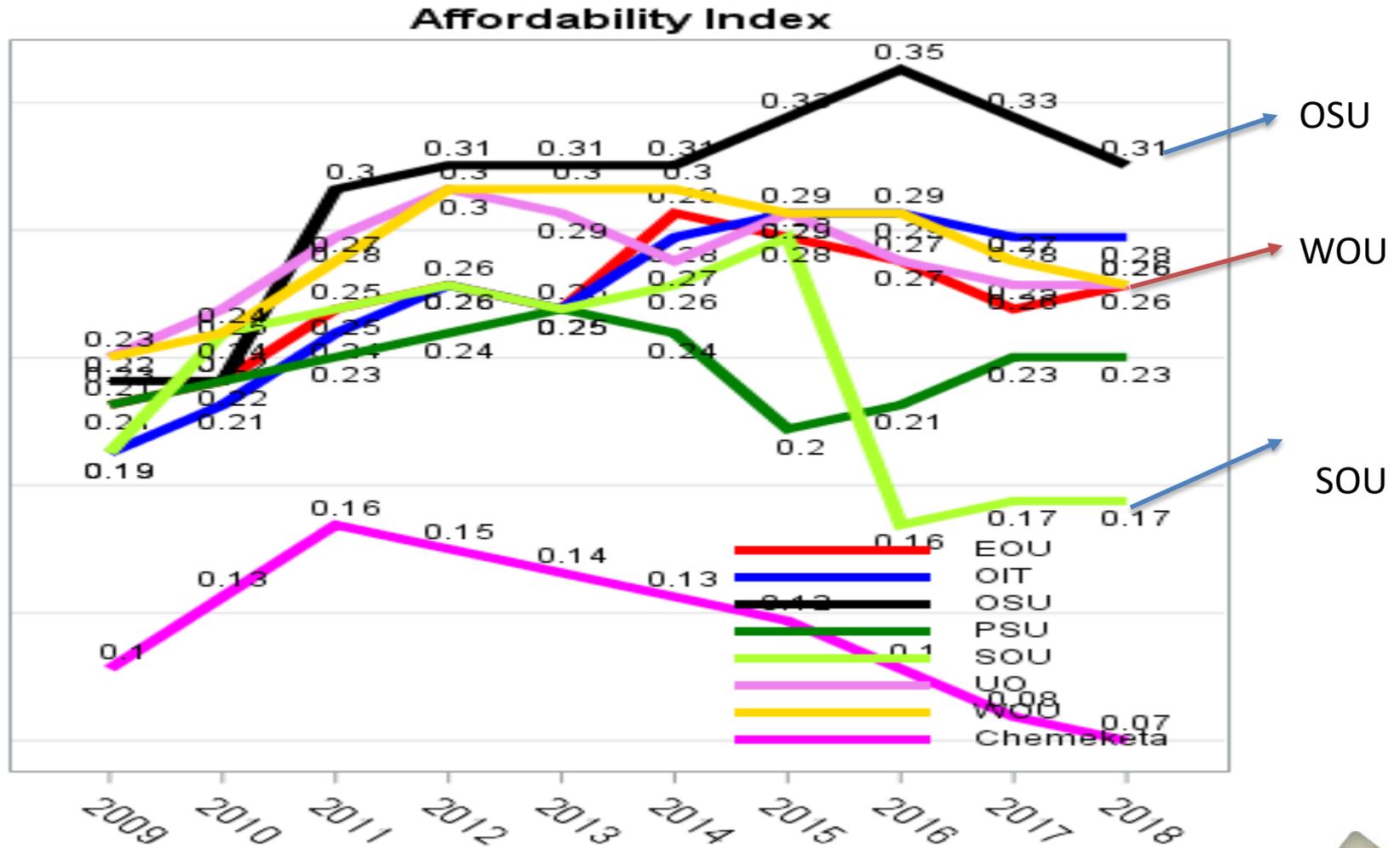
The estimated cost of education below is for undergraduate students for the academic year (9 months) paying the promise tuition. The tuition and fees estimates for undergraduate students are based on 15 credits per term. Room and Board is on-campus housing. Total cost figures above include books and supplies, transportation and personal expenses.



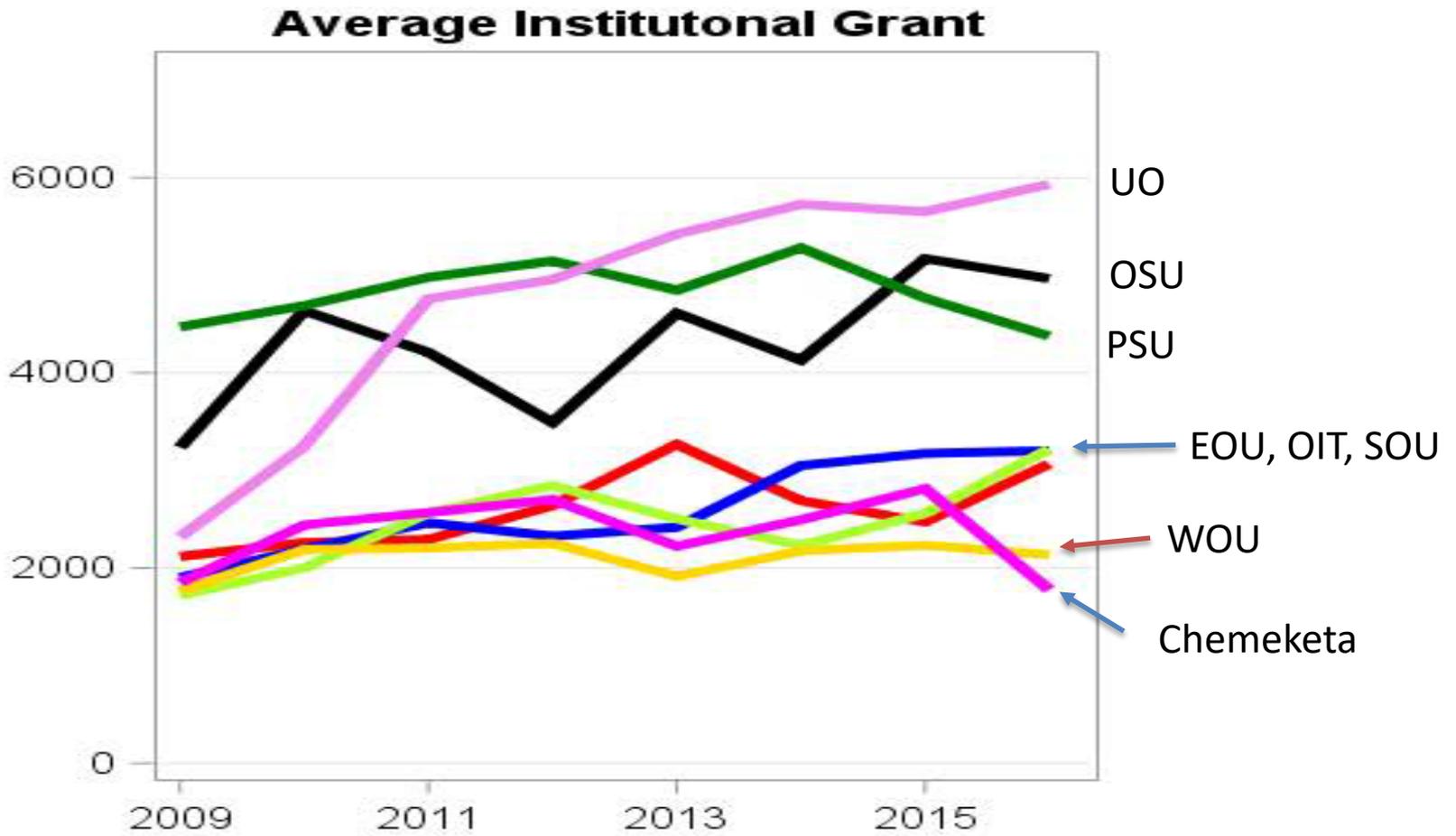
Affordability Index: Total Cost of attendance/Median Family Income



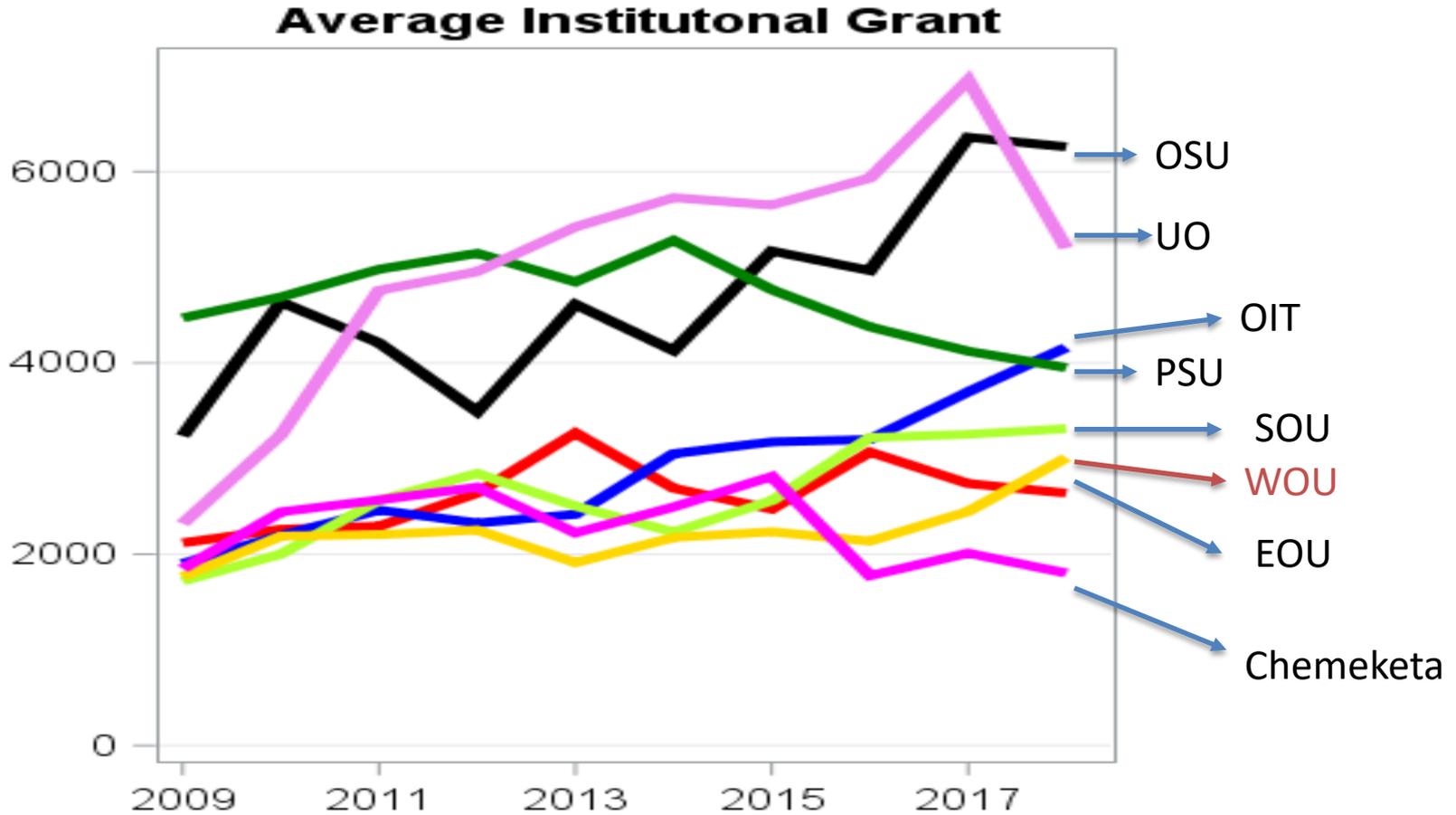
Affordability Index: Total Cost of attendance/Median Family Income



Institutional aid



Institutional aid



Strategies to Improve Enrollment and Fiscal Stability

Keys and tradeoffs:

- 1% increase in UG tuition generates about \$350,000
- 1% increase in UG enrollment generates about \$350,000
- 1% in discount rate costs about \$65,000—for example, to move from our current rate of 16% to 17% is an additional reduction in tuition revenue of \$65,000



Strategies

What mix of tuition and institutional aid is optimal?

- Limit tuition increase to no more than 5%
- Limit fees and housing/dining to no more than CPI
- Evaluate yield and effectiveness of tuition remissions on enrollment
- Increase external funds to support academic/merit based scholarships



Questions ?



EGTC, Internal Audit Charter

The Internal Audit Charter is a formal document approved by the Board of Trustees and agreed to by management. It defines the internal audit's purpose within WOU, internal audit's authority, internal audit's responsibility, and internal audit's position within the organization. The charter provides a blueprint for how internal audit will operate and allows the Board to clearly signal the value it places on internal audit's independence. The charter establishes reporting lines for the internal auditor that support that independence by reporting functionally to the Board and administratively to the President. It also provides the internal auditor the needed authority to achieve its tasks, such as unfettered access to records, personnel, and physical properties relevant to performing its work.

The Board's Executive, Governance and Trusteeship Committee (EGTC) was informed of the draft Internal Audit Charter at its January 31, 2020 committee meeting. The EGTC members were asked to review the Internal Audit Charter and return comments, if any, to Shadron Lehman.

STAFF RECOMMENDATION:

Staff recommends that the Western Oregon University Board of Trustees approve the Internal Audit Charter as included in the docket materials.

INTERNAL AUDIT CHARTER



Purpose and Mission

The purpose of Western Oregon University's (WOU) internal audit activity is to provide independent, objective assurance and consulting services designed to add value and improve WOU's operations. The mission of the internal audit activity is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. The internal audit activity helps WOU accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes.

Standards for the Professional Practice of Internal Auditing

The internal audit activity will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the [Core Principles for the Professional Practice of Internal Auditing](#), [the Code of Ethics](#), [the International Standards for the Professional Practice of Internal Auditing](#), and [the Definition of Internal Auditing](#). The chief audit executive (internal auditor) will report periodically to the President, the Board of Trustees, and the Executive, Governance, and Trusteeship Committee (EGTC) regarding the internal audit activity's conformance to the Code of Ethics and the *Standards*.

Authority

The chief audit executive will report functionally to the Board of Trustees and administratively (i.e., day-to-day operations) to the President. To establish, maintain, and ensure that WOU's internal audit activity has sufficient authority to fulfill its duties, the Board of Trustees will:

- Approve the internal audit activity's charter.
- Approve the risk-based internal audit plan.
- Receive communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters.
- Make appropriate inquiries of management and the chief audit executive to determine whether there is inappropriate scope or resource limitations.

The chief audit executive will have unrestricted access to, and communicate and interact directly with, the Board of Trustees, including in private meetings without management present.

The Board of Trustees authorizes the internal audit activity to:

- Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.

- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
- Obtain assistance from the necessary personnel of WOU, as well as other specialized services from within or outside WOU, in order to complete the engagement.

The chief audit executive will have access to Protected Health Information and Personally Identifiable Information.

- In accordance with Health Insurance Portability and Accountability Act of 1996 (HIPAA) (45 CFR Parts 160, 162, and 164), the Family Educational Rights and Privacy Act (FERPA) (34 CFR § 99.31), and the Privacy Act of 1974, WOU is permitted to disclose records with sensitive information (Protected Health Information, Personally Identifiable Information) without an individual's authorization for the purpose of an audit, fraud and abuse detection, compliance evaluation, or administrative review.

Independence and Objectivity

The chief audit executive will ensure that the internal audit activity remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the chief audit executive determines that independence or objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal auditors will have no direct operational responsibilities or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility with the previous year.
- Performing any operational duties for WOU or its affiliates.
- Initiating or approving transactions external to the internal audit activity.
- Directing the activities of any WOU employee not employed by the internal audit activity, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the chief audit executive has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairment to independence or objectivity.

Internal auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

The chief audit executive will confirm to the Board of Trustees, at least annually, the organizational independence of the internal audit activity.

The chief audit executive will disclose to the Board of Trustees any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

Scope of Internal Audit Activities

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board of Trustees, management, and outside parties on the adequacy and effectiveness of governance, risk assessment, and control processes for WOU. Internal audit assessments include evaluating whether:

- Risks related to the achievement of WOU's strategic objectives are appropriately identified and managed.
- The actions of WOU's officers, directors, employees, and contractors are in compliance with WOU's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact WOU.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The chief audit executive will report periodically to the President and the Board of Trustees regarding:

- The internal audit activity's purpose, authority, and responsibility.
- The internal audit activity's plan and performance relative to its plan.

- The internal audit activity's conformance with The Institute of Internal Auditors Code of Ethics and the *Standards*, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board of Trustees.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to WOU.

The chief audit executive also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The internal audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the internal audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

Responsibility

The chief audit executive has the responsibility to:

- Submit, at least annually, to the President and the Board of Trustees a risk-based internal audit plan for review and approval.
- Communicate to the President and the Board of Trustees the impact of resource limitations on the internal audit plan.
- Review and adjust the internal audit plan, as necessary, in response to changes in WOU's business, risks, operations, programs, systems, and controls.
- Communicate to the President and the Board of Trustees any significant interim changes to the internal audit plan.
- Ensure each engagement of the internal audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
- Follow up on engagement findings and corrective actions, and report periodically to the President and the Board of Trustees any corrective actions not effectively implemented.
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
- Ensure the internal audit activity collectively possesses or obtains the knowledge, skill, and other competencies needed to meet the requirements of the internal audit charter.
- Ensure trends and emerging issues that could impact WOU are considered and communicated to the President and the Board of Trustees as appropriate.

- Ensure emerging trends and successful practices in internal audit are considered.
- Establish and ensure adherence to policies and procedures designed to guide the internal audit activity.
- Ensure adherence to WOU’s relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to the President and the Board of Trustees.
- Ensure conformance of the internal audit activity with the *Standards*, with the following qualifications:
 - If the internal audit activity is prohibited by law or regulation from conformance with certain parts of the *Standards*, the chief audit executive will ensure appropriate disclosures and will ensure conformance with all other parts of the *Standards*.
 - If the *Standards* are used in conjunction with requirements of Generally Accepted Government Auditing Standards (GAGAS) issued by the U.S. Government Accountability Office, the chief audit executive will ensure that the internal audit activity conforms with the *Standards*, even if the internal audit activity also conforms with the more restrictive requirements of the U.S. Government Accounting Office.

Quality Assurance and Improvement Program

The internal audit activity will maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity’s conformance with the *Standards* and an evaluation of whether internal auditors apply The Institute of Internal Auditor’s Code of Ethics. The program will also assess the efficiency and effectiveness of the internal audit activity and identify opportunities for improvement.

The chief audit executive will communicate to the President and the Board of Trustees on the internal audit activity’s quality assurance and improvement program, including results of internal assessments (both ongoing and periodic) and external assessments conducted at least once every five years by a qualified, independent assessor or assessment team from outside WOU.

Chief Audit Executive

Date

President

Date

Board Chair

Date

EGTC, Report on the Procurement Card Program

A procurement card (p-card) is a type of credit card being used in WOU's decentralized purchasing program. The fundamental goals of the p-card programs are (1) greater alignment of authority, responsibility, and accountability and (2) moving the decision-making process closer to their points of impact. The internal audit discovered that there is an environment in which improper purchases could be made with little risk of detection due to an inconsistent and inadequate review process. Additionally, there have been multiple changes to the p-card program without updating the policy, procedures, or providing further training.

The Board's Executive, Governance and Trusteeship Committee (EGTC) considered a draft Report on the Procurement Card Program at its January 31, 2020 committee meeting. At the meeting, the internal auditor presented the recommendations outlined in the report. President Fuller presented management's responses to those recommendations. Committee members suggested that management's response that users will be required to undergo refreshed training every 3 years be reduced to every 2 years. The committee members also requested management responses include a follow-up audit after the changes have been completed. The EGTC recommended the full Board accept the Report on the Procurement Card Program as included in the docket materials.

COMMITTEE RECOMMENDATION:

The WOU Executive, Governance and Trusteeship Committee recommends that the Western Oregon University Board of Trustees accept the Report on the Procurement Card Program as included in the docket materials.

Executive, Governance, and Trustee Committee, February 19, 2020 Report on the Procurement Card Program

Background on Procurement Card System

A procurement card (p-card) is a type of credit card being used by persons authorized by departments in WOU's decentralized purchasing program. The fundamental goals of the p-card program, as well as other programs, were described in a 2018 email from the President to campus. The email was distributed "to provide more detail on a number of related principles in support of greater decentralization of campus-wide administrative responsibilities to accomplish the following: (1) greater alignment of authority, responsibility, and accountability and (2) moving the decision-making process closer to their points of impact." The email went on to state, "Expanded use of procurement cards: To minimize the need for paperwork, we encourage the use of procurement cards. This allows departments to quickly and efficiently make purchases and is a cost-effective means of paying for multiple procurements with one payment to the procurement card provider." ([date: March 15, 2018](#))

The internal auditor's review of the p-card program covered fiscal year July 1, 2018 through June 30, 2019 and is operating under a policy that was last updated August 11, 2016 ([Purchasing Policy FA-05-001](#)). The policy states that the p-card shall be issued in the department's name. Under the policy there are four program participants, defined as:

1. Buyers: Personnel who have written authorization from the Account Manager to make purchases on behalf of the department.
2. Account Manager: The person responsible for safeguarding the cards of the department, maintaining complete and accurate records of card use, and preparing monthly reconciliations. The Account Manager is typically a buyer as well.
3. Budget Authority: The person fiscally responsible for the index to which the card is charged.
4. Program Administrator: The person responsible for p-card management at WOU.

The policy does not establish specific dollar limits for either the cumulative purchases in a given month or the total for a single purchase, known as the monthly purchase limit and single purchase limit, respectively.

US Bank currently services the p-card program at WOU.

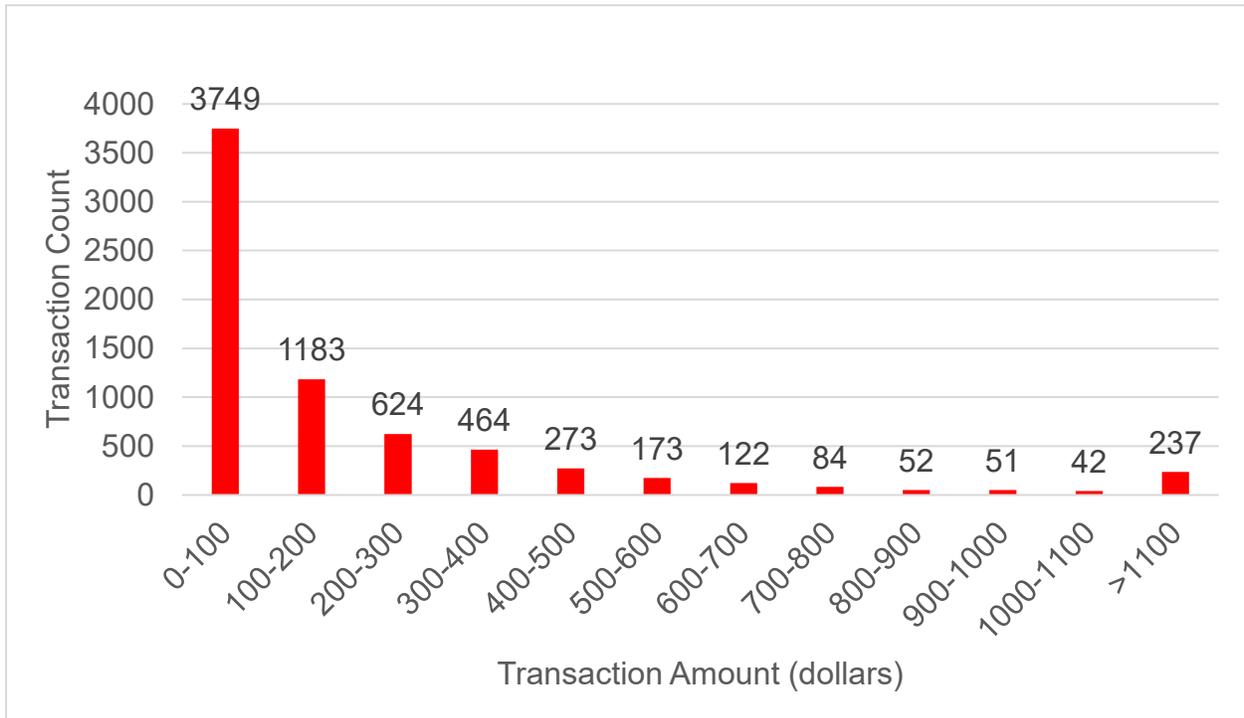
Procurement Card Program at WOU

Data

During fiscal year 2019 there were 73 departments with p-cards. When a department has a turnover in staff associated with the p-card program, a card is lost or stolen, or an external fraud has been detected, a new card is issued. This resulted in a total of 113

cards during the year. There were 71 Account Managers. Some Account Managers have multiple cards. There were 53 Budget Authorities. There was one Program Administrator. Total p-card activity for the fiscal year totaled \$1,629,142. There were 7,054 transactions.

Chart 1: Distribution of Transaction Amount



Span of Control

Span of control refers to the extent of review responsibilities placed on a single approving officer. Under WOU’s program, the approvals occur by the Budget Authorities’ review of the department’s p-card monthly reconciliation and the Program Administrator’s collection and review of all reconciliations.

Under WOU’s decentralized purchasing program, the Budget Authority’s span of control is relatively low. Of the 53 Budget Authorities, 39 Budget Authorities had a span of control ratio of 1:1. For this span of control, the Budget Authority is responsible for the approval of one monthly reconciliation.

Table 1: Span of Control

Span of Control	Number of Budget Authorities	Amount	Transactions
1:1	39	\$691,346	2,963
2:1	7	233,195	1,085
3:1	3	253,816	875
4:1	3	281,623	1,226
5:1	1	169,162	905
Total	53	\$1,629,142	7,054

The Program Administrator's span of control was 73:1. (Note: The Budget Authority count contains each individual filling the position of Budget Authority. For example, if a department replaced a budget authority during the fiscal year, then it would be counted as two Budget Authorities. This explains the discrepancy between the Program Administrator's span of control of 73:1 and the calculation of total Budget Authorities span of control of 79:1.)

Financial Exposure

The total number of p-cards at WOU, their single transaction limits, and monthly purchase limits directly affect the financial responsibility of the individuals involved. It also affects the extent of possible loss to WOU from fraudulent, improper, or abusive purchases.

Financial exposure is calculated by multiplying the monthly purchase limit of each p-card by the number of months the p-card was active during the 2019 fiscal year. While actual p-card usage for fiscal year 2019 totaled \$1,629,142, the financial exposure to WOU totaled \$9,184,700. The financial exposure was 564% of the actual usage in the program. Of the 113 p-cards that were active during the fiscal year, 9 p-card's usage totaled \$0. However, the financial exposure associate with those 9 p-cards totaled \$801,000.

Table 2: Financial Exposure

Actual Annual Usage	Actual Amount	Financial Exposure
\$ 0	\$ 0	\$ 801,000
1 – 12,000	268,464	3,514,200
12,001 – 24,000	206,514	848,000
24,001 – 48,000	628,159	2,104,500
48,000 +	526,006	1,917,000
Total	\$1,629,142	\$9,184,700

Training

The p-card policy states that all Account Managers and Budget Authorities are required to pass the OUS Procurement Card Training Quiz. However, this training quiz has been replaced by a training class led by the Program Administrator. The training class is approximately one hour. Account Managers and Budget Authorities attend the same training class.

Reconciliation

The Account Manager is responsible for the monthly reconciliation of their p-card transactions. The reconciliation should include the p-card statement from US Bank, a printout from the accounting software showing all p-card transactions for the month, and documentation to support each transaction. Once the reconciliation has been prepared, the Account Manager submits the packet to the Budget Authority.

The Budget Authority should verify the accuracy and completeness of the reconciliation. Since the Budget Authority should have firsthand knowledge of the activity of their department, they should attest to the need and receipt of the items purchased. In the decentralized p-card program, this is a key control. Once the reconciliation has been approved, the Account Manager submits the packet to the Program Administrator.

The Program Administrator should review the submitted monthly reconciliation and verify compliance with current purchasing policies, appropriate approvals, and verify the supporting documentation. This is a key control to ensure the integrity of the entire system.

Discipline

The p-card may be revoked for card misuse, not recording amounts in a timely manner, and not adhering to the reconciliation routine. During the fiscal year 2019, no revocations occurred.

Objectives, Scope, and Methodology

The objectives of the review were to assess internal controls in place from July 1, 2018 through June 30, 2019 and to identify any fraudulent or otherwise improper payment that may have resulted from control weakness in WOU's process for the use of p-cards.

To identify and assess the internal controls, an understanding of the processes was obtained from interviewing Account Managers and the Program Administrator, and performing walk-throughs of the entire process. There was also a review of the written policy, procedures, forms and emails. To identify potential improper activity, WOU's accounting records were accessed, monthly reconciliations (including the supporting documentation) were obtained, and a source external to WOU (US Bank) was used. This analysis was not designed to identify all fraudulent or otherwise improper payments.

Results in Brief

An environment exists in which improper purchases could be made with little risk of detection due to an inconsistent and inadequate review process for p-cards combined with a lack of monitoring.

There are several contributing factors to the decline in the internal control structure for the p-card program. The Controller position has had turnover and vacancies over the past couple of years. The Program Administrator position has had turnover as well. There have been multiple changes to the p-card program without changing the policy, updating procedures or providing additional training. As a result, the written p-card policy does not match day-to-day operations. Additionally, the role of the Budget Authority, a key control, is not defined in the policy and training is not adequate for this role.

Findings

Reconciliations

- The monthly reconciliations are to be submitted to the Program Administrator within 30 days of the end of the billing cycle. As part of the review of the p-card process, the June 25, 2019 reconciliation was requested from a department on October 18, 2019. The department had not completed the reconciliation (115 days later).
 - The Budget Authority had not detected the exception to the policy.
 - The Program Administrator had not detected and corrected the error in the internal control process.
- The monthly reconciliations are submitted to the Program Administrator by scanning them. The Program Administrator receives these files with scanner generated file names – not the name of the department and month of the reconciliation. As part of the review of the p-card process, adherence to the timely submission of the monthly reconciliation was to be tested. However, based on the file naming convention, the late and missing monthly reconciliations, and the finding noted above, the cost of this procedure would have outweighed its benefit. As an alternative procedure, interviews were performed of the Program Administrator and the Director of Accounting. An estimated range of missing reconciliations is 25-50% per month.
 - The Program Administrator cannot ensure the completeness of monthly reconciliations. This lack of monitoring is a breakdown of a key control.
- A tool to ensure compliance with the p-card policy is the ability to revoke a card for noncompliance. No cards have been revoked due to missing monthly reconciliations.
 - There is no system in place to track noncompliance with the policy.
 - A fundamental component of internal controls is the tone set by management. The tone from the top has allowed for noncompliance with

the policy. The departments' failure to comply has not resulted in any disciplinary action.

- The Budget Authority's monthly reconciliation approval should include multiple steps described in the above section, Procurement Card Program – Reconciliation. During interviews with three departments, the Account Managers were asked about the level of review they believe the Budget Authority obtained in their approval. Two of the three stated that the Budget Authority approved it without any review. The third was unsure. When the third was asked how many times in the last six months the Budget Authority questioned or requested additional information, the Account Manager responded none.
- A reconciliation is a process to explain differences between the accounting records and the p-card statement. These are usually due to timing differences near the end of a billing cycle. Some departments have created a workaround by changing the reconciliation date in the accounting software.
- The receipts included in the monthly reconciliation are typically printed at the time the order is placed online. An environment exists where the reconciliation could include a receipt, which is on the p-card statement, for items the department has not received. There is no control in place to ensure items ordered have actually been received.
- A monthly reconciliation selected for review contained a variance between the amount on the p-card statement and the amount on the receipt. The difference was not noted in the reconciliation by the Account Manager. The monthly reconciliation was approved by the Budget Authority despite the difference. The Program Administrator did not review the reconciliation.
 - The amount of the variance was equal to one item listed on the receipt. It is assumed that this item did not ship and the amount charged to the p-card was reduced. However, no documentation was noted that would indicate there was any knowledge of the item not being received. Had the amount not been reduced, it is unclear if the error would have been detected.

Other Items

- Credit cards are not being issued in the name of the cardholder. They are issued in the name of the department. Best practice is to issue the p-card in the name of the cardholder. The US Bank p-card program is a corporate account and issuance under the cardholder's name will not impact the individual's personal credit score.
- Account Managers can be responsible for multiple departments. Therefore, the Account Managers can have multiple cards. Each card has its own monthly transaction limits which increases WOU's financial exposure.

Written Policy ([Purchasing Policy FA-05-001](#))

- The policy contains some terminology that is not defined.
- Titles used are not consistent with industry norms and includes the use of multiple titles for the same person.

- The policy references OUS Financial Administration Standards Operating Manual. Significant items within their manual that are relevant to WOU should be incorporated into our written policy.
- The policy references purchasing policies set by the State of Oregon. Significant items within their policy that are relevant to WOU should be incorporated into our written policy.
- The role of the Budget Authority is not addressed.
 - Including the attestation of the department's receipt of the goods or services.
- Day-to-day operations have changed with approval, but the policy has not been updated to reflect those changes.
- Two sections appear to be in conflict regarding those required to obtain training.
- The policy is silent on the following:
 - Establishing single transaction limit and monthly transaction limit.
 - Approving new single transaction limit and monthly transaction limit.
 - Approving temporary transaction limit increases.
 - Mandatory review of the appropriateness of the single transaction limit and monthly transaction limit.
 - Establishing limits associated with the span of control for Budget Authorities and Program Administrators.
 - The storing of p-card information on websites.
 - Use of personal websites or accounts for personal benefit, such as:
 - Costco account (rebate checks)
 - Frequent flier miles
 - The use of PayPal accounts
 - Inventory system for pilferable items (items such as a digital camera which cost less than the threshold to be considered equipment)
 - Disposal of items after intended use.
 - Documentation, such as:
 - How long to maintain paper documents (monthly reconciliation packets, including receipts, are submitted by the departments electronically)
 - Electronic files – retention, backup, naming convention, file location, security
- The policy is vague on revocation which may lead to problems with enforcement.
- The policy is vague on the requirement for centralized purchasing of software versus decentralized subscriptions of cloud-based applications.

Accounting and Business Services Department

- The Department's website contains a link to the p-card policy. The policy that appears is the policy approved in 2012 and not the current policy.
- No system in place to monitor the following:

- Compliance with Women, Minority, and Establishing Small Businesses policy
- Procurement thresholds
- Splitting of transaction to avoid procurement thresholds and transaction limits
- No formal procedure manual
- No cross-training
- The Program Administrator can request new p-cards, receive and activate new p-cards and can enter transactions into the accounting software.
- The policy states that anyone involved in the p-card program will sign a Code of Ethics document annually. However, this is no longer done on an annual basis.
- The Program Administrator has not obtained any formal, external training on procurement or p-card administration.
- Automated email notifications are to be sent to the Account Managers regarding p-card activity. In some cases, the emails are going to the Budget Authority or to no one.

Training

- The training class is not tailored for the different roles.
- There is not a mandatory, periodic refresher course.
- The training course on August 30, 2019 did not include the following:
 - A step-by-step walkthrough on how to do a monthly reconciliation (Account Manager)
 - How to approve a monthly reconciliation (Budget Authority)
 - How to comply with the procurement thresholds
 - How purchasing should include consideration of Women, Minorities, and Establishing Small Businesses
 - How to use the Oregon Procurement Information Network (ORPIN) to piggyback on the State's purchase contracts

Recommendations

Immediately

- Establish a process to ensure the receipt and approval of all monthly reconciliations by the Program Administrator.

Management Response

- Cabinet reviewed and discussed the P-card report on January 8, 2020 and agrees that the process needs immediate attention. The Controller has been charged with meeting with the Program Administrator to address the shortcomings noted in this report and a response is due by March 1, 2020.

Short-term

- Bring together a cross-functional team. The team should include employees involved in the p-card program from all areas including the Program Administrator, Budget Authority, Account Manager, and management. This team should include employees new to the p-card program as well as those with experience. The team should focus on developing the following:
 - A new p-card policy that incorporates the actual day-to-day operations while increasing the internal controls of the program.
 - Written procedure manuals for each level of user in the p-card program.
 - Training classes for each level of user.
 - Ensure the above addresses the findings outlined in this report.

Management Response

- Management will establish a cross functional team by February 1, 2020 to address all aspects of this recommendation. The team will report its progress to the Controller on a monthly basis until all points have been resolved.
- The team will develop:
 - A new p-card policy that incorporates the actual day-to-day operations while increasing the internal controls of the program.
 - A policy will be developed to address inventory rules for items that can be pilfered of certain types and above a certain threshold.

Mid-term

- All users attend a new training class to ensure the standards that are being implemented have been communicated.
- Full implementation of short-term recommendations after training.

Management Response

- The cross-functional team will develop:
 - Written procedure manuals for each level of user in the p-card program by the end of 2020.
 - Training classes, including on-line training, for each level of user by the end of 2020, and once established:
 - Users will be required to undergo an initial training prior to the issuance of a p-card, and each participant will undergo new training as early as fall 2020.
 - Users will be required to undergo refreshed training every 2 years.

Long-term

- Quarterly review of p-card program to ensure compliance with policy.
- Annual review of p-card program to ensure policy, procedures, and training are current.

Management Response

- Management will develop a process that includes quarterly review of the P-card transactions and approval process by the Controller.
- Management will explore and evaluate software applications, including a review of DocStar, to improve and enhance the documentation process associated with P-Card activities.

Additional Management Response

- Additional recommendations include:
 - Management believes that issuing cards in the names of individuals is a necessary step toward improved compliance. As a part of this process, management will reevaluate the number of buyers and distribution of P-cards.
 - Management will develop policies that include transactions limits to address the level of financial exposure.
 - Following the completion of the aforementioned changes, the procurement card system will undergo a follow-up audit to determine if the changes have fully addressed the concerns cited in this report.

Accounting & Business Services Response

In May 2018, under the direction of the interim Vice President of Finance and Administration, the Accounting & Business Services office underwent a reorganization that changed many staff duties and eliminated a half-time position. One such change was to the Program Administrator's position description. Another change was to the position involved preparing contracts and assisting departments in getting their contracts completed. The eliminated half-time position was responsible for the approval of all accounts payable invoices. The Program Administrator's job duties changed from full-time administering, reviewing and reconciling procurement card transactions to spending 50% of her time administering the procurement card program, 35% approving all invoices in Banner and 15% coordinating with departments and Legal Counsel on contracts. An internal auditor position was created, with the original intent that their primary duties would be to audit procurement card transactions and work with departments to ensure proper internal control.

In July 2018, the new Vice President of Finance and Administration started, and with consultation of the President, elevated the internal auditor position to focus on higher-level, more 'true', internal audit work. This resulted in the Accounting & Business Services office essentially being down 1.0 FTE, with the reorganization already done that changed the Program Administrator's job duties, resulting in no one reviewing and reconciling the procurement card system.

In addition, there has been major turnover in the Accounting & Business Services Office. The Controller role has had two people in the position since 2018, and the current

Controller started in January 2020. The Purchasing Agent has had three people in the position since 2017. Additionally, in July 2018, the Accounts Payable accountant responsible for travel reimbursements left her job for another position on campus. While this position was vacant for 6 weeks, the Program Administrator performed many duties of the Accounts payable accountant as well as doing her own work.

It is not surprising with the high turnover of various levels of our organization, plus the difficulty of hiring and retaining high-skilled accountants, that internal controls suffer. In order to ensure internal controls, the Accounting & Business Services Office needs to have adequate resources to review and follow up and assist departments on the p-card data issues.