



Other Supplementary Information
Year Ended June 30, 2018

**The University of Oklahoma Health
Sciences Center**



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*

Board of Regents of the University of Oklahoma
The University of Oklahoma Health Sciences Center
Norman, Oklahoma

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Oklahoma Health Science Center (the Center), an organizational unit of the Regents of the University of Oklahoma (the Regents), which is a component unit of the State of Oklahoma, which comprise the statement of net position as of June 30, 2018, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Center’s basic financial statements, and have issued our report thereon dated October 22, 2018. Our report includes an emphasis of matter paragraph describing the acknowledgement that the Center is an organizational unit of the Regents and these financial statements reflect only the assets, liabilities, and revenues and expenses of the Center and not the Regents as a whole.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Center’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 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-A, that we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center'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*.

The Center's Response to Finding

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Oklahoma City, Oklahoma
October 22, 2018



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

Board of Regents of the University of Oklahoma
The University of Oklahoma Health Science Center
Norman, Oklahoma

Report on Compliance for Each Major Federal Program

We have audited The University of Oklahoma Health Science Center's (Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2018. The Center'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 Center'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 Center'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 Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Center 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 Center's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Center's internal control over compliance.

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 have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2018-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003 to be significant deficiencies.

The Center's responses to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Center'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.



Oklahoma City, Oklahoma
October 22, 2018

The University of Oklahoma Health Sciences Center
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2018

<u>Sponsor/Federal Agency</u>	<u>Direct/Pass through</u>	<u>CFDA</u>	<u>Award Number</u>	<u>Expenditures</u>	<u>Subrecipient Expenditures</u>
Department of Agriculture					
Department of Agriculture	Direct	10.314	20176800126355	\$ 176,545	\$ 28,204
Department of Defense					
Dept of the Army	Direct	12.420		576,557	
Johns Hopkins University	Pass-Through	12.420	2001214293	408	576,965
Henry M Jackson Found Adv Military Med	Pass-Through	12.750	HU0001-16-2-0006		36
				<u>577,001</u>	
National Science Foundation					
University of Oklahoma - Norman	Pass-Through	47.070	IIS1208639		47,273
National Science Foundation	Direct	47.074			65,096
National Science Foundation	Direct	47.076			2,833
Total National Science Foundation					<u>115,202</u>
Department of Education					
Dept of Education	Direct	84.324	R324A120232	27,637	4,080
Natl Ctr for Special Education	Direct	84.324	R324A160226	292,642	11,838
Total Department of Education					<u>320,279</u>
Department of Health and Human Services					
University of Oklahoma - Norman	Pass-Through	93.077	2018-16	5,011	
Univ of Texas MD Anderson Cancer Center	Pass-Through	93.077	P50CA180906	35,867	
Natl Inst on Drug Abuse	Direct	93.077	R03DA041928	141,526	182,404
Maternal & Child Health Bureau	Direct	93.110	R40MC29449	4,255	
Univ of Arkansas for Medical Sciences	Pass-Through	93.110	51952OUHSCPEDS	35,403	39,658
Natl Inst of Dental & Craniofacial Research	Direct	93.121		190,053	
Penn State University	Pass-Through	93.121	UOKDE024964	109,411	299,464
Maternal & Child Health Bureau	Direct	93.127	H33MC06689	118,710	
University of Arizona	Pass-Through	93.127	307872	147,794	266,504
University of California, San Francisco	Pass-Through	93.135	9468SC		8,850
Oregon State University	Pass-Through	93.136	P0430AC		35,406
Agency for Healthcare Research & Quality	Direct	93.226		3,634,896	112,272
Rutgers University	Pass-Through	93.226	6216	22,474	

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<u>Sponsor/Federal Agency</u>	<u>Direct/Pass through</u>	<u>CFDA</u>	<u>Award Number</u>	<u>Expenditures</u>	<u>Subrecipient Expenditures</u>
University of California, San Diego	Pass-Through	93.242	32677694	3,203	
Natl Inst of Occupational Safety and Health	Direct	93.262	R01OH010241	76,004	
Natl Inst on Alcohol Abuse & Alcoholism	Direct	93.273	R01AA012207	452,778	193,368
Natl Inst on Drug Abuse	Direct	93.279		14,369	
Oklahoma Medical Research Foundation	Pass-Through	93.279	029806	4,563	
Univ of Texas MD Anderson Cancer Center	Pass-Through	93.279	R01DA033289	210	
Univ of Texas MD Anderson Cancer Center	Pass-Through	93.279	R34DA037391	1,426	
Alere Wellbeing, Inc.	Pass-Through	93.279	R21DA042960	10,343	30,911
Natl Ctr on Minority Health & Health Disparities	Direct	93.307		1,178,388	61,702
Washington State University	Pass-Through	93.307	U54MD011540	260,412	
Univ of Texas Health Sciences Ctr	Pass-Through	93.307	0013081C	148,410	1,587,210
Office of the Director, NIH	Direct	93.351			1,734,929
Cincinnati Children's Hospital Medical Center	Pass-Through	93.361	132514	25,426	
University of Pittsburgh	Pass-Through	93.361	0043908-1260614	9,081	34,507
University of South Florida	Pass-Through	93.389	0000242071		40,746
Natl Cancer Inst	Direct	93.393		2,611,006	371,657
Univ of Texas MD Anderson Cancer Center	Pass-Through	93.393	3001090700	3,582	
Medical Univ of South Carolina	Pass-Through	93.393	MUSC170448C819	15,306	2,629,894
Natl Cancer Inst	Direct	93.394		313,433	
American College of Radiology	Pass-Through	93.394	RTOG3501	665	
University of Oklahoma - Norman	Pass-Through	93.394	2016-86	6,525	
Univ of Texas MD Anderson Cancer Center	Pass-Through	93.394	U01CA200462	31,063	351,686
Natl Cancer Inst	Direct	93.395		2,814,167	22,982
Brigham and Women's Hospital	Pass-Through	93.395	OK003	356,921	
Children's Hospital of Philadelphia	Pass-Through	93.395	U10CA180886	106,873	
ECOG-ACRIN	Pass-Through	93.395	U10CA180820	113,321	
NRG Oncology Foundation, Inc.	Pass-Through	93.395		835,386	21,800
NRG Oncology Foundation, Inc.	Pass-Through	93.395	UG1CA189867	128,502	
NRG Oncology Foundation, Inc.	Pass-Through	93.395	U10CA180868	96,627	
Southwest Oncology Group	Pass-Through	93.395	CA32102	12,852	4,464,649

The University of Oklahoma Health Sciences Center
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<u>Sponsor/Federal Agency</u>	<u>Direct/Pass through</u>	<u>CFDA</u>	<u>Award Number</u>	<u>Expenditures</u>	<u>Subrecipient Expenditures</u>
Natl Cancer Inst	Direct	93.396		1,797,586	574,523
Natl Cancer Inst	Direct	93.397		162,517	
University of Oklahoma - Norman	Pass-Through	93.397	P20CA202921	157,943	320,460
NRG Oncology Foundation, Inc.	Pass-Through	93.399	U10CA180860-01	2,051	
Association of University Centers on Disabilities	Pass-Through	93.424	28188812	175,902	56,530
Academic Pediatric Association	Pass-Through	93.733	NH23IP0009500400	61,005	
Iowa Healthcare Collaborative	Pass-Through	93.779	1L1CMS331451010004	333,739	
OK Dept of Mental Health Substance Abuse Services	Pass-Through	93.788	4529055813	367,321	
Natl Heart, Lung and Blood Institue	Direct	93.837		4,163,809	415,643
Boston Children's Hospital	Pass-Through	93.837	GENFD0001219271	159,337	
New England Research Institute	Pass-Through	93.837	U01HL107407	44,611	
National Marrow Donor Program	Pass-Through	93.837	06DON	1,135	
Seattle Children's Hospital Research Foundation	Pass-Through	93.837	11303SUB	12,381	
Univ of Alabama at Birmingham	Pass-Through	93.837	U01HL120338	4,821	
University of California, San Diego	Pass-Through	93.837	99198911	66,082	
Univ of Texas Health Sciences Ctr	Pass-Through	93.837	6017SC17024	96,940	
Washington State University	Pass-Through	93.837	127932G003785	32,178	
Washington State University	Pass-Through	93.837	127880G003774	33,532	4,614,826
Natl Heart, Lung and Blood Institue	Direct	93.838		408,004	
Boston Children's Hospital	Pass-Through	93.838	U01HL107681-04	8,632	416,636
Natl Heart, Lung and Blood Institue	Direct	93.839	K01HL135466	131,742	
Emory University	Pass-Through	93.839	U01HL128566	870	
National Marrow Donor Program	Pass-Through	93.839	BMTCTN0801	2,563	135,175
Natl Inst of Arthritis & Musculoskeletal Disease	Direct	93.846		628,022	
Oklahoma Medical Research Foundation	Pass-Through	93.846	026101OUHSC	5,658	633,680
Natl Inst of Diabetes & Digestive Kidney Disease	Direct	93.847		920,904	
Children's Mercy Hospital - Kansas City, MO	Pass-Through	93.847	130018	806	
Emory University	Pass-Through	93.847	T891132	7,559	
George Washington University	Pass-Through	93.847	U01DK061230	282,173	176

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Nationwide Children's Hospital	Pass-Through	93.847	7000430518	11,375	
Research Foundation of State Univ of New York	Pass-Through	93.847	113894677867	2,103	
Texas Biomedical Research Institute	Pass-Through	93.847	43726	108,158	
University of Colorado	Pass-Through	93.847	FY17001022	32,711	
University of South Florida	Pass-Through	93.847	TrialNet	40,918	
University of Texas Rio Grande Valley	Pass-Through	93.847	R21DK1059913	14,246	1,420,953
Natl Inst of Neurological Disorders and Stroke	Direct	93.853		1,071,555	169,062
Medical College of Wisconsin	Pass-Through	93.853	R21NS099789	62,198	1,133,753
Natl Inst of Allergy & Infectious Disease	Direct	93.855		2,270,184	97,368
Benaroya Research Institute	Pass-Through	93.855	0109805s32	39,958	
Massachusetts General Hospital	Pass-Through	93.855	225488	3,577	
Oklahoma Medical Research Foundation	Pass-Through	93.855	017014OUHSCJM	390,907	
Oklahoma Medical Research Foundation	Pass-Through	93.855	0170-14OUHSC/JB	353,927	
Oklahoma Medical Research Foundation	Pass-Through	93.855	017013065OUHSC LZ	19,952	
Oklahoma Medical Research Foundation	Pass-Through	93.855	017013101OUHSCWH	26,196	
Oklahoma Medical Research Foundation	Pass-Through	93.855	A217F	8,535	
Oklahoma Medical Research Foundation	Pass-Through	93.855	017014065OUHSC LZ	45,095	
Stanford University	Pass-Through	93.855		140,881	3,299,212
Natl Inst of General Medical Sciences	Direct	93.859		10,576,115	2,553,830
Laureate Institute for Brain Research	Pass-Through	93.859	P20GM121312	53,796	
Oklahoma Medical Research Foundation	Pass-Through	93.859	02490505OUHSC	231,066	
Oklahoma Medical Research Foundation	Pass-Through	93.859	024905072OUHSC	62,718	
Oklahoma State University Center for Health Sciences	Pass-Through	93.859	1-567837-01	28,352	
Oklahoma State University Center for Health Sciences	Pass-Through	93.859	581138-PP-01	9,631	
Oklahoma State University Center for Health Sciences	Pass-Through	93.859	57113701	618,474	
Oklahoma State University	Pass-Through	93.859	5555670	28,106	
Oklahoma State University	Pass-Through	93.859	5554678	12,520	
Oklahoma State University	Pass-Through	93.859	P20GM103648	146,291	
University of Oklahoma - Norman	Pass-Through	93.859	2018-05	546,131	
University of Oklahoma - Norman	Pass-Through	93.859	201724	19,822	12,333,022

The University of Oklahoma Health Sciences Center
 Schedule of Expenditures of Federal Awards
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<u>Sponsor/Federal Agency</u>	<u>Direct/Pass through</u>	<u>CFDA</u>	<u>Award Number</u>	<u>Expenditures</u>	<u>Subrecipient Expenditures</u>
Natl Inst of Child Health & Human Development	Direct	93.865		339,595	97,747
Office of the Director, NIH	Direct	93.865		402,971	
Loma Linda University	Pass-Through	93.865	2150113UO	75,120	
Miyazaki Enterprises	Pass-Through	93.865	1-0002	12,591	
Univ of Arkansas for Medical Sciences	Pass-Through	93.865	51460	38,470	
University of Michigan	Pass-Through	93.865	3004694008	41,791	
University of Minnesota	Pass-Through	93.865	R01HD080444	189,795	
University of Pittsburgh	Pass-Through	93.865	0042816	46,806	
Vanderbilt University	Pass-Through	93.865	UNIV59500	13,215	
Yale University	Pass-Through	93.865	GR101952	266,023	
Natl Inst on Aging	Direct	93.866		3,240,595	484,322
Cleveland Clinic Foundation	Pass-Through	93.866	R21AG052849	1,519	
Oklahoma Medical Research Foundation	Pass-Through	93.866	029603OUHSC	9,516	
University of California Los Angeles	Pass-Through	93.866	1558GVA160	57,333	
University of California Los Angeles	Pass-Through	93.866	AAA111	332	
University of Colorado	Pass-Through	93.866	FY16.001.013	9,954	
University of Michigan	Pass-Through	93.866	P01AG051442	518,310	
University of New Mexico	Pass-Through	93.866	76533587X6	91,318	
University of Washington	Pass-Through	93.866	UWSC9853	103,716	4,032,593
Natl Eye Inst	Direct	93.867		4,810,553	246,568
Children's Hospital of Philadelphia	Pass-Through	93.867	3209850817	20,830	
Jaeb Center for Health Research	Pass-Through	93.867	ATS17	12,129	
University of Michigan	Pass-Through	93.867	3003705558	58,888	4,902,400
Oklahoma State Department of Health	Pass-Through	93.870	3409021758	623,911	
Oklahoma Department of Human Services	Pass-Through	93.870	3409020651	562,919	1,186,830
Univ of North Texas Health Sciences Center	Pass-Through	93.879	UG54LM012345	24,737	
Univ of North Texas Health Sciences Center	Pass-Through	93.879	HS7630000137776	19,748	44,485
Cherokee Nation of Oklahoma	Pass-Through	93.933		168,791	

The University of Oklahoma Health Sciences Center
Schedule of Expenditures of Federal Awards
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<u>Sponsor/Federal Agency</u>	<u>Direct/Pass through</u>	<u>CFDA</u>	<u>Award Number</u>	<u>Expenditures</u>	<u>Subrecipient Expenditures</u>
Natl Cancer Inst	Direct	93.xxx		1,792,569	440,498
Food and Drug Administration	Direct	93.xxx	HHSF223201210008I	44,270	
Atox Bio Ltd.	Pass-Through	93.xxx	ATB202	750	
Duke Clinical Research Institute	Pass-Through	93.xxx	HHSN275201000003I	140	
Mathematica Policy Research	Pass-Through	93.xxx	50351X05367	4,264	
Social & Scientific Systems, Inc.	Pass-Through	93.xxx	HHSN261200800001E	155,944	
Total Department of Health and Human Services				56,700,907	6,367,966
Total Research Cluster				57,889,934	6,412,088
Other Programs					
Department of Agriculture					
Oklahoma Department of Agriculture	Pass-Through	10.170	0409017582	17,580	
Department of Agriculture	Direct	10.545	FSNSNAPFSUPOK	64,384	
Oklahoma Department of Human Services	Pass-Through	10.561	209340	1,403,947	
Total Department of Agriculture				1,485,911	
Department of Defense					
Defense Intelligence Agency	Direct	12.598	HHM4021410007	111,808	14,783
Department of Justice					
Office of Justice Programs	Direct	16.543		862,893	16,809
Oklahoma District Attorneys Council	Pass Through	16.575	2017VOCAOUHSC178	74,001	
Oklahoma District Attorneys Council	Pass Through	16.575	2017VOCAOUHSC201	206,256	
Oklahoma District Attorneys Council	Pass Through	16.575	2017VOCAOUHSC090	80,120	
Office of Justice Programs	Direct	16.731	2015MUMUK011	1,568,737	
Total Department of Justice				2,792,007	16,809
US Embassy	Direct	19.900	SRS50016CA182	57,042	
Department of Education	Direct	84.325	H325K120310	144,593	

The University of Oklahoma Health Sciences Center
 Schedule of Expenditures of Federal Awards
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<u>Sponsor/Federal Agency</u>	<u>Direct/Pass through</u>	<u>CFDA</u>	<u>Award Number</u>	<u>Expenditures</u>	<u>Subrecipient Expenditures</u>
Department of Health and Human Services					
Oklahoma State Department of Health	Pass Through	93.069	3409017116	5,959	
Maternal and Child Health Bureau	Direct	93.110		770,111	18,736
Univ of Arkansas for Medical Sciences	Pass Through	93.110		74,936	
Univ of Texas Health Sciences Center	Pass Through	93.110	0012728A	21,582	
American College of Obstetricians/Gynecologists	Pass Through	93.110	UC4MC28042	37,820	904,449
Parkland Health and Hospital System	Pass Through	93.145	OTHER9912		153,334
HIV/Aids Bureau	Direct	93.153	H12HA24834		512,522
Bureau of Health Professions	Direct	93.191	D40HP26871-		471,821
Univ of Kansas Medical Center Research Inst	Pass Through	93.211	Z1N00030		15,455
Center for Mental Health Services	Direct	93.243	U79SM061278	11,931	
Okla Dept of Mental Health & Substance Abuse Services	Pass Through	93.243	4529053442	12,802	
Okla Dept of Mental Health & Substance Abuse Services	Pass Through	93.243	4529053713	50,026	74,759
Health Resources & Services Administration	Direct	93.253	H4BHS15502		198,288
Natl Inst of Occupational Safety & Health	Direct	93.262	T03OH008614	60,981	
Univ of Texas Health Sciences Center	Pass Through	93.262	0011059C	8,470	69,451
Association of Schools of Public Health	Pass Through	93.283	S5064	54,309	
Univ of Texas Health Sciences Center	Pass Through	93.283	0011472C	22,573	76,882
Association of University Centers on Disabilities	Pass Through	93.424	6NU38OT0001400402		4,213
Tulane University	Pass Through	93.516	TULHSC5556631718		120,723
Administration on Developmental Disabilities	Direct	93.632	90DDUC0028-01-00		408,837
Oklahoma Department of Human Services	Pass Through	93.643	18000499	32,389	
Oklahoma Department of Human Services	Pass Through	93.643	18000500	59,854	92,243
Oklahoma Department of Human Services	Pass Through	93.652	16000634		156,665
Oklahoma Department of Human Services	Pass Through	93.669	16000491		108,998
A+ Government Solutions, Inc.	Pass Through	93.719	7760128000007		48,356
Health Resources & Services Administration	Direct	93.732	M01HP31375		103,249
Oklahoma Health Care Authority	Pass Through	93.767	8079003659		40,518

The University of Oklahoma Health Sciences Center
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<u>Sponsor/Federal Agency</u>	<u>Direct/Pass through</u>	<u>CFDA</u>	<u>Award Number</u>	<u>Expenditures</u>	<u>Subrecipient Expenditures</u>
Oklahoma Department of Human Services	Pass Through	93.778	0200259	15,558	
Oklahoma Department of Human Services	Pass Through	93.778	18000185	155,658	
Oklahoma Health Care Authority	Pass Through	93.778	8079002858	<u>4,545,915</u>	4,717,131
Oklahoma State Department of Health	Pass Through	93.870	3409020652		603,501
Bureau of Health Professions	Direct	93.884	D55HP23210		46,491
Oklahoma State Department of Health	Pass Through	93.917	3409019629	588,561	
Oklahoma State Department of Health	Pass Through	93.917	3409019633	434,976	
Oklahoma State Department of Health	Pass Through	93.917	3409019927	<u>134,050</u>	1,157,587
HIV/Aids Bureau	Direct	93.918	H76HA00185		846,377
Cherokee Nation of Oklahoma	Pass Through	93.933	ONARCH		47,742
Okla Dept of Mental Health & Substance Abuse Services	Pass Through	93.959	4529053742		103,547
Oklahoma Department of Human Services	Pass Through	93.994	0010299	23,831	
Oklahoma Department of Human Services	Pass Through	93.994	17000357	365,706	
Oklahoma Department of Human Services	Pass Through	93.994	0200441	118,573	
Oklahoma Department of Human Services	Pass Through	93.994	18000224	373,275	
Oklahoma State Department of Health	Pass Through	93.994	3409020834	92,980	
Oklahoma State Department of Health	Pass Through	93.994	3409019145	2,044	
Oklahoma State Department of Health	Pass Through	93.994	3409021762	<u>62,267</u>	1,038,676
Natl Center for Child Abuse & Neglect	Direct	93.xxx	HHSP233201400045C		261,799
Total Department of Health and Human Services					<u>12,389,573</u>
Total Other Programs					561,309
					16,980,934
					592,901

The University of Oklahoma Health Sciences Center
 Schedule of Expenditures of Federal Awards
 Year Ended June 30, 2018

<u>Sponsor/Federal Agency</u>	<u>Direct/Pass through</u>	<u>CFDA</u>	<u>Award Number</u>	<u>Expenditures</u>	<u>Subrecipient Expenditures</u>
Student Financial Assistance Cluster					
Department of Education	Direct	84.268		64,689,338	
University of Oklahoma - Norman (SEOG)	Pass Through	84.007	17-18002	49,000	
University of Oklahoma - Norman (Perkins)	Pass Through	84.038	17-18003	405,350	
University of Oklahoma - Norman (Pell)	Pass Through	84.063	17-18001	898,712	
Total Department of Education				66,042,400	
Department of Health and Human Services					
Health Professions Student Loan (HPSL & PCL) - Advances	Direct	93.342		948,186.00	
June 30, 2017 HPSL & PCL Programs	Loan Balance	93.342		5,337,931.00	6,286,117.00
Health Professions Undergraduate Nursing Student Loan - Advances	Direct	93.364		244,000.00	
June 30, 2017 Nursing Student Loan Program	Loan Balance	93.364		1,654,171.00	1,898,171.00
Total Department of Health and Human Services				8,184,288	-
Total Student Financial Aid & Federal Direct Student Loan Cluster				74,226,688	-
Total Federal Expenditures				\$ 149,097,556	\$ 7,004,989

Note 1

The purpose of the Schedule of Expenditures of Federal Awards (the Schedule) is to present a summary of the activities of the University of Oklahoma Health Sciences Center (the Center) which have been financed by the U.S. Government for the year ended June 30, 2018.

For purposes of the Schedule, federal awards have been classified into two types:

- Direct federal awards consisting of federal assistance and federal student financial aid, and
- Pass-through funds received from non-federal organizations made under federally sponsored programs conducted by those organizations.

Because the Schedule presents only a selected portion of the activities of the Center, it is not intended to and does not present the financial position, changes in fund balances, or the revenues, expenditures, and other changes of the Center.

Complete Catalog of Federal Domestic Assistance (CFDA) numbers are presented for those programs for which such numbers were available. CFDA prefixes and other identifying numbers are presented for programs for which a complete CFDA is not available.

The Center passes through certain Funds to subgrantee organizations. Expenditures incurred by the subgrantees and reimbursed by the Center are included in the Schedule.

The Center is also the subrecipient of federal funds that are reported as expenditures and included in the Schedule. The detailed Schedule of Federal Award Expenditures denotes funding sources for pass-through funds. Federal awards other than those indicated as pass-through are denoted as federal direct funds.

Note 2

For purposes of the Schedule, expenditures for federal award programs are recognized on a modified accrual basis of accounting. Federal financial assistance provided to subrecipients is treated as an expenditure when it is paid to the subrecipient.

Note 3

The University of Oklahoma Norman Campus administers the Pell, Supplemental Education Opportunity Grants, and The Perkins Loan student award programs for students attending the Norman and Health Sciences Center Campuses. Grant revenues and expenditures under such programs for students attending the Center campus is considered pass through funds and are, therefore, included in the Schedule.

Note 4

Under the Federal Direct Student Loan Program (Direct Loan Program), the U.S. Department of Education makes loans to enable a student or parent to pay the costs of the student's attendance at a postsecondary school. The Direct Loan Program enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly from the U.S. Department of Education rather than through private lenders. The Center began participation in the Direct Loan Program on July 1, 2010. The Center administers the origination and disbursement of the loans to eligible students or parents. The Center is not responsible for the collection of these loans. Outstanding loans at June 30, 2018 under the Health Professions Student Loan Program (HPSL, PCL) and the Nursing Student Loan Program are \$5,519,218 and \$1,562,373, respectively.

The University of Oklahoma Health Sciences Center
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2018

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

 Material weakness identified No

 Significant deficiencies identified not
 considered to be material weaknesses Yes

Noncompliance material to financial statements noted No

Federal Awards

Internal control over major programs:

 Material weakness identified Yes

 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 Section 516: Yes

Name of Federal Program or Cluster

CFDA number

Student Financial Aid Cluster 84.268, 84.007,
84.038, 84.063,
93.342, & 93.364

Medical Assistance Program 93.778

Dollar threshold used to distinguish
 between Type A and Type B programs \$ 2,246,126

Auditee qualified as low-risk auditee No

Section II – Financial Statement Findings

**2018-A Classification of Net Position
Significant Deficiency in Internal Control over Financial Reporting**

- Criteria:** A properly designed system of internal control over financial reporting includes the preparation of an entity’s financial statements by internal personnel of the entity. Management is responsible for establishing and maintaining internal control over financial reporting and procedures related to the fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles (GAAP).
- Condition:** The Center’s internal control system was not designed to accurately present the components of net position, specifically restricted, expendable and unrestricted, as required by GAAP. During fiscal year 2018, management identified that certain amounts previously reported as unrestricted expenditures should have been applied toward restricted resources, in accordance with the Center’s accounting policy. The result was a restatement of the components of net position to reduce a restricted, expendable category and increase the unrestricted category.
- Cause:** The Center’s internal control process, seemingly developed upon implementation of GASB Statement No. 34, to track and calculate net position did not account for certain employee benefit expenses that should have been applied to restricted resources. The fund the expenses were paid from was treated in whole as an unrestricted fund, when in reality a portion of it was restricted. In addition, certain internal activity between restricted, expendable and unrestricted was eliminated from the calculation, when in fact it should have been included for proper classification and reporting of net position.
- Effect:** The Center’s historical financial statements were restated for a misstatement to the classification of net position balances. The restricted, expendable category of net position was decreased and the unrestricted category was increased.
- Recommendation:**
We recommend that management review the controls and processes in place to ensure the classification of net position is appropriately recorded and reported in accordance with GAAP.
- Views of Responsible Officials:**
Management acknowledges the finding and has developed an appropriate process and control to ensure that net position categories are reconciled and recorded and reported in accordance with GAAP.

Section III – Federal Award Findings and Questioned Costs

**2018-001 Direct Program from U.S. Department of Education
Student Financial Aid Cluster (CFDA #'s 84.268, 84.063, 84.007, 84.038)
Special Tests: Enrollment Reporting
Material Weakness in Internal Control over Compliance**

Criteria: A student's enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies to FFEL Program loan holders by the Department of Education (ED). Enrollment Reporting in a timely and accurate manner is critical for effective management of the programs. Enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days.

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined by the regulations. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (34 CFR section 668.22(a)(1) through (a)(5)).

Condition: In our student testing, there were students that had changes in enrollment status (i.e. withdrawal, graduation, reduction from full-time to part-time). We identified status changes that were not reported to the NSLDS within the 60-day time requirement and we noted instances where the status change date per the institution's records did not agree to the NSLDS records.

It should be noted that the cause of some of these instances were discovered at the start of the fiscal year and corrective actions were put in place by the Institution but not until after the 60-day time requirement had passed.

Cause: Internal controls do not appear to be in place to accurately identify and timely report the relevant dates for reporting to NSLDS.

Effect: Untimely reporting of student enrollment status does not allow the ED to properly track and monitor students, including initiation of the loan repayment process.

**Question
Costs:** None reported

Context/Sampling:

Out of the 55 enrollment status changes in our sample, four of the status change dates did not agree with NSLDS and four status changes were not reported to NSLDS within the time required by the federal regulations. Non-statistical sampling was used.

Repeat Finding from Prior Year:

Yes, 2017-001

Recommendation:

We recommend that management update their control processes to ensure that accurate status date changes are being timely reported.

Views of Responsible Officials:

Management acknowledges the finding and is implementing internal processes to ensure timely and accurate reporting of enrollment status date changes to NSLDS.

**2018-002 Direct Program from U.S. Department of Education
Student Financial Aid Cluster (CFDA #'s 84.268, 84.063, 84.007, 84.038)
Special Tests: Return of Funds
Significant Deficiency in Internal Control over Compliance**

Criteria: When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his/her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined by the regulations. If the amount the student earned is greater than the amount disbursed, the difference between the amounts must be treated as a post-withdrawal disbursement (34 CFR section 668.22(a)(1) through (a)(5)).

Condition: We identified instances where the incorrect date was used to calculate the return of funds that resulted in an incorrect calculation of funds to be returned. This was due to the incorrect dates being used for Spring Break consideration in 2018.

Cause: Internal controls do not appear to be in place to accurately and timely identify the correct holiday dates for return of fund calculation purposes.

Effect: Use of improper dates in the return of funds calculation will likely result in incorrect calculations and inaccurate return of funds.

Question

Costs: None reported.

Context/Sampling:

Two withdrawals in our sample of six withdrawals had an incorrect calculation of the return of funds due to an improper date being used for the calculation. Non-statistical sampling was used.

Repeat Finding from Prior Year:

No

Recommendation:

We recommend that management update their control processes to ensure that the proper status date changes with consideration of breaks are being used for return of funds calculations.

Views of Responsible Officials:

Management agrees with the finding and will implement corrective measures.

**2018-003 Direct Program from U.S. Department of Education
Student Financial Aid Cluster (CFDA #'s 84.268, 84.063, 84.007, 84.038)
Cash Management
Significant Deficiency in Internal Control over Compliance**

Criteria:

An institution's funding request must not exceed the amount immediately needed to disburse funds to students or parents. A disbursement of funds occurs on the date an institution credits a student's account or pays a student or parent directly with either student financial aid funds or institutional funds. The institution must make the disbursements as soon as administratively feasible, but no later than 3 business days following the receipt of funds. Any amounts not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to the Department of Education (34 CFR section 668.166(a)(1)). Excess cash includes any funds received from ED that are deposited or transferred to the institution's Federal account as a result of an award adjustment, cancellation, or recovery. However, an excess cash balance tolerance is allowed if that balance (1) is less than one percent of its prior-year drawdowns; and (2) is eliminated within the next 7 calendar days (34 CFR sections 668.166(a) and (b)).

Condition:

We identified an instance during the fiscal year where the cumulative draws exceeded the cumulative student disbursements. The matter was fully resolved 19 days after the drawdown.

Cause:

A late scholarship resulting in a student being overawarded resulted in the need for a return to the Department of Education. Management was aware of the situation but did not return the funds to the Department of Education within the prescribed dates.

Effect:

The Institution had excess cash balances due to excess drawdowns during the fiscal year.

Question

Costs:

None reported.

Context/Sampling:

Two disbursements in our sample of 25 drawdowns resulted in excess cash balances in May 2018. Overdrawn funds totaling \$20,351 were identified by the Center on May 10, 2018. A wire transfer was initiated for \$17,195 on May 22, 2018 to return the excess cash. The wire transfer was sent to the Department of Education on May 24, 2018 but was not reported as received by the Department of Education until May 29, 2018. Non-statistical sampling was used.

Repeat Finding from Prior Year:

No

Recommendation:

We recommend that management update their control processes to ensure that the proper cash management procedures are followed to comply with federal regulations.

Views of Responsible Officials:

Management agrees with the finding and will implement corrective measures.