

Eastern Michigan University

**Federal Awards
Supplemental Information
June 30, 2016**

Independent Auditor's Reports:

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

Independent Auditor's Report

To the Board of Regents
Eastern Michigan University

We have audited the basic financial statements of Eastern Michigan University (the "University") and its discretely presented component unit as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated November 1, 2016, which contained an unmodified opinion on the basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 1, 2016.

The accompanying schedule of expenditures of federal awards is presented for the purpose 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

December 19, 2016

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*

Independent Auditor's Report

To Management and the Board of Regents
Eastern Michigan University

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 basic financial statements of Eastern Michigan University (the "University") and its discretely presented component unit as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 1, 2016. The financial statements of Eastern Michigan University Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Eastern Michigan 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Regents
Eastern Michigan University

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Michigan 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 University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

Kalamazoo, Michigan
November 1, 2016

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Regents
Eastern Michigan University

Report on Compliance for Each Major Federal Program

We have audited Eastern Michigan University's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. Eastern Michigan 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 the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Eastern Michigan 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* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eastern Michigan 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 Eastern Michigan University's compliance.

To the Board of Regents
Eastern Michigan University

Opinion on Each Major Federal Program

In our opinion, Eastern Michigan University complied, in all material respects, with the types of 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, 2016.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as Finding 2016-001, that we consider to be a significant deficiency.

Eastern Michigan University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and/or corrective action plan. Eastern Michigan University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

To the Board of Regents
Eastern Michigan University

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.

Plante & Moran, PLLC

Kalamazoo, Michigan
December 19, 2016

Eastern Michigan University

Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Direct or Pass-through	Federal CFDA Number	Federal Award Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:					
Student Financial Aid Cluster:					
U.S. Department of Education:					
Supplemental Education Opportunity Grants	Direct	84.007	P007A132005	\$ -	\$ 868,073
Work-Study Program	Direct	84.033	P033A142005	-	820,150
CWS Job Locator	Direct	84.033	P033A142005	-	48,895
Pell Grant Program	Direct	84.063	P063P131630	-	31,571,546
TEACH - Teacher Education Assistance for College and Higher Education Grant Program FY16	Direct	84.379	P379T161630	-	(2,781)
TEACH - Teacher Education Assistance for College and Higher Education Grant Program FY15	Direct	84.379	P379T141630	-	58,073
Total U.S. Department of Education				-	33,363,956
U.S. Department of Health and Human Services:					
ARRA USHHS: Nurse Faculty Loan Program - Loan balance at beginning of year plus loans issued	Direct	93.408	IEOAPH1548-01-00	-	40,495
USHHS: Nurse Faculty Loan Program - Loan balance at beginning of year plus loans issued	Direct	93.264	E01HP25866	-	338,341
Total U.S. Department of Health and Human Services				-	378,836
U.S. Department of Education Loan and Loan Guarantee Programs:					
Perkins Loans - Loan balance at beginning of year plus loans issued	Direct	84.038		-	9,356,261
Direct PLUS Loans	Direct	84.268	P268K111630	-	20,728,469
Direct Loan Stafford	Direct	84.268	P268K111630	-	111,627,769
Total Department of Education Loan and Loan Guarantee Programs				-	141,712,499
Total Student Financial Aid Cluster				-	175,455,291
Research and Development Cluster:					
U.S. Department of Agriculture:					
Soy Based Functional Building Blocks for Sustainable Advanced Coatings	Direct	10.200	13-38202-20398	-	124,156
University of Southern Mississippi-Exploring Innovative Marketing Strategies and Delivery Models Used in Effective Summer Food Service Programs	Pass-through	10.587	USM-GR05074-04	-	15,863
Total U.S. Department of Agriculture				-	140,019
U.S. Department of Defense:					
Cross-National Analysis of Islamic Fundamentalism - Task I, 2009	Direct	12.300	N00014-09-1-0985	-	64,736
Information Assurance Scholarship Program	Direct	12.902	H98230-13-1-0444	-	15,759
University of Michigan-Utilizing Probability Distribution Functions and Ensembles to Forecast Ionospheric and Thermospheric Space Weather	Pass-through	12.800	SUB 3002294751	-	17,408
Total U.S. Department of Defense				-	97,903

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Direct or Pass-through	Federal CFDA Number	Federal Award Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters (continued):					
Research and Development Cluster (continued):					
U.S. Department of the Interior - Fish and Wildlife Service - Herpetological Resource Management, LLC - Mudpuppy (Necturus maulosus) Assessment and Habitat Restoration Along the Huron-Erie Corridor: Conservation of the Obligate Host for the Endangered Salamander Mussel (Simponaias ambigua)	Pass-through	15.662	RIME:F14AP00887 SUB: 001	\$ -	\$ 16,587
U.S. Department of the Interior - National Park Service: Roosting Ecology of the Northern Long-eared Bat at the Manistee National Forest	Direct	15.944	AG-54A4-P-14-0033	-	2,398
Roosting Ecology of the Northern Long-eared Bat at the Sleeping Bear Dunes National Lakeshore	Direct	15.944	PI4AC01364	-	16,497
The Bat Community at Pictured Rocks National Lakeshore, with an Emphasis on the Northern Long-eared Bat	Direct	15.944	PI6AC00224	-	24,013
Total U.S. Department of the Interior - National Park Service				-	42,908
National Science Foundation:					
Gulliver Innovative Learning: A Platform for Managing Kinesthetic Activities	Direct	47.041	1533741	19,978	34,225
TTP Option Small: Collaborative: Integrated Smart Gris Analytics for Anomaly Detection	Direct	47.049	CNS-1421879	-	49,292
Collaborative Research: Macrophytes Across the Proterozoic - Phanerozoic Boundary: A Baseline Study of Macroalgae During a Critical Interval in Earth System History	Direct	47.050	EAR-1250756	-	17,959
RU: SG: A Model System in a Model Region - Identification of Evolutionary Process Driving Plant Diversification on Madagascar in Metistohibiscus (Malvaceae)	Direct	47.074	1457589	-	37,011
Collaborative Research; RAPID: Linking Population and Community Ecology in Restored Communities: Interactions Between Species Diversity and Genetic Diversity	Direct	47.074	1548001	-	19,054
Collaborative Research ELIIP: Endangered Languages Catalog	Direct	47.075	BCS-1057725	-	8,931
NSF 19TH Lexical - Functional Grammar Conference	Direct	47.075	BCS-1362098	-	1,043
The Physics Scholars Program at Eastern Michigan University	Direct	47.076	DUE-0966106	-	14,800
Collaborative Research: GIS Resources and Applications for Career Education (GRACE)	Direct	47.076	DRL-1433712	116,776	331,212
Total National Science Foundation				136,754	513,527
Environmental Protection Agency:					
Great Lakes Fishery Commission - F&W S&U SGS/GLFC: Refinement of a New Trapping Tool for Migrating Adult Lamprey	Pass-through	66.469	GLFC-EMU-REINHARD	-	22,704
U.S. Department of Education:					
Global Michigan: Expanding Access to East Asian Languages and Cultures	Direct	84.016	P016A140043	-	61,670
School District of the City of River Rouge - Thinking Like an Artist in Core Curriculum Subjects - Year I	Pass-through	84.351	U351D140054	-	324,649
Wayne County U.S. History and Geography Project - 2014 - 2015 SEED: Teacher Leadership Development Grant Budget	Pass-through	84.367	NO.6A 92-MI01-SEED2012	-	(695)
National Writing Project - 2015-2016 SEED: Teacher Leadership Development Grant Budget	Pass-through	84.367	NO.6B 92-MI01-SEED2012	-	9,236
Total U.S. Department of Education				-	394,860

See Notes to Schedule of Expenditures
of Federal Awards.

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Direct or Pass-through	Federal CFDA Number	Federal Award Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters (continued):					
Research and Development Cluster (continued):					
U.S. Department of Health and Human Services:					
Wayne State University - Strengthening Supports for Healthy Relationships: A Gender-Sensitive - Mixed Methods Analysis of Protective Factors for Intimate Partner Violence - Year 3 of 3	Pass-through	93.136	PO694994	\$ -	\$ 20,459
Midwest Asian Health Association - Tri-State navigator Partnership Initiative (TNPI)	Pass-through	93.332	I NAVCAI 40190-01-00	-	16,295
Midwest Asian Health Association - Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership	Pass-through	93.332	I NAVCAI 40190	45,901	86,580
National Institutes of Health - Parent Focused Obesity Intervention for Low - African American Preschoolers	Pass-through	93.847	IR03DK097444-01	85,803	160,739
National Institutes of Health - Causes and Consequences of Genomic Instability at Fragile Sites	Pass-through	93.859	R15GM107841-01	-	86,453
Michigan Department of Community Health - EMU Alzheimer's Education and Research Program, 2014-15	Pass-through	93.958	14B1MICMHS	-	11,342
Michigan Department of Community Health - EMU Alzheimer's Education and Research Program, 2015-16	Pass-through	93.958	20161199-00	-	56,166
Total U.S. Department of Health and Human Services				<u>131,704</u>	<u>438,034</u>
Total Research and Development Cluster				268,458	1,666,542
Supplemental Nutrition Assistance Program Cluster -					
U.S. Department of Agriculture - Michigan State University - Spartners Partners for Health Project					
	Pass-through	10.551	A15-0016-001	-	6,000
Trio Cluster - U.S. Department of Education:					
Upward Bound - Competitive Renewal 2012-2013	Direct	84.047	P047A121310	-	390,309
Eastern Michigan University SSS TRIO for Regular Students	Direct	84.042	P04A151353	-	53,297
Eastern Michigan University SSS TRIO for Veterans	Direct	84.042	P042A151548	-	36,435
Eastern Michigan University Ronald McNair Program	Direct	84.217	P217A120065	-	245,817
Total Trio Cluster				-	<u>725,858</u>
Total Clusters				268,458	1,778,536
Other federal awards:					
U.S. Department of Commerce - Environmental Service - Learning Project, NOAA Environmental Literacy Program, Continuation					
	Direct	11.008	OAA GR#NA12SEC00800	-	11,580
National Aeronautics and Space Administration:					
Michigan Space Grant Consortium - To Mars and Beyond: STEM Workshops to Build STEM Interest and Commitment Among Middle School Girls and Their Parents/Guardians					
	Pass-through	43.001	MSGC - NASA	-	1,745
Michigan Space Grant Consortium - Space Storms and You	Pass-through	43.001	03/16/2015BB	-	5,000
National Aeronautics and Space Administration - NASA/MSGC - EMU Affiliate					
	Pass-through	43.001	NE - OPERATING SUPP	-	1,058
Michigan Space Grant Consortium - Understanding the Time Dependent Response of the Martian Upper Atmosphere to Solar Flares					
	Pass-through	43.001	NNX12AJ49C	<u>86,633</u>	<u>118,242</u>
Total National Aeronautics and Space Administration				86,633	126,045

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Direct or Pass-through	Federal CFDA Number	Federal Award Number	Total Amount Provided to Subrecipients	Federal Expenditures
Other federal awards (continued):					
Small Business Development Centers:					
Grand Valley State University-USSBA/GVSU:SBTDC Region 9 Host 2015	Pass-through	59.037	0051)	\$ 29,905	\$ 266,548
Grand Valley State University-Small Business Development Center, Region 9 Host, 2016	Pass-through	59.037	0051)	<u>10,264</u>	<u>223,780</u>
Total Small Business Development Centers				40,169	490,328
U.S. Department of Education:					
Strengthening the STEM Curriculum at Eastern Michigan University by Institutionalizing the CSIE Program	Direct	84.031	P031A140166	-	214,721
Michigan Department of Education - Michigan Family, Career and Community Leaders of America (FCCLA) - Continuation - 2015-2016	Pass-through	84.048	163430-16134	-	54,720
Michigan Department of Education - Michigan Skills USA 2014-2015 - Continuation	Pass-through	84.048	153430-15136	-	(10,091)
Michigan Department of Education - Michigan Skills USA 2015-16 - Continuation	Pass-through	84.048	163430-16136	-	76,557
Michigan Department of Education - 2014-2015 Michigan DECA - Continuation	Pass-through	84.048	153430-15132	-	(14,353)
Michigan Department of Education - 2015-2016 Michigan DECA - Continuation	Pass-through	84.048	163430-16132	-	76,600
Michigan Department of Education - Michigan Business Professionals of America	Pass-through	84.051	153430-15131	-	(3,643)
Michigan Department of Education - Michigan Department of Education - Michigan Business Professionals of America (BPA) Continuation 2015-16	Pass-through	84.051	163430-16131	-	75,908
Michigan Department of Education - 2015-15 MI FCCLA Family, Career, and Community - Continuation	Pass-through	84.051	153430-15134	-	(773)
Michigan Department of Education - 21st Century Community Learning Centers - Bright Futures - Year 3 (Cohort G-1, MDE project #G12021)	Pass-through	84.287	152110-G12021	-	(33,765)
Michigan Department of Education - 21st Century Community Learning Centers - Bright Futures, Year 4 (Cohort G-1)	Pass-through	84.287	152110-G12021	-	665,279
Michigan Department of Education - 21st Century Community Learning Centers - Bright Futures Year 3 (Cohort G-2, MDE project #G12022)	Pass-through	84.287	152110-G12022	-	(38,168)
Michigan Department of Education-21st Century Community Learning Centers - Bright Futures Year 4 (Cohort G-2, MDE project #G12022)	Pass-through	84.287	152110-G12022	-	675,878
Michigan Department of Education - 21st Century Community Learning Centers - Bright Futures Year 1 (Cohort I-1)	Pass-through	84.287	152110-II4007	-	(29,917)
Michigan Department of Education - 21st Century Community Learning Centers - Bright Futures Year 2 (Cohort I-one)	Pass-through	84.287	152110-II4007	-	668,427
Michigan Department of Education-21st Century Community Learning Centers - Bright Futures Year 1 (Cohort I-2)	Pass-through	84.287	152110-II4013	-	(1,582)
Michigan Department of Education - 21st Century Community Learning Centers - Bright Futures Year 2 (Cohort I-two)	Pass-through	84.287	152110-II4013	-	663,864
Michigan Department of Education - 21st CCLC Cohort I-two Year 3 2016-2017 Bright Futures	Pass-through	84.287	152110-II4013	-	177

Eastern Michigan University

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Direct or Pass-through	Federal CFDA Number	Federal Award Number	Total Amount Provided to Subrecipients	Federal Expenditures
Other federal awards (continued):					
U.S. Department of Education (continued):					
Michigan Department of Labor - Labor and Economic Growth- Michigan Department of Career Development KCP State GEAR- UP Program 2014-2015	Pass-through	84.334	14-00-02	\$ -	\$ 73,634
Michigan Department of Labor - Labor and Economic Growth- MDLEG KCP GearUp 2015-2016	Pass-through	84.334	PRE-AWARD	-	68,012
Wayne County U.S. History and Geography Project - Building competence in U.S. History Through the Use of Geographic Information Systems	Pass-through	84.367	150290-015	55,540	134,024
National Writing Project - NWP Advanced Institute to scale up the College Ready Writers Program	Pass-through	84.367	92-M101-SEED-2016	-	5,151
National Writing Project - SEED Advanced Leadership Institute	Pass-through	84.367	92-M101-SEED2016-ILI	-	484
Total U.S. Department of Education				55,540	3,321,144
U.S. Department of Health and Human Services:					
EMU School of Social Work MSW Behavioral Health Fellowship Program	Direct	93.243	G02HP27933	-	321,368
SAFE Now: Stigma and Fear End Now	Direct	93.243	IU79SM061802-01	-	100,812
State of Michigan-Independent Living Skills Coach for Training Eligible Foster Care Youth	Pass-through	93.674	YIT-13-81001	-	94,821
Community Mental Health Partnership of Southeast Michigan - Medicaid/CMHPSM: Communities That Care	Pass-through	93.959	1/28/16	-	34,106
Total U.S. Department of Health and Human Services				-	551,107
U.S. Department of Homeland Security - Cyber Innovation Center - Cyber Discovery: Professional Development for High School Teachers through Student-Catalyst Teams - Implementation					
	Pass-through	97.127	NICERC 13-0211	-	134,958
U.S. Department of the Interior - National Parks Service - Wheeling National Heritage Area - North Wheeling Antebellum Townhouse Survey					
	Pass-through	15.904	HECK 017631, 8WHENA	-	500
National Endowment for the Arts - Before and After - At Risk Youth Learn Photography While Documenting Public Housing Renovation					
	Direct	45.025	CONTROL #15NL0022EN	-	3,000
Environmental Protection Agency - Great Lakes Fisheries Trust - The Southeast Michigan Stewardship - Coalition, GLFT Continuation 4, SEMIS 2015-2017					
	Pass-through	66.951	2015-1578	-	34,336
Total other federal awards				182,342	4,672,998
Total federal expenditures				\$ 450,800	\$ 182,526,689

Eastern Michigan University

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Eastern Michigan University (the "University") under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Eastern Michigan University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Eastern Michigan University.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The University has elected not to use the 10 percent *de minimus* indirect cost rate to recover indirect costs as allowable under the Uniform Guidance.

Note 3 - Loans Outstanding

During the fiscal year ended June 30, 2016, the University issued new loans to students under the William D. Ford Federal Direct Loan Program (FDLP). The loan program includes subsidized and unsubsidized Stafford Loans, Parents' Loans for Undergraduate Students (PLUS), and PLUS loans for graduate and professional students. The value of loans issued for the FDLP is based on disbursed amounts. The undergraduate PLUS loans are applied first to students' tuition and fees and any remaining balance is disbursed directly to parents or, with the parents' permission, to the student.

Eastern Michigan University

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Note 3 - Loans Outstanding (Continued)

In addition, the University participates in the Federal Perkins Loan Program through the Department of Education and the Nurse Faculty Loan Program through the Department of Health and Human Services. These loan programs are directly administered by the University and are considered revolving-loan programs whereby collections received on past loans, including interest, and new funds received from federal agencies are loaned out to current students. For both of these programs the beginning of year balance and loans made during the year is disclosed in the schedule of expenditures of federal awards. The balance of loans outstanding for the Federal Perkins Loan Program as of June 30, 2016 amounted to \$7,903,215. The balance of the loans outstanding for the Nurse Faculty Loan Program (ARRA) and the Nurse Faculty Loan Program (non-ARRA) was \$38,461 and \$336,624, respectively, as of June 30, 2016.

Eastern Michigan University

Schedule of Findings and Questioned Costs Year Ended June 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

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 Section 2 CFR 200.516 (a)? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, and 93.408	Student Financial Aid Cluster
84.287	21st Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

None

Eastern Michigan University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2016

Section III - Federal Program Audit Findings

Reference Number	Finding
2016-001	<p>CFDA Number, Federal Agency, and Program Name - Student Financial Aid Cluster - Department of Education - 84.063 Federal Pell Grants, 84.268 Federal Direct Loans, Perkins CFDA 84.038</p> <p>Federal Award Identification Number and Rear - N/A</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Significant deficiency</p> <p>Repeat Finding - No</p> <p>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 Federal Family Education Loan (FFEL) Program loan holders by the U.S. Department of Education. 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. These changes include reductions or increases in attendance levels, withdrawals, graduations, or approved leaves of absence. As explained in the National Student Loan Data System (NSLDS) Enrollment Reporting Guide, the enrollment reporting roster file is due within 30 days from the creation of the file that is placed in the institution's SAIG (Pell, 34 CFR section 690.83(b)(2); FFEL, 34 CFR section 682.610; Direct Loan, 34 CFR section 685.309).</p> <p>The University reports student status changes to the National Student Clearinghouse (NSC), which ultimately reports to NSLDS. The NSC encourages schools to report enrollment information on all students. Chapter 3.2 of the NSLDS Enrollment Reporting Guide states that schools should report enrollment information for students who have received or benefited from any of the following types of Title IV aid from their current school or from another school: Perkins Loan Programs, Direct Loan Programs, FFEL Program, Federal Grant Programs, and Federally Insured Student Loans.</p>

Eastern Michigan University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2016

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2016-001 (Cont.)	<p>Condition - The University did not report student status changes to the NSC (and ultimately NSLDS) for students that unofficially withdrew by ceasing to attend classes. The NSC flags any student not included in a status change submission as a withdrawal. By default, students that attend classes during the fall and summer semesters are reported timely because the monthly submission in the following semester is a required reporting period. For example, if a student unofficially withdraws from the fall term and does not enroll in the winter term, the status change is reported in the beginning of the winter term, which would be considered timely. The issue arises with those students that unofficially withdraw from the winter semester, because the summer semester is not a required reporting period. Unofficial withdrawal statuses were not updated until the required reporting period began in the fall semester.</p> <p>Questioned Costs - None</p> <p>Identification of How Questioned Costs were Computed - N/A</p> <p>Context - Of the 25 students tested for student status changes, six students unofficially withdrew by ceasing to attend classes from the winter semester. These students' status changes were not reported to the NSC (and ultimately NSLDS) timely. As discussed above, the students who unofficially withdrew in the summer or fall semesters defaulted to the correct status change due to the way the NSC processes reports.</p> <p>Cause and Effect - The University does not transmit student enrollment data to the NSC, and ultimately NSLDS, for students that unofficially withdraw. However, due to a default option at the NSC, students that are not included on a student status submission by the University during a required reporting period have their statuses updated to withdrawn automatically. The only population of students that is not reported timely is the winter semester students that unofficially withdraw. These students' statuses are not updated to withdrawn until the fall semester. As a result, these students gain additional time before entering repayment status on their loans.</p> <p>Recommendation - The financial aid department, along with the registrar's office, should frequently monitor student status changes and enrollment information and upload complete enrollment reports on a monthly basis to ensure compliance with federal regulations. Uploads to the NSC, and ultimately NSLDS, should be verified to ensure that all the required information was received by the agency.</p>

Eastern Michigan University

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2016

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2016-001 (Cont.)	Views of Responsible Officials and Planned Corrective Actions - The University, specifically the student financial aid department, has developed a policy and procedure that will use an unofficial withdrawal report at the end of each semester to update student status changes for students who failed to complete any coursework directly with the NSLDS. The report has been designed and tested to identify any students that are withdrawn and require reporting to the NSLDS.

Eastern Michigan University

Summary Schedule of Prior Audit Findings Year Ended June 30, 2016

<u>Prior Year Finding Number</u>	<u>Fiscal Year in Which the Finding Initially Occurred</u>	<u>Federal Program, CFDA Number, and Name</u>	<u>Original Finding Description</u>	<u>Status/Partial Corrective Action (as Applicable)</u>	<u>Planned Corrective Action (if Finding not Corrected)</u>
2015-001	2015	Research and Development Cluster - Department of Defense #12.300, National Science Foundation #47.076, and Department of Health and Human Services #93.847	The University has not met the requirements of subrecipient monitoring. The requirements include not just receiving audit reports, but ensuring that the grants are in compliance with laws and regulations, following up on findings, and requiring possible additional monitoring and reporting by subrecipients. Not completing this process could result in unallowable costs or noncompliance with laws and regulations occurring and not being caught in a timely manner.	Corrected	N/A