

SOUTHERN OREGON UNIVERSITY
SINGLE AUDIT REPORT
YEAR ENDED JUNE 30, 2025



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**SOUTHERN OREGON UNIVERSITY
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board
Southern Oregon University
Ashland, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit and the fiduciary activities of Southern Oregon University, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Southern Oregon University's basic financial statements, and have issued our report thereon dated March 26, 2026. Our report includes a reference to other auditors who audited the financial statements of the Southern Oregon University Foundation, a discretely presented component unit, and CHF-Ashland, LLC, a fiduciary activity which represents 98%, 97%, and 99%, respectively, of the assets, fiduciary net position, and additions of the fiduciary activities as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the discretely presented component unit and the fiduciary activities audited by other auditors referred to above were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Southern Oregon University's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Lake Oswego, Oregon
March 26, 2026



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Board
Southern Oregon University
Ashland, Oregon

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Southern Oregon University's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Southern Oregon University's major federal program for the year ended June 30, 2025. Southern Oregon University's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southern Oregon University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southern Oregon University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Southern Oregon University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Southern Oregon University's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, and 2025-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, and 2025-004, to be significant deficiencies.

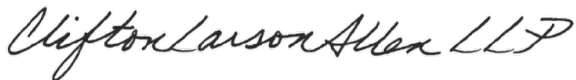
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

We have audited the financial statements of the business-type activities, the discretely presented component unit, and the fiduciary activities of Southern Oregon University as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Southern Oregon University's basic financial statements. We have issued our report thereon, dated March 26, 2026, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions 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 basic 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.



CliftonLarsonAllen LLP

Lake Oswego, Oregon
March 26, 2026

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Passthrough Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity	Pass-Through Identifying Number	Passed Through to Subrecipients	Expenditures
HEALTH CENTER PROGRAMS					
Department of Health and Human Services					
Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	La Clinica Del Valle	N/A		\$ 59,961
Social Services Block Grant	93.667	Oregon Department of Education	33486		<u>146,257</u>
Total Health Center Programs Cluster					<u>206,218</u>
RESEARCH AND DEVELOPMENT					
Department of the Interior					
Cultural and Paleontological Resources Management	15.224				94,274
Forest and Woodlands Resource Management	15.233				5,409
Cooperative Research and Training Programs ō Resources of the National Park System	15.945				<u>98,883</u>
Department of the Interior Total					198,566
Department of Agriculture					
Agriculture and Food Research Initiative (AFRI)	10.310				<u>31,438</u>
Department of Agriculture Total					31,438
National Aeronautics and Space Administration					
Science	43.001	Oregon State University	505247-78053		<u>13</u>
National Aeronautics and Space Administration Total					13
National Science Foundation					
Computer and Information Science and Engineering	47.070				2,361
Integrative Activities	47.083	University of Southern Mississippi	8007461-05.01 SOU		8,030
Polar Programs	47.078				24,833
STEM Education (formerly Education and Human Resources)	47.076	John Carroll University	ASCENDsub-007		9,222
STEM Education (formerly Education and Human Resources)	47.076			<u>\$ 94,161</u>	<u>404,871</u>
National Science Foundation Total				<u>94,161</u>	<u>449,317</u>
Total Research and Development Cluster				94,161	679,334

See notes to Schedule of Expenditures of Federal Awards.

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Passthrough Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity	Pass-Through Identifying Number	Passed Through to Subrecipients	Expenditures
STUDENT FINANCIAL ASSISTANCE					
Department of Education					
Federal Direct Student Loans	84.268				\$ 16,412,462
Federal Pell Grant Program	84.063				6,998,762
Federal Supplemental Educational Opportunity Grants	84.007				361,934
Federal Work-Study Program	84.033				438,090
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379				10,060
Total Department of Education and Student Financial Assistance Cluster					<u>24,221,308</u>
TRIO					
Department of Education					
TRIO McNair Post-Baccalaureate Achievement	84.217				261,204
TRIO Student Support Services	84.042				382,465
Total Department of Education and TRIO Cluster					<u>643,669</u>
Other Programs					
Department of Education					
Fund for the Improvement of Postsecondary Education	84.116				33,171
Department of Housing and Urban Development	14.228	Oregon Housing and Community Services	9032		45,676
Migrant Education State Grant Program	84.011	Oregon Department of Education	37919		7,600
COVID19 - Education Stabilization Fund	84.425	Oregon Department of Education	35826		239,056
Department of Education Total					<u>325,503</u>
Department of Treasury					
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Oregon Health Authority		181698	652,755
Total Department of Treasury					<u>652,755</u>
U.S. Fish and Wildlife Service					
Wildlife Restoration and Basic Hunter Education and Safety	15.611	Oregon Department of Fish and Wildlife		106-24	60,535
Total Small Business Administration					<u>60,535</u>
Total Other Programs					<u>1,038,793</u>
Total Expenditures of Federal Funds				<u>\$ 94,161</u>	<u>\$ 26,789,322</u>

See notes to Schedule of Expenditures of Federal Awards.

SOUTHERN OREGON UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southern Oregon University under programs of the federal government of the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southern Oregon University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Southern Oregon University.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

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

NOTE 4 STUDENT FINANCIAL AID INSTITUTIONAL AND PROGRAM ELIGIBILITY METRICS

Under the Higher Education Act of 1965, as amended (HEA) and federal regulations under 34 CFR § 668.23, institutions are subject to the calculations below unless the institution meets criteria for exemptions or waivers of those requirements. Southern Oregon University is in compliance with the following regulations for the year ended June 30, 2025.

- Correspondence courses the institution offers under 34 CFR 600.7(b) and (g);
- Regular students that enroll in correspondence courses under 34 CFR 600.7(b) and (g);
- Institution's regular students that are incarcerated under 34 CFR 600.7(c) and (g);
- Completion rates for confined or incarcerated individuals enrolled in non-degree programs at nonprofit institutions under 34 CFR 600.7(c)(3)(ii) and (g);
- Institution's regular students that lack a high school diploma or its equivalent under 34 CFR 600.7(d) and (g);
- Completion rates for short-term programs under 34 CFR 668.8(f) and (g);
- Placement rates for short-term programs under 34 CFR 668.8(e)(2).

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
3. Noncompliance material to financial statements noted? yes no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of Major Federal Programs

ASSISTANCE LISTING Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.063, 84.268, 84.379	Student Financial Assistance Cluster

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 803,680
- Auditee qualified as low-risk auditee? yes no

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings

2025-001 – Material Audit Adjustments, Unreconciled balances, and Delayed Issuance of Audited Financial Statements

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Criteria or specific requirement: Southern Oregon University (SOU) is required to maintain an effective system of internal control over financial reporting to provide reasonable assurance that its financial statements are materially accurate and prepared in accordance with generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) requirements.

In addition, SOU is required to submit its annual audited financial statements in a timely manner in accordance with established deadlines to various stakeholders, including regulatory agencies, lenders, the U.S. Department of Education (DoE), the Northwest Commission on Colleges and Universities (NWCCU), the State of Oregon, bondholders, and other interested parties. Timely financial reporting is essential to support effective governance, oversight, regulatory compliance, and institutional decision-making.

Condition: During the audit, a significant number of audit adjustments were identified, including adjustments that were material to the financial statements related to the presentation of Grants, Gifts and Contracts. Material adjustments were required to properly classify balances within Cash and Cash Equivalents and Net Position. In addition, immaterial audit adjustments were recorded in the following accounts: Accounts Receivable, Prepaid Expenses, Accounts Payable, Unearned Revenue, Student Tuition and Fees, Federal Grants and Contracts, Educational Department Sales and Services, Auxiliary Enterprise Revenue, Other Operating Revenues, Financial Aid Grants, Gifts, and various Operating Expense accounts.

Specifically, as part of non-exchange revenues and receivables—specifically federal, state, and other grant revenues—significant unreconciled balances were identified related to the implementation and ongoing use of the new financial enterprise resource planning (ERP) system. While these unreconciled balances were not material to the financial statements for the year ended June 30, 2025, they continue to accumulate and may increase in future periods if underlying transactional data is not reconciled in a timely manner.

Finally, the audited financial statements for the fiscal year ended June 30, 2025, were issued very near the statutory deadline of nine months after fiscal year end (March 31), representing the second consecutive year in which issuance occurred close to the deadline. The audited financial statements for the fiscal year ended June 30, 2024, were issued on March 28, 2025.

Effect: The volume and significance of audit adjustments identified during the audit process indicate that management's financial reporting and year-end close processes were not adequately designed and/or operating effectively. In addition, delays in the overall financial close and reporting process limit management's ability to timely identify, investigate, and resolve abnormal transactions, balances, or trends.

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section II – Financial Statement Findings (Continued)

2025-001 – Material Audit Adjustments, Unreconciled balances, and Delayed Issuance of Audited Financial Statements (Continued)

These deficiencies increase the risk that unusual or unexpected financial activity may not be detected or addressed until late in the financial reporting process or through audit procedures. As a result, there is an increased risk that the financial statements may not be prepared accurately or timely without audit intervention, and that management may not have timely insight into financial anomalies that could affect decision-making, compliance, or financial sustainability.

Further, issuance of the audited financial statements near the statutory deadline limits the ability of external users, bondholders, and those charged with governance to perform timely oversight, planning, forecasting, and evaluation of the University's financial position and operating results. Delayed availability of finalized financial information reduces management's and stakeholders' ability to respond promptly to emerging financial risks and operational challenges in accordance with prudent governance practices.

Cause: The delays in financial statement issuance and the volume of audit adjustments were primarily attributable to ongoing challenges associated with the implementation of a new financial and accounting ERP system in January 2024 that continued through the fiscal year ended June 30, 2025. In addition, budgetary constraints have limited staffing levels within the financial operations team, reducing the University's capacity to manage the increased workload associated with system implementation, subledger reconciliations, and financial reporting processes.

As a result, SOU's finance personnel, who were already operating at capacity, were required to prioritize daily critical operational activities, while system optimization, subledger reconciliations, and enhancement of financial reporting processes were deferred. These limitations contributed to delays in completing the financial close and fully establishing effective internal controls and reporting processes within the new ERP environment.

Repeat Finding: No

Recommendation: We recommend that SOU continue to evaluate and strengthen its financial reporting and year-end close processes to ensure alignment with the functionality and requirements of the ERP system. In addition, SOU should assess staffing levels and resources necessary to effectively manage the operational workload and support timely and accurate financial reporting. Strengthened processes and related internal controls should support the timely completion of reconciliations and the accurate preparation of financial statements in future periods.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management has addressed their corrective action plan in a separately issued letter.

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs

2025 – 002 – Special Tests – Enrollment Reporting

Federal Agency: Department of Education

Federal Program Title: Student Financial Assistance Cluster

ASSISTANCE LISTING Number:

84.268 – Federal Direct Student Loans

84.063 – Federal Pell Grant Program

Federal Award Identification: Various

Award Period: June 1, 2024 to June 30, 2025

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

Criteria or specific requirement: Institutions are required to report enrollment information under the Pell grant and the Direct loan programs via the National Student Loan Data System (NSLDS) (OMB No. 1845-0035) (Pell, 34 CFR 690.83(b)(2); Direct Loan, 34 CFR 685.309). Institutions must review, update, and verify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS Professional Access (NSLDSFAP) website. There are two categories of enrollment information; “Campus Level” and “Program Level,” both of which need to be reported accurately and have separate record types. The NSLDS Enrollment Reporting Guide provides the requirements and guidance for reporting enrollment details using the NSLDS Enrollment Reporting Process. Institutions must report enrollment changes within 30 days; however, if a roster file is expected within 60 days, you may provide the updated data on that roster file. The University must also have an adequate process to internally review submissions to either the third-party servicer or directly to NSLDS. Additionally, Institutions are required to ensure adequate internal controls over compliance are established and maintained in accordance with 2 CFR 200.303.

Condition: During our testing of the Direct Loan and Pell Grant programs, we selected a sample of 40 student enrollment changes to test for timeliness and accurate reporting of student status changes to the National Student Loan Data System (NSLDS). Our testing resulted in the following items of noncompliance.

1. 1 student enrollment changes where the enrollment status effective date was not correctly reported to NSLDS. 34 CFR 685.309 (b)(1) and 34 CFR 690.83(b)(2)
2. 5 instances where a student’s enrollment status change was not reported timely to NSLDS. 34 CFR 685.309(b)(1) and 34 CFR 690.83(b)(2)
3. 1 student enrollment change where status change was not reported to NSLDS. 34 CFR 685.309(b)(1) and 34 CFR 690.83(b)(2)

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

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

2025 – 002 – Special Tests – Enrollment Reporting (Continued)

Questioned costs: N/A

Context: Out of a sample of 40 enrollment changes selected for testing for the requirement noted above, we noted 6 students with exceptions. 1 student had multiple instances of noncompliance.

Cause: The university was unaware of the errors which were caused by the transmission of date between their student information system and the third-party servicer.

Effect: The NSLDS system could not be updated accurately or timely with student enrollment information.

Repeat finding: Yes 2024-001

Recommendation: We recommend that the University enhance its policies and procedures regarding enrollment reporting including additional monitoring over the third-party service provider to ensure that reporting is completed accurately and timely.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management has addressed their corrective action plan in a separately issued letter.

2025 – 003 – Special Tests – Return to Title IV Funds (R2T4)

Federal Agency: Department of Education

Federal Program Title: Student Financial Assistance Cluster

ASSISTANCE LISTING Numbers:

84.268 – Federal Direct Student Loans

84.063 – Federal Pell Grant Program

84.007 – Federal Supplemental Educational Opportunity Grants

84.379 – Teacher Education Assistance for College and Higher Education Grants

Federal Award Identification: Various

Award Period: June 1, 2024 to June 30, 2025

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

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

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

2025 – 003 – Special Tests – Return to Title IV Funds (R2T4) (Continued)

Criteria or specific requirement: 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 is required to determine the amount of Title IV aid earned as of the student's withdrawal date. If the amount of Title IV aid earned is less than the amount disbursed to the student or on the student's behalf as of the date the institution determines the student withdrew, the institution must return the unearned portion to the applicable Title IV programs. No additional disbursements may be made for the payment period or period of enrollment.

If the amount of Title IV aid earned exceeds the amount disbursed, the difference must be treated as a post-withdrawal disbursement, in accordance with 34 CFR §668.22(a)(1) through (a)(5).

Condition: During our testing of students who ceased attendance during a payment period or period of enrollment—including students who met withdrawal exemptions, dropped courses, took a leave of absence, never began attendance, or otherwise terminated enrollment during the audit period—we selected a sample of 15 students to evaluate the timeliness and accuracy of Return to Title IV (R2T4) calculations and procedures.

We identified that the Student Financial Aid system did not calculate R2T4 amounts accurately for 5 of the 15 students tested. In addition, there was insufficient review of system-generated calculations to ensure their accuracy. For these students, the return of funds was not completed within the required 45-day timeframe from the date the institution determined the student withdrew.

Questioned costs: \$6,644

Context: The University did not properly review system generated calculations. 5 out of the 15 students tested had incorrect calculations and the dates funds were returned not completed within 45 days of the institution determining the student's withdrawal.

Cause: The deficiencies were primarily due to ineffective internal controls over the R2T4 process and errors in system-generated calculations. These issues were further exacerbated by staff turnover that occurred prior to the Fall 2024 term.

Effect: As a result, Title IV funds may not have been returned in the correct amounts or within required timeframes, resulting in noncompliance with federal regulations governing the administration of Title IV financial aid programs.

Repeat finding: No

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

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

2025 – 003 – Special Tests – Return to Title IV Funds (R2T4) (Continued)

Recommendation: We recommend that the University strengthen internal controls over the R2T4 process by implementing standardized procedures, ensuring system calculations are accurate, and establishing consistent and documented review of R2T4 calculations prior to the return of Title IV funds.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management has addressed their corrective action plan in a separately issued letter.

2025 – 004 – Eligibility – Direct Loan Awarding

Federal Agency: Department of Education

Federal Program Title: Student Financial Assistance Cluster

ASSISTANCE LISTING Numbers:

84.268 – Federal Direct Student Loans

Federal Award Identification Number and Year: P268K240362 2025

Award Period: June 1, 2024 to June 30, 2025

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

Criteria or specific requirements: Direct Subsidized Loans and Direct Unsubsidized Loans are subject to annual loan limits that vary based on a student’s grade level and, for Direct Unsubsidized Loans, dependency status, in accordance with 34 CFR §685.203. The annual loan limit represents the maximum amount a student may receive for an academic year.

For undergraduate students, there is a combined annual loan limit for Direct Subsidized and Direct Unsubsidized Loans, of which no more than a specified portion may consist of Direct Subsidized Loans (the “annual subsidized maximum”).

Condition: During eligibility testing, we identified one student who was classified as an independent junior and was eligible to receive up to \$5,500 in Direct Subsidized Loans. However, the student was awarded only \$5,000 in Direct Subsidized Loans. The student was also awarded \$7,500 in Direct Unsubsidized Loans, consistent with the applicable annual loan limit.

The student’s financial aid package was adjusted using professional judgment; however, an error in recalculation resulted in the student being underawarded \$500 in Direct Subsidized Loans and overawarded Direct Unsubsidized Loans by \$500.

Questioned costs: None.

**SOUTHERN OREGON UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

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

2025 – 004 – Eligibility – Direct Loan Awarding (Continued)

Context: Out of a sample of 41 students tested for eligibility of federal student financial aid awards, the University did not properly award one student the full amount of Direct Subsidized Loan for which the student was eligible.

Cause: The error was due to human error during the manual packaging and recalculation process.

Effect: The student was underawarded Direct Subsidized Loans and correspondingly overawarded Direct Unsubsidized Loans during the 2024–2025 award year.

Repeat finding: No

Recommendation: We recommend that the University enhance its policies and procedures related to the packaging and awarding of financial aid, particularly in situations requiring manual calculations or professional judgment, to ensure student eligibility is accurately determined and awards are properly calculated.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Management has addressed their corrective action plan in a separately issued letter.



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