



**BUCKNELL UNIVERSITY**

Single Audit Report

June 30, 2015

(With Independent Auditors' Report Thereon)

# BUCKNELL UNIVERSITY

## Table of Contents

	<b>Page</b>
Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i>	1
Schedule of Expenditures of Federal Awards	4
Notes to Schedule of Expenditures of Federal Awards	5
Schedule of Findings and Questioned Costs	6



**KPMG LLP**  
Suite 1000  
30 North Third Street  
PO Box 1190  
Harrisburg, PA 17108-1190

**Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations***

Board of Trustees  
Bucknell University:

**Report on Compliance for Each Major Federal Program**

We have audited Bucknell University's (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015. The University's major federal program is identified in the summary of auditors' 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 its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the University's major federal program 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the University's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.



### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 15-001. Our opinion on the major federal program is not modified with respect to this matter.

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

### **Report on Internal Control over Compliance**

Management of the 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 the University's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2015 and have issued our report thereon dated October 12, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

**KPMG LLP**

Harrisburg, Pennsylvania  
February 3, 2016

**BUCKNELL UNIVERSITY**  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2015

<u>Federal grantor/program title</u>	<u>CFDA number</u>	<u>Federal awards</u>	<u>Total by CFDA #</u>
Economic Development cluster:			
<i>Department of Commerce</i>			
Special Economic Development and Adjustment Assistance (pass-through Trustees of the University of Pennsylvania)(5-61120-A)	11.307	\$ 25,269	25,269
Total economic development cluster			<u>25,269</u>
Research and development cluster:			
<i>Department of Commerce</i>			
Sea Grant Support (pass-through Trustees of the Kings College)(5017-KC-NOAA-0063)	11.417	3,148	3,148
Measurement and Engineering Research and Standards	11.609	2,871	2,871
Science, Technology, Business and/or Education Outreach	11.620	3,095	3,095
<i>Department of Defense</i>			
Basic Scientific Research	12.431	39,995	39,995
<i>U.S. Department of Interior</i>			
Great Apes Conservation Fund	15.629	4,392	4,392
Endangered Species Conservation – Recovery Implementation Funds	15.657	116,213	116,213
National Fish and Wildlife Foundation	15.663	11,000	11,000
National Land Remote Sensing Education Outreach and Research (pass-through the California University of Pennsylvania)(1314ES029-S3)	15.815	1,000	1,000
<i>Department of Justice</i>			
Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525	70,044	70,044
<i>National Aeronautics and Space Administration</i>			
Science	43.001	49,621	49,621
<i>National Endowment for the Arts</i>			
Promotion of the Arts - Partnership Agreements (pass-through the Mid Atlantic Arts Foundation) (26399, 26452, 26495, 26496, 26499, 26500, 27010)	45.025	28,704	28,704
<i>National Science Foundation</i>			
Engineering Grants	47.041	42,256	
Engineering Grants (pass-through the Board of Trustees of the Leland Stanford Junior University)(24143310-46313-B)	47.041	21,547	
Engineering Grants (pass-through the Johns Hopkins University)(2001070050)	47.041	11,597	
Total CFDA – 47.041			<u>75,400</u>
Mathematical and Physical Sciences	47.049	495,500	495,500
Geosciences	47.050	149,468	149,468
Computer and Information Science and Engineering	47.070	4,294	4,294
Biological Sciences	47.074	68,440	68,440
Social, Behavioral, and Economic Sciences (pass-through the Research Foundation for State University of New York) (R893939)	47.075	17,908	17,908
Education and Human Resources	47.076	215,709	
Education and Human Resources (pass-through the University of Michigan) (3003423182)	47.076	17,475	
Education and Human Resources (pass-through the University of Florida) (UF-EIES-1109037-BKU)	47.076	3,676	
Total CFDA – 47.076			<u>236,860</u>
Office of International and Integrative Activities	47.079	5,000	5,000
<i>Small Business Administration</i>			
Small Business Development Centers (pass-through Trustees of the University of Pennsylvania) (5-60617-A, 5-62937-A)	59.037	185,053	185,053
<i>Department of Health and Human Services</i>			
Alcohol Research Programs	93.273	32,853	32,853
Total research and development cluster			<u>1,600,859</u>
Student financial aid cluster:			
<i>U.S. Department of Education</i>			
Federal Supplemental Educational Opportunity Grant Program	84.007	256,132	256,132
Federal Work-Study Program	84.033	266,924	266,924
Federal Perkins Loan Program	84.038	4,549,053	4,549,053
Federal Pell Grant Program	84.063	1,654,567	1,654,567
Federal Direct Loans	84.268	15,173,306	15,173,306
Total student financial aid cluster			<u>21,899,982</u>
Total federal awards		\$	<u>23,526,110</u>

See accompanying notes to schedule of expenditures of federal awards.

**BUCKNELL UNIVERSITY**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

**(1) General**

The accompanying schedule of expenditures of federal awards presents the expenditures of Bucknell University's (the University) federal financial assistance programs.

**(2) Basis of Accounting**

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting, which is consistent with the University's financial statements.

**(3) Federal Perkins Loan Program**

The University administers and accounts for all aspects of the Federal Perkins Loan Program. Therefore, the University's financial statements include the program's balances and transactions. The total balance of loans outstanding under the loan program at June 30, 2015 was \$3,756,428.

Total loan expenditures of the Federal Perkins Loan Program for the year ended June 30, 2015 totaled \$396,600. No administrative cost allowance was claimed for the Federal Perkins Loan Program for the year ended June 30, 2015.

**(4) Federal Direct Loans**

For the Federal Direct Loan Programs, the University is responsible only for the performance of certain administrative duties; therefore, the loan balances and transactions for those programs are not included in the University's financial statements.

The University processed the following amounts of new loans under the Federal Direct Loan Programs (CFDA 84.268) (which include Stafford Loans and Parents' Loans for Undergraduate Students [PLUS]) for the year ended June 30, 2015:

Stafford loans	\$	8,524,809
PLUS loans		<u>6,648,497</u>
Total	\$	<u>15,173,306</u>

**BUCKNELL UNIVERSITY**  
 Schedule of Findings and Questioned Costs  
 Year ended June 30, 2015

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

- (a) The type of report issued on the financial statements: **Unmodified.**
- (b) Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported.**  
 Material weaknesses identified: **No.**
- (c) Noncompliance which is material to the financial statements: **No.**
- (d) Significant deficiencies in internal control over major programs identified: **None reported.** Material weaknesses in internal control over major programs identified: **No.**
- (e) The type of report issued on compliance for major programs: **Unmodified.**
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **Yes.**
- (g) Major programs:
  - Student Financial Aid Cluster:
  - U.S. Department of Education:
 

Federal Supplementary Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal Perkins Loan Program	84.038
Federal Pell Grant Program	84.063
Federal Direct Loans	84.268
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **Yes.**

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

No matters were reported.

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

**Reference Number:** 15-001

**Federal Agency:** U.S. Department of Education (ED)

**Program Name (CFDA#):** Federal Direct Loan Program (84.268)  
 Federal Pell Grant Program (84.063)

**Federal Award Year:** July 1, 2014 to June 30, 2015

**Compliance Requirement:** Enrollment Reporting

## BUCKNELL UNIVERSITY

### Schedule of Findings and Questioned Costs

Year ended June 30, 2015

#### **Criteria**

Under the Pell grant and loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster file placed in their Student Aid Internet Gateway (SAIG) (OMB No. 1845-0002) mailboxes sent by ED via NSLDS (OMB No. 1845-0035). The institution determines how often it receives the Enrollment Reporting roster file but must schedule a roster every 60 days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer.

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 ED. Enrollment Reporting in a timely and accurate manner is critical for effective management of the programs. Enrollment information must be reported on an ad hoc basis 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 *NSLDS Enrollment Reporting Guide*, the Enrollment Reporting roster file is due within 15 days from the creation of the file that is placed in the institution's SAIG. (Pell, 34 CFR section 690.83(b)(2), FFEL34 CFR section 682.610; Direct Loan, 34 CFR section 685.309).

#### **Condition**

The following exception was noted during our testwork over enrollment reporting:

- For 3 of 52 Enrollment Reporting status updates tested, the NSLDS was not properly notified within the required time frame. All the exceptions were related to mid-semester withdrawals from the University, the population of which is 49 students for the year ended June 30, 2015. Our sample included 18 of these 49 students.

#### **Questioned Costs**

Questioned costs related to this finding are not determinable.

#### **Cause and Effect**

We identified a total of 3 errors all of which relate to students who have withdrawn from the University. Each exception, however, has a unique root cause. The first exception relates to a student who withdrew due to health reasons, but did not complete the required withdraw form timely and thus was not reported by the University to NSLDS timely. The University discovered that the required paperwork had not been completed on May 6, 2015, the paperwork was completed on May 7, 2015 and the status change was received by NSLDS on June 5, 2015. The University determined the effective date of the withdrawal was February 6, 2015, thus putting them outside of the required 60-day timeframe. The University determined that the cause of the exception was the Dean of Students' office not following up timely with the student after they were notified by the Counseling & Student Development Center that the student should be allowed to withdraw.

The University uses the National Student Loan Clearinghouse (NSC) as a third party servicer to perform its roster reporting to NSLDS. The University submits an enrollment file to NSC on a monthly basis and NSC uses that information to complete and submit the roster file to NSLDS.

## BUCKNELL UNIVERSITY

### Schedule of Findings and Questioned Costs

Year ended June 30, 2015

The second exception resulted from a timing issue. The University sent an enrollment file to NSC indicating the student was enrolled. After the file was sent to NSC on May 6, 2015, the University was notified of the withdrawal and manually updated the student's status with NSC and NSLDS on May 7, 2015. NSC then processed the enrollment file they received from the University that had an enrollment date prior to the withdrawal date on May 7, 2015. This update overrode the withdrawal status that was manually updated by the University. On the next NSLDS roster, NSC reported the student as full-time because that was the most recent information in their system. The student's status was not properly reported as withdrawn until five months after the effective date when the Fall 2015 first of term file was submitted.

In the third exception, the University manually updated the student's withdrawal status on September 18, 2014. That status was then sent to NSLDS via the roster file two times consecutively on October 15, 2014 and November 13, 2014. Per NSLDS logic, the student subsequently was removed from the roster file. The student then reenrolled for the Spring 2015 semester, and the University reported the student's enrollment status to NSC on February 4, 2015. NSLDS then began requesting the students' enrollment status again starting with the February 2015 roster file. At the time NSC received and began processing the February 2015 roster file from NSLDS, the student's status was still shown as withdrawn because NSC had not yet processed the update the University sent on February 4, 2015. As such, the student was reported to NSLDS as withdrawn and therefore NSLDS again removed this student from their roster file. The University continued to correctly report the student's status as full-time to NSC throughout the Spring 2015 semester but since the NSLDS had dropped the student from the roster file, the NSC did not report this student's status to NSLDS.

#### ***Recommendation***

We recommend that the University implements a process to require the Dean of Student's office and the Counseling and Student Counseling center to jointly monitor students who are granted permission to withdrawal for health reasons. We also recommend that the University work with NSC to identify a process to ensure both withdrawn and re-enrolled students reported to NSC are appropriately reported to NSLDS.

#### ***View of Responsible Officials***

*Bucknell agrees with the summary of information enumerated under the caption Cause and Effect and with the auditors' Recommendation. Bucknell will confirm with the Registrar, Provost, and Dean of Students' offices that the recommendations have been implemented and documented during the fiscal year ended June 30, 2016.*



# Bucknell UNIVERSITY

## **Summary Schedule of Prior Audit Findings**

**Reference number:** 14-001

### *Status*

Corrective action was taken and the type of exception identified in 14-001 was corrected. However, additional exceptions, as noted in finding 15-001, have been identified in the current year audit.



Bucknell University  
Lewisburg, Pennsylvania 17837

**Bucknell**  
UNIVERSITY

*Finding Reference:* 15-001

*Contact person:* Michael S. Cover, Treasurer & Controller

*Corrective Action Plan:* Bucknell will revise its current process to require the Dean of Student's office and the Student Health office (or, in certain circumstances, the Counseling and Student Development Center) to jointly monitor students who are granted permission to withdrawal for health reasons. Bucknell will work with NSC to identify a process to ensure both withdraw and re-enrolled students reported to NSC are appropriately reported to NSLDS.

*Anticipated Completion Date:* May 1, 2016