



Board of Trustees
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May 21, 2019

TO: Members of the Audit Committee

FR: Ellen N. Doughty, Clerk of the Board

RE: **May 29, 2019 Audit Committee**

The University of Maine

University of Maine
at Augusta

University of Maine
at Farmington

University of Maine
at Fort Kent

University of Maine
at Machias

University of Maine
at Presque Isle

University of
Southern Maine

The Audit Committee will be from **1:00 pm to 3:00 pm on May 29, 2019**. The meeting will be held at the University Maine System Executive Offices, Rudman Conference Room, 253 Estabrooke Hall, 15 Estabrooke Drive in Orono. In addition to the meeting location at Estabrooke Hall, the following Polycom sites will also be available:

UMA – RM 125, Robinson
UMF – Executive Conference RM 103, Merrill
UMFK – Alumni Conference RM, Nadeau
USM – RM 211, Wishcamper

Refreshments will be provided at the UM and USM locations. The meeting materials will be posted to the Diligent Board Portal as well as the Board of Trustees website at: (<http://www.maine.edu/about-the-system/board-of-trustees/meeting-agendas/audit-committee/>).

If you have questions about the meeting materials please call me at 581-5840. If you have any questions or desire additional information about the agenda items, please call Tracy Elliott at 581-5492.

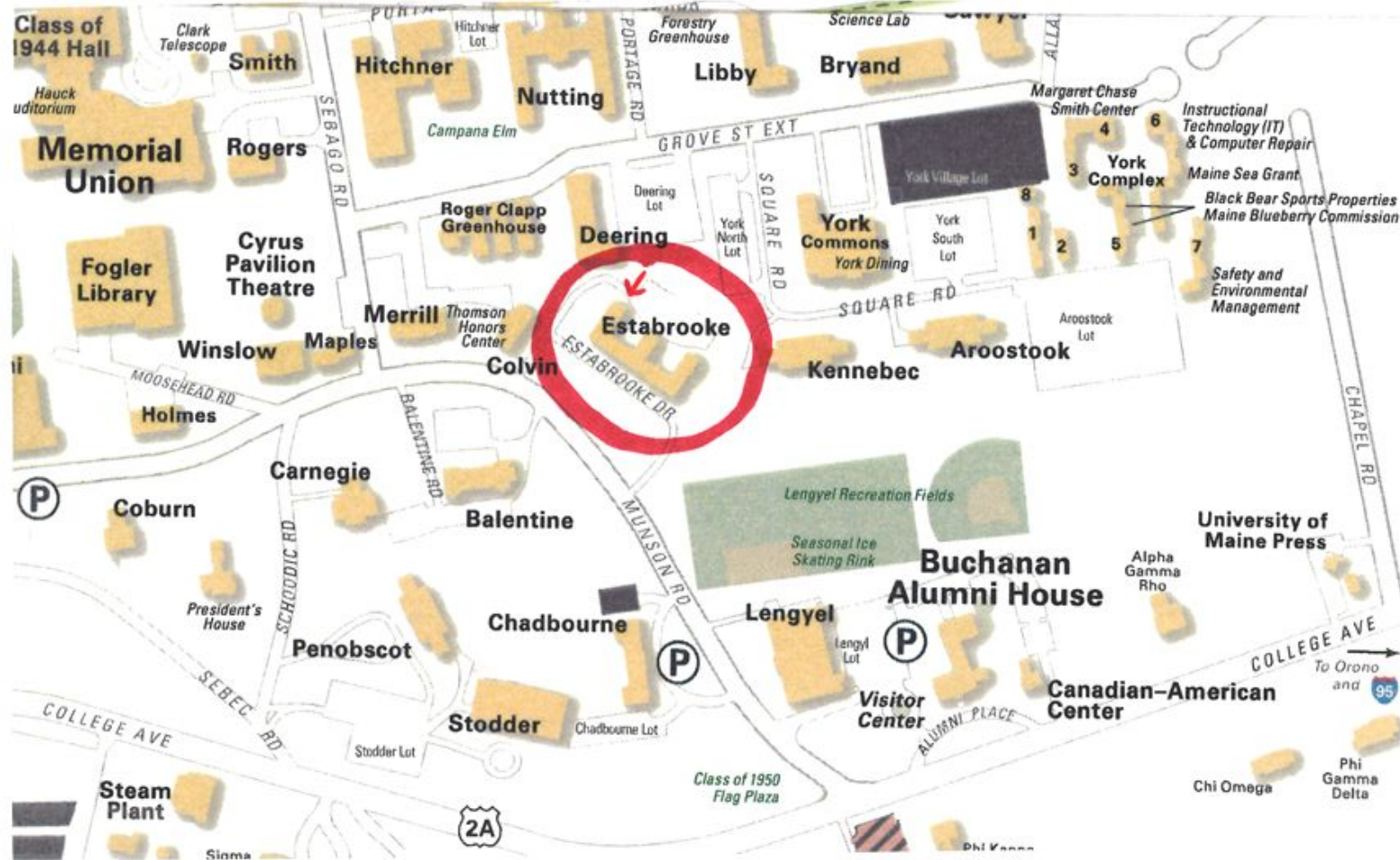
cc: James Page, Chancellor

Trustees who are not members of the Audit Committees
Presidents
Ryan Low
Tracy Elliott
Darla Reynolds
Chip Gavin

University of Maine System

15 Estabrooke Drive, Orono

Rudman Conference Room
253 Estabrooke Hall, 2nd Floor
15 Estabrooke Drive, Orono



Directions to the UMS located on the UMaine Campus

From the South on I-95: take exit 191 to Kelly Road and turn right. Continue on Kelly Road for 1 mile until you reach the traffic light, then turn left onto Route 2 and go through downtown Orono. Cross the river. Turn left at the lights onto College Avenue. Buchanan Alumni House will be the first campus-related building on your right. Right after the Buchanan Alumni House, take a right onto Muson Road. Estabrooke Hall is the building on the right after Lengyel.

From the North on I-95: take exit 191 to Kelly Road and turn left. Continue on Kelly Road for 1 mile until you reach the traffic light, then turn left onto Route 2 and go through downtown Orono. Cross the river. Turn left at the lights onto College Avenue. Buchanan Alumni House will be the first campus-related building on your right. Right after the Buchanan Alumni House, take a right onto Muson Road. Estabrooke Hall is the building on the right after Lengyel.

The UMS is located on the 2nd floor of Estabrooke Hall. Enter Estabrooke Hall from the back of the building, the entrance closes to Deering Hall.

Board of Trustees

Audit Committee

May 29, 2019 1 p.m. – 3 p.m.

Rudman Conference Room, 253 Estabrooke Hall, Orono

AGENDA

1:00 – 1:15 p.m.

TAB 1 [Uniform Guidance Audit – Fiscal Year 2018](#)

1:15 – 2:15 p.m.

TAB 2 [CliftonLarsonAllen LLP \(CLA\) Presentation](#)

2:15 – 2:30 p.m.

TAB 3 [UM Department of Athletics Agreed-Upon Procedures Update](#)

2:30 – 3:00 p.m.

TAB 4 [Enterprise Risk Management Update](#)

Action items within the Committee purview are noted in green.

Items for Committee decisions and recommendations are noted in red.

Note: Times are estimated based upon the anticipated length for presentation or discussion of a particular topic. An item may be brought up earlier or the order of items changed for effective deliberation of matters before the Committee



AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** Auditor's Reports as Required by the Uniform Guidance and Government Auditing Standards and Related Information – Year Ended June 30, 2018

2. **INITIATED BY:** James O. Donnelly, Chair

3. **BOARD INFORMATION:** X

BOARD ACTION:

4. **OUTCOME:**

Primary Outcomes:

Enhance fiscal positioning

BOARD POLICY:

Bylaws – Section 3

5. **BACKGROUND:**

Tracy Elliott, VP of Finance and Controller, will present highlights of the Uniform Guidance audit of the University of Maine System for fiscal year ended June 30, 2018. An Executive Summary and the auditor's reports are enclosed for review.

5/17/2019



University of Maine System

**Federal Compliance Uniform Guidance
Audit Results – June 30, 2018**

Executive Summary

May 29, 2019



COMMON TERMS

- **OMB** – Office of Management and Budget (for federal awards).
- **Government Auditing Standards (GAS)** – a framework for conducting audits of government entities and recipients of government awards (also referred to as “the Yellow Book”). The System’s financial statement audit is conducted under GAS.
- **OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)** – The System’s federal funds compliance audit is conducted under OMB Uniform Guidance, also referred to as the Single Audit.
- **Schedule of Expenditure of Federal Awards (SEFA)** – Part of the reporting package required by OMB Uniform Guidance. The SEFA details federal award expenditures by specific program within each federal awarding agency.



DISCUSSION AGENDA

- Financial Highlights
- Auditor Responsibility under Government Auditing Standards and OMB Uniform Guidance
- Major Programs Tested
- Review of Audit Results



FINANCIAL HIGHLIGHTS

- UMS Federal expenditures were \$275 million for FY18, of which \$209 million was for Student Financial Assistance, and \$42 million was for Research and Development.
- Total Federal expenditures increased \$28 million from the prior fiscal year, which was entirely due to a required reporting change related to Perkins and Nursing loans.
 - FY18 expenditures included loans outstanding at the beginning of the year plus current year advances
 - FY17 expenditures included only current year advances



AUDITORS' RESPONSIBILITY

Audit Opinion	Auditors are required to express an opinion on the System's compliance with laws, regulations, contract, and grant agreements for federal funding received.
Compliance	BerryDunn's opinion on compliance was a favorable (unmodified) opinion. Compliance requirements were tested in accordance with federal guidelines under OMB Uniform Guidance.
Internal control	BerryDunn was not required to give an opinion on internal control. However, internal control was tested in order to express their opinion on compliance with federal requirements.



MAJOR PROGRAMS TESTED

Student Financial Assistance Cluster	U.S. Departments of Education & Health and Human Services
TRIO Cluster	U.S. Department of Education



AUDIT RESULTS FOR MAJOR PROGRAMS TESTED

- Internal Controls
 - The auditors reported no material weaknesses, however a deficiency was noted that was considered to be significant
- Compliance Finding
 - Student Financial Assistance Cluster – Common Origination and Disbursement System Reporting (Finding 2018-001)



UNIVERSITY OF MAINE SYSTEM

AUDITOR'S REPORTS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* AND THE
UNIFORM GUIDANCE

Year Ended June 30, 2018



UNIVERSITY OF MAINE SYSTEM
AUDITOR'S REPORTS AS REQUIRED BY THE UNIFORM GUIDANCE AND
GOVERNMENT AUDITING STANDARDS AND RELATED INFORMATION

Year Ended June 30, 2018

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

To the Board of Trustees
University of Maine System

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 business-type activities and the discretely presented component unit of the University of Maine System (the System), a component unit of the State of Maine, which collectively comprise the System's basic financial statements as of and for the year ended June 30, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 29, 2018. Our report includes a reference to other auditors, who audited the financial statements of the discretely presented component unit of the System, as described in our report on the System's financial statements. The audit of the financial statements of the component unit was not conducted in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance or other matters for the discretely presented component unit of the System.

Internal Control over Financial Reporting

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

The Board of Trustees
University of Maine System

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System'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 System'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 System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bangor, Maine
October 29, 2018



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

The Board of Trustees
University of Maine System

Report on Compliance for Each Major Federal Program

We have audited the University of Maine System's (the System's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement (Compliance Supplement)* that could have a direct and material effect on each of the System's major federal programs for the year ended June 30, 2018. The System's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

We did not audit the System's compliance with the requirements governing student loan repayment processing services in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the *Compliance Supplement*. Those requirements govern functions performed by Heartland ECSI (ECSI). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. ECSI's compliance with the requirements governing the functions that it performs for the System for the year ended June 30, 2018 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Guide for Audits of Proprietary Schools and for Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs*. Our report does not include the results of the other accountants' examination of ECSI's compliance with such requirements.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the System's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

The Board of Trustees
University of Maine System

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

Opinion on Each Major Federal Program

In our opinion, the System 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, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

The System's response to the noncompliance finding identified in our audit is described in the accompanying Management Response and Corrective Action Plan. The System'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 System 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 System'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 System's internal control over compliance.

Requirements governing student loan repayment processing services in the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the *Compliance Supplement* are performed by ECSI. Internal control over compliance related to such functions for the year ended June 30, 2018 was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Guide for Audits of Proprietary Schools and for Compliance Attestation Engagements of Third-Party Servicers Administering Title IV Programs*. Our report does not include the results of the other accountants' testing of ECSI's internal control over compliance related to such functions.

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.

The Board of Trustees
University of Maine System

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 have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

The System's response to the internal control over compliance finding identified in our audit is described in the Management Response and Corrective Action Plan. The System's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the business-type activities and the discretely-presented component unit of the System as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the System's basic financial statements. We issued our report thereon dated October 29, 2018, 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
January 17, 2019

University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Student Financial Assistance Cluster:				
U.S. Department of Education				
Federal Supplemental Educational Opportunity Grants		84.007	\$ -	\$ 4,842,723
Federal Work-Study Program		84.033	-	5,788,792
Federal Perkins Loan Program (note 3)		84.038	-	33,155,687
Federal Perkins Loan Program Administrative Cost Allowance		84.038	-	578,933
Federal Pell Grant Program		84.063	-	40,063,100
Federal Direct Student Loans		84.268	-	121,872,512
Total U.S. Department of Education			-	206,301,747
U.S. Department of Health and Human Services				
Nursing Student Loans (note 3)		93.364	-	2,708,577
Total Student Financial Assistance Cluster			-	209,010,324
Economic Development Cluster:				
U.S. Department of Commerce				
Investments for Public Works and Economic Development Facilities		11.300	-	52,928
Economic Adjustment Assistance		11.307	371,659	400,841
Total Economic Development Cluster			371,659	453,769
Fish and Wildlife Cluster:				
U.S. Department of the Interior				
Passed-through:				
Maine Inland Fisheries and Wildlife				
Wildlife Restoration and Basic Hunter Education	09A-20160726*281	15.611	-	58,455
Wildlife Restoration and Basic Hunter Education	CT-09A-20170725*346	15.611	-	55,921
Total Fish and Wildlife Cluster			-	114,376
Highway Planning and Construction Cluster:				
U.S. Department of Transportation				
Passed-through:				
Maine Department of Transportation				
Highway Planning and Construction	20130731*535	20.205	-	28,412
Highway Planning and Construction	20150617000000004564	20.205	-	74
Total Highway Planning and Construction Cluster			-	28,486
Special Education Cluster (IDEA)				
U.S. Department of Education				
Passed-through:				
Maine Department of Education				
Special Education Grants to States	013-05A-3049-12-6401	84.027	-	33,403
Special Education Grants to States	013-05A-3049-12-6401	84.027	-	57,903
Special Education Grants to States	013-05A-3049-12-4099	84.027	-	29,541
Special Education Grants to States	013-05A-3063-14-4099	84.027	-	103,965
Special Education Grants to States	013-05A-3049-12-4099	84.027	-	95,286
Total Special Education Cluster (IDEA)			-	320,098
TRIO Cluster:				
U.S. Department of Education				
TRIO Student Support Services		84.042	-	2,258,084
TRIO Talent Search		84.044	-	732,345
TRIO Upward Bound		84.047	-	2,331,922
TRIO Educational Opportunity Centers		84.066	-	716,919
Total TRIO Cluster			-	6,039,270
Maternal, Infant, and Early Childhood Home Visiting Cluster:				
U.S. Department of Health and Human Services				
Passed-through:				
Maine Children's Trust Fund				
Affordable Care Act (ACA) Maternal, Infant, & Early Childhood	MCT-16-113	93.505	-	37,698
Total Maternal, Infant, and Early Childhood Home Visiting Cluster			-	37,698
TANF Cluster:				
U.S. Department of Health and Human Services				
Passed-through:				
Maine Children's Trust Fund				
Temporary Assistance for Needy Families	MCT-17-113A	93.558	-	76,940
Temporary Assistance for Needy Families	MCT-16-113	93.558	-	15,650
Total TANF Cluster			-	92,590
CCDF Cluster:				
U.S. Department of Health and Human Services				
Child Care & Development Block Grant		93.575	-	61,914
Passed-through:				
Maine Department of Health and Human Services				
Child Care & Development Block Grant	CFS-15-618	93.575	-	190
Total CFDA 93.575			-	62,104
Passed-through:				
Maine Department of Health and Human Services				
Child Care Mandatory & Matching Funds	CFS-15-618	93.596	-	7,546
Total CCDF Cluster			-	69,650

University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Medicaid Cluster:				
U.S. Department of Health and Human Services				
Passed-through:				
Maine Department of Health and Human Services				
State Survey & Certif. of Health Care Providers & Suppliers (Title XVIII) Medicare	LRS-17-001	93.777	-	41,629
Total Medicaid Cluster			-	41,629
Foster Grandparent/Senior Companion Cluster:				
Corporation for National and Community Service				
Senior Companion Program		94.016	-	345,119
Total Foster Grandparent/Senior Companion Cluster			-	345,119
Research and Development Cluster:				
U.S. Department of Agriculture				
U.S. Department of Agriculture Awards with No CFDA Number		10.RD	-	522,481
Passed-through:				
U.S. Endowment for Forestry and Communities				
U.S. Department of Agriculture Awards with No CFDA Number	Y-16-2	10.RD	-	16,982
Sandia National Laboratories				
U.S. Department of Agriculture Awards with No CFDA Number	1816407	10.RD	-	75,416
Total CFDA Number 10.RD			-	614,879
Agriculture Research Basic & Applied Research		10.001	1,429	850,069
Plant & Animal Disease, Pest Control, and Animal Care		10.025	-	19,709
Passed-through:				
Wild Blueberry Commission of ME				
Specialty Crop Block Grant Program - Farm Bill	NSN648	10.170	-	236
Specialty Crop Block Grant Program - Farm Bill	NSN787	10.170	-	66,960
Specialty Crop Block Grant Program - Farm Bill	NSN789	10.170	-	25,882
State of Maine Department of Agriculture				
Specialty Crop Block Grant Program - Farm Bill	01A 20150211*2595	10.170	-	5,801
Specialty Crop Block Grant Program - Farm Bill	01A20151021*1589	10.170	-	(53)
Specialty Crop Block Grant Program - Farm Bill	20161014*1337	10.170	-	9,788
Specialty Crop Block Grant Program - Farm Bill	20161014-1338	10.170	-	22,099
Specialty Crop Block Grant Program - Farm Bill	20171107*1611	10.170	-	39,775
Specialty Crop Block Grant Program - Farm Bill	20171107*1613	10.170	-	7,222
Specialty Crop Block Grant Program - Farm Bill	20171107*1617	10.170	-	185
Specialty Crop Block Grant Program - Farm Bill	CT01A 20151021*1585	10.170	-	6,967
Specialty Crop Block Grant Program - Farm Bill	CT 01A20151021*1587	10.170	245	245
Total CFDA Number 10.170			245	185,107
Grants for Agricultural Research Spec. Research		10.200	212,127	378,480
Passed-through:				
University of Maryland				
Grants for Agricultural Research, Special Research Grants	Z555105	10.200	-	2,572
Grants for Agricultural Research, Special Research Grants	41632-Z5659007	10.200	-	28,298
Grants for Agricultural Research, Special Research Grants	42681-Z5824001	10.200	10,080	74,576
Rutgers University				
Grants for Agricultural Research, Special Research Grants	5952-NER16FRP-DRUMM	10.200	-	3,250
Total CFDA Number 10.200			222,207	487,176
Cooperative Forestry Research		10.202	-	616,420
Payments to Agricultural Experiment Stations Under the Hatch Act		10.203	-	2,436,526
Animal Health & Disease Research		10.207	-	26,431
Passed-through:				
Nano Terra, Inc.				
Small Business Innovation Research	NSN695	10.212	-	18,469
U.S. Endowment for Forestry and Communities				
Small Business Innovation Research	E17-20	10.212	-	37,395
VitaminSea Seaweed				
Small Business Innovation Research	UMAINE-01	10.212	-	5,673
Total CFDA Number 10.212			-	61,537

Audit Committee Meeting - Uniform Guidance Audit – Fiscal Year 2018

University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Passed-through:				
University of Mass - Amherst				
Sustainable Agricultural Research & Education	16-009052 A 00	10.215	-	6,846
University of New Hampshire				
Sustainable Agricultural Research & Education	16-037	10.215	-	12,283
Sustainable Agricultural Research & Education	18-046	10.215	-	1,228
University of Vermont				
Sustainable Agricultural Research & Education	GNE14-074-27806	10.215	-	1,047
Sustainable Agricultural Research & Education	LNE13-325	10.215	-	26,609
Sustainable Agricultural Research & Education	LNE14-336-29001	10.215	-	5,322
Sustainable Agricultural Research & Education	LNE14-337-29001	10.215	-	25,041
Sustainable Agricultural Research & Education	ONE16-268-29994	10.215	-	4,029
Sustainable Agricultural Research & Education	ONE16-283C-29994	10.215	-	4,859
Sustainable Agricultural Research & Education	ENE16-142-31064	10.215	-	35,330
Sustainable Agricultural Research & Education	ENE17-146-32231	10.215	3,809	21,845
Sustainable Agricultural Research & Education	32231SUB52722	10.215	-	2,613
Total CFDA Number 10.215			3,809	146,852
Passed-through:				
Cornell University				
Homeland Security Agricultural	80289-10772	10.304	-	10,322
Organic Agriculture Research & Extension Initiative		10.307	108,740	278,223
Passed-through:				
Cornell University				
Organic Agriculture Research & Extension Initiative	73676-10369	10.307	-	102,346
University of California				
Organic Agriculture Research & Extension Initiative	201603098-02	10.307	-	55,106
Total CFDA Number 10.307			108,740	435,675
Passed-through:				
Colorado State University				
Specialty Crop Research Initiative	G-01363-07	10.309	-	19,479
Cornell University				
Specialty Crop Research Initiative	73999-10425	10.309	-	40,738
Specialty Crop Research Initiative	79598-10766	10.309	-	18,258
North Carolina State University				
Specialty Crop Research Initiative	2016-0228-04	10.309	-	121,916
Rutgers University				
Specialty Crop Research Initiative	6289-PP2017-Nurse	10.309	-	4,640
Total CFDA Number 10.309			-	205,031
Agriculture and Food Research Initiative (AFRI)		10.310	1,004,539	1,389,213
Passed-through:				
Ohio State University				
Agriculture and Food Research Initiative (AFRI)	60050299-UM	10.310	-	16,851
Pennsylvania State University				
Agriculture and Food Research Initiative (AFRI)	5648-UM-USDA-6584	10.310	-	18,012
University of Delaware				
Agriculture and Food Research Initiative (AFRI)	39529	10.310	-	27,660
University of Massachusetts at Amherst				
Agriculture and Food Research Initiative (AFRI)	15008563 B 00	10.310	-	11,449
University of New England				
Agriculture and Food Research Initiative (AFRI)	230060-08	10.310	-	16,322
Agriculture and Food Research Initiative (AFRI)	230060-12	10.310	-	10,012
University of Tennessee				
Agriculture and Food Research Initiative (AFRI)	A15-0169-S006	10.310	-	51,040
University of Vermont				
Agriculture and Food Research Initiative (AFRI)	31489SUB52252	10.310	-	9,471
Agriculture and Food Research Initiative (AFRI)	31640SUB52279	10.310	-	25,068
Utah State University				
Agriculture and Food Research Initiative (AFRI)	151160-510	10.310	-	2,928
Total CFDA Number 10.310			1,004,539	1,578,026
Passed through:				
Pennsylvania State University				
Sun Grant Program	5699-UM-SDSU-G640	10.320	513	27,953
Sun Grant Program	5702-UM-SDSU-G640	10.320	-	24,618
Total CFDA Number 10.320			513	52,571
Crop Protection & Pest Management Competitive Grants Program		10.329	-	108,785
Passed through:				
University of Vermont				
Crop Protection & Pest Management Competitive Grants Program	29107 SUB51838 U ME	10.329	-	13,151
Cornell University				
Crop Protection & Pest Management Competitive Grants Program	73984-10408	10.329	-	13,187
Crop Protection & Pest Management Competitive Grants Program	73984-10929	10.329	110	8,879
Crop Protection & Pest Management Competitive Grants Program	73984-10930	10.329	-	13,176
Total CFDA Number 10.329			110	157,178

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Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Cooperative Extension Service		10.500	-	59,525
Forestry Research		10.652	9,262	204,628
Passed-through:				
Virginia Polytech Institute				
Forestry Research	422423-19697	10.652	-	1,810
Total CFDA Number 10.652			9,262	206,438
Cooperative Forestry Assistance		10.664	-	39,311
Passed-through:				
P3NANO				
Cooperative Forestry Assistance	P3-5, P3-6	10.664	-	135,046
Total CFDA Number 10.664			-	174,357
Forest Health Protection		10.680	-	27,530
Environmental Quality Incentives Program		10.912	-	34,877
Passed-through:				
Somerset County Water Conservation District				
Environmental Quality Incentives Program	69-1218-14-5	10.912	-	1,073
Total CFDA Number 10.912			-	35,950
Total U.S. Department of Agriculture			1,350,854	8,387,309
U.S. Department of Commerce				
Passed-through:				
Coastal Enterprises, Inc.				
U.S. Department of Commerce Awards with No CFDA Number	NSN-60627	11.RD	-	4,407
Ted Stevens Research Institute				
U.S. Department of Commerce Awards with No CFDA Number	WE-133F-15-SE-1463	11.RD	-	16,201
Total CFDA Number 11.RD			-	20,608
Ocean Exploration		11.011	-	44,652
Integrated Ocean Observing System (IOOS)		11.012	-	2,364
Passed-through:				
NERACOOS				
Integrated Ocean Observing System (IOOS)	A002-002	11.012	-	4,141
Integrated Ocean Observing System (IOOS)	A005-02	11.012	-	105,923
Integrated Ocean Observing System (IOOS)	A008-002	11.012	-	779,932
University of Puerto Rico- Mayaguez				
Integrated Ocean Observing System (IOOS)	2015-2016-004	11.012	-	(134)
Integrated Ocean Observing System (IOOS)	2016-2017-011	11.012	-	162,288
Integrated Ocean Observing System (IOOS)	2017-2018-010	11.012	-	155,019
Total CFDA Number 11.012			-	1,209,533
Ocean Acidification Program (OAP)		11.017	17,704	25,819
Cluster Grants		11.020	-	76,749
Sea Grant Support		11.417	210,831	1,578,577
Passed-through:				
Virginia Institute of Marine Science				
Sea Grant Support	718583-712683	11.417	-	5,857
Total CFDA Number 11.417			210,831	1,584,434
Coastal Zone Management Administration Awards		11.419	-	54,687
Fisheries Development & Utilization Research & Development Grant		11.427	40,051	232,062
Passed-through:				
Gulf of Maine Research Institute				
Fisheries Development & Utilization Research & Development Grant	10-SKAGE-15 UMAINE	11.427	-	19,737
Fisheries Development & Utilization Research & Development Grant	10-SKLOB5-16UM	11.427	-	22,836
Woods Hole Oceanographic Institute				
Fisheries Development & Utilization Research & Development Grant	A101314	11.427	-	35,010
Fisheries Development & Utilization Research & Development Grant	A101311	11.427	-	(270)
Total CFDA Number 11.427			40,051	309,375
Climate & Atmospheric Research		11.431	-	13,502
Passed-through:				
Woods Hole Oceanographic Inst				
National Oceanic & Atmospheric Administration Cooperative Institutes	A101168	11.432	-	70,532
National Oceanic & Atmospheric Administration Cooperative Institutes	A101171	11.432	-	47,111
National Oceanic & Atmospheric Administration Cooperative Institutes	A101173	11.432	-	2,276
National Oceanic & Atmospheric Administration Cooperative Institutes	A101185	11.432	-	11,230
National Oceanic & Atmospheric Administration Cooperative Institutes	A101186	11.432	-	28,267
National Oceanic & Atmospheric Administration Cooperative Institutes	A101261	11.432	-	(651)
National Oceanic & Atmospheric Administration Cooperative Institutes	A101315	11.432	-	47,453
Total CFDA Number 11.432			-	206,218

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Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Unallied Management Products		11.454	-	49,637
Passed-through:				
Maine Department of Marine Resources				
Unallied Management Products	CT#13A-20160826*0653	11.454	-	34,186
Total CFDA Number 11.454			-	83,823
Passed-through:				
Penobscot River Restoration Trust				
Congressionally Identified Awards & Projects	NA14NMF4630256	11.469	-	(10,817)
Unallied Science Program		11.472	50,385	317,070
Passed-through:				
Maine Department of Marine Resources				
Unallied Science Program	CT#13A 20170404*2852	11.472	-	159,646
Total CFDA Number 11.472			50,385	476,716
Passed-through:				
NERACOOS				
Office for Coastal Management	A007-002	11.473	-	45,818
Center for Sponsored Coastal Ocean Research Coastal Ocean Program		11.478	-	4,088
Passed-through:				
Woods Hole Oceanographic Inst.				
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	A100872	11.478	-	37,495
Total CFDA Number 11.478			-	41,583
Total U.S. Department of Commerce			318,971	4,182,700
U.S. Department of Defense				
U.S. Department of Defense Awards with No CFDA Number		12.RD	13,799	1,585,370
Passed-through:				
Consortium of Energy, Environment, and Demilitarization				
U.S. Department of Defense Awards With No CFDA Number	SINIT-15-0014	12.RD	-	100,736
U.S. Department of Defense Awards With No CFDA Number	W15QKN-13-9-0001/SIN	12.RD	-	1,820,396
U.S. Department of Defense Awards With No CFDA Number	SINIT-16-0013	12.RD	-	1,462,194
U.S. Department of Defense Awards With No CFDA Number	SINIT-17-0018	12.RD	-	324,602
Parent Technology Group				
U.S. Department of Defense Awards With No CFDA Number	NSN685	12.RD	-	2,029
University of Illinois - Chicago				
U.S. Department of Defense Awards With No CFDA Number	084424-16187	12.RD	-	13,696
Nano Terra, Inc.				
U.S. Department of Defense Awards With No CFDA Number	NSN695	12.RD	-	75,475
Maritime Applied Physics Corporation				
U.S. Department of Defense Awards With No CFDA Number	NSN808	12.RD	-	33,335
Total CFDA Number 12.RD			13,799	5,417,833
Basic & Applied Scientific Research		12.300	-	39,258
Scientific Research - Combating Weapons of Mass Destruction		12.351	517,419	756,819
Total U.S. Department of Defense			531,218	6,213,910
U.S. Department of the Interior				
U.S. Department of the Interior Awards with No CFDA Number		15.RD	-	43,938
Passed-through:				
Passamaquoddy Tribal Government				
Consolidated Tribal Government	A00AV005	15.021	-	39,536
Wildland Fire Research and Studies		15.232	-	5,536
Passed-through:				
Maine Inland Fisheries & Wildlife				
Fish & Wildlife Management Assistance	924367	15.608	-	59,536
Passed-through:				
Maine Inland Fisheries & Wildlife				
State Wildlife Grants	CT 09A 20170607*3819	15.634	-	39,701
State Wildlife Grants	09A20160802*386	15.634	17,000	28,995
Total CFDA Number 15.634			17,000	68,696
Passed-through:				
Ozaukee Washington Land Trust				
Migratory Bird Conservation	NSN817	15.647	-	13,932

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Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Migratory Bird Monitoring, Assessment, & Conservation		15.655	-	3,071
Passed-through:				
Michigan Technological University				
Migratory Bird Monitoring, Assessment, & Conservation	1411063Z1	15.655	-	38,895
Total CFDA Number 15.655			-	41,966
Endangered Species Conservation - Recovery Implementation Funds		15.657	-	20,768
Hurricane Sandy Disaster Relief Activities - FWS		15.677	88,774	106,465
Passed-through:				
University of Connecticut				
Hurricane Sandy Disaster Relief Activities - FWS	68982	15.677	-	28,777
University of Delaware				
Hurricane Sandy Disaster Relief Activities - FWS	48977	15.677	-	42,044
Total CFDA Number 15.677			88,774	177,286
Assistance to States Water Resources Research Institutes		15.805	24,131	111,613
Passed-through:				
University of New Hampshire				
Assistance to States Water Resources Research Institutes	15-006(A)	15.805	-	45,851
Assistance to States Water Resources Research Institutes	18-055	15.805	-	43
Total CFDA Number 15.805			24,131	157,507
U.S. Geological Survey Research & Data Collection		15.808	-	36,156
Cooperative Research Units		15.812	8,994	151,004
Passed-through:				
University of Virgin Islands				
Economic, Social, & Political Development of the Territories	KW2017GREATPOND	15.875	-	5,724
Natural Resource Stewardship		15.944	-	48,704
Cooperative Research & Training Programs - Resources of the National Park System		15.945	-	9,331
Total U.S. Department of the Interior			138,899	879,620
U.S. Department of Justice				
National Institute of Justice Research, Evaluation & Development Project Grants		16.560	-	170,300
Total U.S. Department of Justice			-	170,300
U.S. Department of Transportation				
Passed-through:				
Maine Department of Transportation				
Total Federal Highway Admin Awards with no CFDA Number	CT#201604130*3122	20.RD	-	59,366
Passed-through:				
Maine Maritime Academy				
University Transportation Centers Program	MMA-2014-002	20.701	-	95,287
Passed-through:				
Massachusetts Institute of Technology				
University Transportation Centers Program	5710003795	20.701	-	26,184
University Transportation Centers Program	5710003796	20.701	-	38,360
Total CFDA Number 20.701			-	159,831
Total U.S. Department of Transportation			-	219,197
National Aeronautics and Space Administration				
Passed-through:				
California Institute of Technology - Jet Propulsion Laboratory				
National Aeronautics and Space Administration Awards With No CFDA Number	1578374	43.RD	-	4,479
Maine Space Grant Consortium				
National Aeronautics and Space Administration Awards With No CFDA Number	SG-14-28	43.RD	-	(1,515)
National Aeronautics and Space Administration Awards With No CFDA Number	SG-15-23	43.RD	-	(660)
The John Hopkins University				
National Aeronautics and Space Administration Awards With No CFDA Number	124393	43.RD	-	11,619
Total CFDA Number 43.RD			-	13,923

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Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Science		43.001	188,631	1,584,986
Passed-through:				
Western Environmental Technology Laboratories, Inc.				
Science	F2014-002	43.001	-	40,273
Columbia University				
Science	1(GG013122)	43.001	-	32,573
Oregon State University				
Science	NS251A-C	43.001	-	67,504
Science	NS296A-A	43.001	-	7,391
The Trustees of Princeton University				
Science	SUB0000207	43.001	-	9,766
University of Colorado Boulder				
Science	1555378	43.001	-	2,228
Bigelow Lab for Ocean Science				
Science	BLOS-16-002	43.001	-	18,461
Total CFDA Number 43.001			188,631	1,763,182
Passed-through:				
Maine Space Grant Consortium				
Education	EP-17-01	43.008	-	(4,915)
Education	EP-17-03	43.008	29,277	98,853
Education	SG-17-07	43.008	-	8,040
Education	EP-16-02	43.008	-	92
Education	EP-16-04	43.008	-	(159)
Education	EP-17-05	43.008	-	37,445
Education	SG-16-22	43.008	-	1,895
Education	SG-17-28	43.008	-	26,995
Education	EP-18-01	43.008	-	1,716
Education	SG-17-21	43.008	-	24,864
Education	SG-18-05	43.008	-	12,277
Education	SG-18-06	43.008	-	10,000
Education	SG-18-07	43.008	-	10,407
Education	SG-18-10	43.008	-	6,680
Education	SG-18-11	43.008	-	11,904
Education	SG-18-13	43.008	-	60,000
Education	SG-18-21	43.008	-	15,078
Education	SG-18-26	43.008	-	3,478
Total CFDA Number 43.008			29,277	324,650
Space Technology		43.012	-	3,000
Total National Aeronautics and Space Administration			217,908	2,104,755
National Foundation for the Arts and Humanities				
Promotion of the Humanities Office of Digital Humanities		45.169	-	15,986
Total National Foundation for the Arts and Humanities			-	15,986
National Science Foundation				
Engineering Grants		47.041	-	717,195
Passed-through:				
Acadia Harvest Inc.				
Engineering Grants	NSN770	47.041	-	(797)
Engineering Grants	NSN780	47.041	-	35,652
Alba-Technic, LLC				
Engineering Grants	NSN663	47.041	-	(89)
Glucan Biorenewables, LLC				
Engineering Grants	NSN845	47.041	-	56
Moai Technologies LLC				
Engineering Grants	1534010	47.041	-	36,174
University of New Hampshire				
Engineering Grants	13-029	47.041	-	2,471
Total CFDA Number 47.041			-	790,662
Mathematical & Physical Sciences		47.049	9,276	429,557
Passed-through:				
Barnard College				
Mathematical & Physical Sciences	UM-1565843	47.049	-	52,801
Total CFDA Number 47.049			9,276	482,358
Geosciences		47.050	100,159	2,814,480
Computer and Information Science and Engineering		47.070	-	633,215
Passed-through:				
Massachusetts Green High Performance Computing Center, Inc.				
Computer and Information Science and Engineering	1659377-UM	47.070	-	9,129
Total CFDA Number 47.070			-	642,344

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Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Biological Sciences		47.074	326,539	1,402,518
Passed-through:				
University of California at Berkley				
Biological Sciences	9602	47.074	-	14,196
Total CFDA Number 47.074			326,539	1,416,714
Social, Behavioral, & Economic Sciences		47.075	95,973	700,246
Education & Human Resources		47.076	193,754	2,266,551
Passed-through:				
Mathematical Assoc of America				
Education & Human Resources	3-8-710-953	47.076	-	20,675
Towson University				
Education & Human Resources	#35	47.076	-	8,000
University of Illinois - Chicago				
Education & Human Resources	087106-16423	47.076	-	39,720
American Museum of Nat History				
Education & Human Resources	3-2013	47.076	-	14,294
Education & Human Resources	8-2011	47.076	-	7,470
Maine Math & Science Alliance				
Education & Human Resources	MMSA-15-510-3	47.076	-	104,658
Total CFDA Number 47.076			193,754	2,461,368
Polar Programs		47.078	-	14,366
Office of International Science & Engineering		47.079	-	103,367
Passed-through:				
University of New Hampshire				
Office of International Science & Engineering	16-018	47.079	-	510,734
Total CFDA Number 47.079			-	614,101
Office of Integrative Activities		47.083	413,753	3,790,144
Total National Science Foundation			1,139,454	13,726,783
U.S. Environmental Protection Agency				
Passed-through:				
Maine Environmental Protection Agency				
Beach Monitoring & Notification Program Implementation Grants	06A-20171108*1644	66.472	-	46,072
Passed-through:				
Maine Environmental Protection Agency				
Performance Partnership Grants	CT06A20161019*1382	66.605	-	40
Performance Partnership Grants	06A20170105*2050	66.605	-	8,938
Performance Partnership Grants	06A 20170522*3610	66.605	-	45,941
Total CFDA Number 66.605			-	54,919
Total U.S. Environmental Protection Agency			-	100,991
U.S. Department of Energy				
Passed through:				
Battelle				
U.S. Department of Energy Awards with No CFDA Number	4000154793	81.RD	-	240,544
Sandia National Laboratories				
U.S. Department of Energy Awards with No CFDA Number	1791011	81.RD	-	23,184
Total CFDA Number 81.RD			-	263,728
Office of Science Financial Assistance Program		81.049	-	57,835
Passed-through:				
Glucan Biorenewables, LLC				
Office of Science Financial Assistance Program	NSN847	81.049	-	66,858
Virginia Institute of Marine Science				
Office of Science Financial Assistance Program	720232-712683	81.049	-	108,521
Total CFDA Number 81.049			-	233,214
University Coal Research		81.057	-	55,972
Renewable Energy Research & Development		81.087	493,068	1,967,934
Passed-through:				
Consortium for Research on Renewable Industrial Materials (CORRIM)				
Renewable Energy Research & Development	1012	81.087	-	11,717
Ocean Renewable Power Co.				
Renewable Energy Research & Development	SUB-16067	81.087	-	62,186
Virginia Polytechnic Institute and State University				
Renewable Energy Research & Development	429346-19697	81.087	-	34,832
Total CFDA Number 81.087			493,068	2,076,669

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Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Fossil Energy Research & Development		81.089	6,464	71,072
Total U.S. Department of Energy			499,532	2,700,655
U.S. Department of Health and Human Services				
U.S. Department of Health and Human Services Awards with no CFDA Number		93.RD	-	14,247
Passed-through:				
RTI International				
U.S. Department of Health and Human Services Awards with no CFDA Number	21-312-0214448-52754	93.RD	-	301,029
Social and Scientific Systems, Inc.				
U.S. Department of Health and Human Services Awards with no CFDA Number	HPDA-SSS-S-15-004406	93.RD	-	99,858
Total CFDA Number 93.RD			-	415,134
Environmental Health		93.113	-	47,657
Passed-through:				
Harvard University				
Environmental Health	113113-5096673	93.113	-	77,906
Total CFDA Number 93.113			-	125,563
Passed-through:				
Maine Department of Health and Human Services				
Injury Prevention & Control Research and State & Community Based Programs	26A20141202*1940	93.136	-	141,395
Rural Health Research Centers		93.155	-	596,379
Passed-through:				
University of Iowa				
Rural Health Research Centers	1001710643	93.155	-	49,753
Rural Health Research Centers	W000892082	93.155	-	15,799
Rural Health Research Centers	W000935577	93.155	-	295,880
Total CFDA Number 93.155			-	957,811
Research Related to Deafness & Communication Disorders		93.173	-	164,186
Passed-through:				
University of Cincinnati				
Research Related to Deafness & Communication Disorders	009600-012	93.173	-	76,618
Total CFDA Number 93.173			-	240,804
Passed-through:				
University of Minnesota				
State Rural Hospital Flexibility Program	P004027955	93.241	-	303,477
Trans-NIH Research Support		93.310	-	257,385
Passed-through:				
Maine Medical Center				
Epidemiology & Laboratory Capacity for Infectious Diseases (ELC)	SMITH-111194	93.323	-	5,273
Passed-through:				
Jackson Labs				
Arthritis, Musculoskeletal & Skin Diseases Research	PO 205169-0-SERV	93.846	-	(6,038)
Arthritis, Musculoskeletal & Skin Diseases Research	PO 207268-0-SERV	93.846	-	44,008
Total CFDA Number 93.846			-	37,970
Passed-through:				
University of Kentucky				
Extramural Research Programs in the Neurosciences & Neurological Disorders	3200000884-17-066	93.853	-	62,171
Allergy & Infectious Diseases Research		93.855	-	32,045
Passed-through:				
Central Michigan University				
Allergy & Infectious Diseases Research	626301	93.855	-	21,319
Total CFDA Number 93.855			-	53,364

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Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Biomedical Research & Research Training		93.859	-	95,457
Passed-through:				
Dartmouth College				
Biomedical Research & Research Training	1622R41	93.859	-	(825)
Passed-through:				
Mount Desert Biological Laboratory				
Biomedical Research & Research Training	P20GM103423-15/UMM	93.859	-	(1,174)
Biomedical Research & Research Training	P20GM103423-16/UMAINE	93.859	-	2,416
Biomedical Research & Research Training	P20GM103423-16/UMHC	93.859	-	3,815
Biomedical Research & Research Training	P20GM103423-16/UMPI	93.859	-	4,183
Biomedical Research & Research Training	P20GM103423-17/KING	93.859	-	25,608
Biomedical Research & Research Training	P20GM103423-17/SULLI	93.859	-	107,504
Biomedical Research & Research Training	P20GM103423-17/UMAINE	93.859	-	104,201
Biomedical Research & Research Training	P20GM103423-17/UMF	93.859	-	83,922
Biomedical Research & Research Training	P20GM103423-17/UMHC	93.859	-	72,856
Biomedical Research & Research Training	P20GM103423-17/UMM	93.859	-	109,025
Biomedical Research & Research Training	P20GM103423-18/MOLLO	93.859	-	32,216
Biomedical Research & Research Training	P20GM103423-18/SULLV	93.859	-	25,746
Biomedical Research & Research Training	P20GM103423-18/UMAINE	93.859	-	27,457
Biomedical Research & Research Training	P20GM103423-18/UMF	93.859	-	11,576
Biomedical Research & Research Training	P20GM103423-18/UMHC	93.859	-	12,600
Biomedical Research & Research Training	P20GM103423-18/UMM	93.859	-	4,147
Biomedical Research & Research Training	P20GM104318-05/TOWNS	93.859	-	56,318
Passed-through:				
Maine Medical Center				
Biomedical Research & Research Training	LIAW-111001-2	93.859	-	82,812
Biomedical Research & Research Training	112366-ROSEN-CTR-2	93.859	-	222,213
Total CFDA Number 93.859			-	1,082,073
Child Health & Human Development Extramural Research		93.865	-	149,040
Passed-through:				
Alba-Technic, LLC				
Aging Research	2017-1212	93.866	-	36,137
Passed-through:				
Massachusetts Eye & Ear Infirmary				
Vision Research	01	93.867	-	26,901
Fauxsee Innovations				
Vision Research	17101101	93.867	-	4,744
Total CFDA Number 93.867			-	31,645
Total U.S. Department of Health and Human Services			-	3,899,242
Corporation for National and Community Service				
National Service & Civic Engagement Research Competition		94.026	-	28,327
Total Corporation for National and Community Service			-	28,327
Total Research and Development Cluster			4,196,836	42,629,775
U.S. Department of Agriculture				
U.S. Department of Agriculture with No CFDA Number		10.U01	-	11,365
Passed-through:				
Eldertide LLC				
Small Business Innovation Research	NSN777	10.212	-	2,500
Passed-through:				
University of Vermont				
Sustainable Agricultural Research & Education	ENE17-147-32231	10.215	-	27,843
Sustainable Agricultural Research & Education	SNE16-07-31064	10.215	-	16,124
Sustainable Agricultural Research & Education	SNE17-07-31064	10.215	-	633
Sustainable Agricultural Research & Education	SNE17-07-31064	10.215	-	24,523
Total CFDA 10.215			-	69,123
Integrated Programs		10.303	-	72,486
Women & Minorities in Science, Technology, Engineering, & Mathematics Fields		10.318	-	17,847
Technical Assistance to Cooperatives		10.350	-	36,427
Rural Business Development Grant		10.351	-	7,625
Farm Operating Loans		10.406	-	25,925
Crop Insurance Education in Targeted States		10.458	-	195,919

University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Cooperative Extension Service		10.500	57,194	2,734,026
Passed-through:				
Purdue University				
Cooperative Extension Service	8000078733-AG	10.500	-	120,355
Kansas State University				
Cooperative Extension Service	S17177	10.500	-	137
Total CFDA Number 10.500			57,194	2,854,518
Passed-through:				
State of Maine Department of Agriculture				
Child and Adult Care Food Program	FP # 17-475	10.558	-	12,872
Child and Adult Care Food Program	FP # 17-476	10.558	-	6,613
Child and Adult Care Food Program	CFS-15-618	10.558	-	110
Total CFDA Number 10.558			-	19,595
Total U.S. Department of Agriculture			57,194	3,313,330
U.S. Department of Commerce				
U.S. Department of Commerce grants with No CFDA Number		11.U02	-	27
Passed-through:				
Maine Center for Entrepreneurial Development				
Cluster Grants	NSN778	11.020	-	22,735
Economic Development Technical Assistance		11.303	-	95,317
Passed-through:				
Maine Department of Marine Resources				
Coastal Zone Management Admin Awards	20180315*2687	11.419	-	15,640
Passed-through:				
Nature Conservancy (The)				
Habitat Conservation	CONTRACT_UMaine_PENO	11.463	-	27,101
Passed-through:				
Maine Manufacturing Extension Partnership				
Manufacturing Extension Partnership	70NAN817H004	11.611	-	99,999
Arrangements for Interdisciplinary Research Infrastructure		11.619	-	98,726
Total U.S. Department of Commerce			-	359,545
U.S. Department of Justice				
Passed-through:				
Farleigh Dickinson University				
Promoting Evidence Integration in Sex Offender Management	DOJ0001-01	16.203	-	114,220
Legal Assistance for Victims		16.524	99,087	168,184
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, & Stalking on Campus		16.525	-	65,591
OVW Technical Assistance Initiative		16.526	-	1,511,703
State Justice Statistics Program for Statistical Analysis Centers		16.550	-	24,721
Passed-through:				
Maine Coalition to End Domestic Violence				
Crime Victim Assistance	NSN-60633	16.575	-	65
Passed-through:				
Justice Research and Stat				
Crime Victim Assistance/Discretionary Grants	NSN-60699	16.582	-	6,899
Passed-through:				
National 4-H Program				
Juvenile Mentoring Program	2015-JU-FX-0015	16.726	-	(2,742)
Juvenile Mentoring Program	NSN793	16.726	-	88,004
Total CFDA Number 16.726			-	85,262
Passed-through:				
Maine Department of Corrections				
Second Chance Act Reentry Initiative	20150313*2884	16.812	-	23,957
Total U.S. Department of Justice			99,087	2,000,602
U.S. Department of Labor				
Occupational Safety & Health Susan Harwood Training Grants		17.502	-	25,918
Total U.S. Department of Labor			-	25,918

University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
U.S. Department of State				
Passed-through:				
IREX				
Academic Exchange Programs - Undergraduate Programs	FY17-YALI-PM-MAINE-0	19.009	-	120,430
Total U.S. Department of State			-	120,430
U.S. Department of Transportation				
Passed-through:				
Maine Department of Transportation				
US Department of Transportation Awards with No CFDA Number	20170523*3622	20.U03	-	33,821
Total U.S. Department of Transportation			-	33,821
National Aeronautics and Space Administration				
Science		43.001	-	182,529
Passed-through:				
Maine Space Grant Consortium				
Education	SG-16-14	43.008	-	2,285
Education	SG-16-16	43.008	-	6,081
Education	EP-17-06	43.008	-	24,185
Education	SG-17-08	43.008	-	23,738
Total CFDA 43.008			-	56,289
Total National Aeronautics and Space Administration			-	238,818
National Endowment for the Arts & Humanities				
Passed-through:				
State of Maine Arts Commission				
Promotion of the Arts Partnership Agreements	2017-12727	45.025	-	(15)
Passed-through:				
National Endowment for the Humanities				
Promotion of Humanities Division of Preservation & Access	PY-234524-16	45.149	-	920
Total National Endowment for the Arts & Humanities			-	905
U.S. Small Business Administration				
Small Business Development Centers		59.037	-	776,430
Total U.S. Small Business Administration			-	776,430
U.S. Department of Veterans Affairs				
U.S. Department of Veterans Affairs Awards with No CFDA Number		64.U04	-	223,758
All-Volunteer Force Educational Assistance		64.124	-	(530)
Total U.S. Department of Veterans Affairs			-	223,228
U.S. Environmental Protection Agency				
Environmental Finance Center Grants		66.203	3,171	164,576
Passed-through:				
University of North Carolina at Chapel Hill				
Surveys, Studies, Investigations, Demonstrations, and Training Grants	5106034	66.424	-	8,601
Surveys, Studies, Investigations, Demonstrations, and Training Grants	5108706	66.424	-	5,040
Total CFDA Number 66.424			-	13,641
National Estuary Program		66.456	98,672	673,762
Passed-through:				
Maine Environmental Protection Agency				
Beach Monitoring & Notification Prgm Implementation Grants	06A20161209*1828	66.472	-	96,886
Passed-through:				
Manomet				
Environmental Education Grants	NSN-60668	66.951	-	4,663
Total U.S. Environmental Protection Agency			101,843	953,528
U.S. Department of Energy				
Energy Efficiency & Renewable Energy Information Dissemination, Outreach, Training & Technical Analysis		81.117	-	23,976
Total U.S. Department of Energy			-	23,976
U.S. Department of Education				
National Resource Centers Program for Foreign Language & Area Studies		84.015	121,029	406,551
Higher Education Institutional Aid		84.031	-	366,250

University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Passed-through:				
Maine Department of Education				
Career & Technical Education - Basic Grants to States		84.048	-	49,867
Rehabilitation Long-Term Training		84.129	-	103,307
Passed-through:				
Maine Department of Education				
State Grants-Assistive Technology	013-05A-3076-37-6401	84.224	-	63
Passed-through:				
Maine Department of Education				
Twenty-First Century Community Learning Centers	S287C160019	84.287	-	(84)
Twenty-First Century Community Learning Centers	S287C160019	84.287	-	80
Total CFDA Number 84.287			-	(4)
Passed-through:				
Oregon State University				
Education Research, Development, & Dissemination	ED160B-B	84.305	-	5,544
Passed-through:				
Maine Department of Education				
Special Education - State Personnel Development	013-05A-3063-14-6401	84.323	-	9,947
Special Education - Personnel Development to Improve Services & Results for Children with Disabilities		84.325	-	314,743
Gaining Early Awareness & Readiness for Undergraduate Program		84.334	3,015,394	3,113,605
Passed-through:				
American Museum of Natural History				
Teacher Quality Partnership Grants	1-2015	84.336	-	155,198
Passed-through:				
Side X Side				
Arts in Education	NSN-60661	84.351	-	9,848
Arts in Education	NSN-60689	84.351	-	1,921
Total CFDA Number 84.351			-	11,769
English Language Acquisition State Grants		84.365	-	26,415
Passed-through:				
Maine Department of Education				
Mathematics & Science Partnerships	013-05A-3072-22-6401	84.366	-	3,724
Mathematics & Science Partnerships	013-05A-3072-22-6401	84.366	-	(29,298)
Mathematics & Science Partnerships	013-05A-3072-22-6401	84.366	-	25,878
Total CFDA Number 84.366			-	304
Passed-through:				
National Writing Project				
Supporting Effective Instruction State Grants	98-ME01-SEED2017-CAM	84.367	-	18,183
Supporting Effective Instruction State Grants	98-ME01-SEED2017-ILI	84.367	-	6,236
University of California				
Supporting Effective Instruction State Grants	10-ME02-SEED2017-ILI	84.367	-	9,157
Total CFDA Number 84.367			-	33,576
Total U.S. Department of Education			3,136,423	4,597,135
U.S. Department of Health and Human Services				
Passed-through:				
Maine Department of Health and Human Services				
U.S. Department of Health and Human Services Awards with No CFDA Number	LRS-17-001	93.U05	-	433,217
Research on Research Integrity		93.085	-	2,205
Passed-through:				
Families and Children Together				
Enhance Safety of Children Affected by Substance Abuse	NSN776	93.087	20,375	104,188
Passed-through:				
Dartmouth College				
Maternal & Child Health Federal Consolidated Programs	R878	93.110	-	99,721
Passed-through:				
Eastern Maine Healthcare Systems				
Partnerships to Improve Community Health	03012	93.331	-	43,656
Passed-through:				
Maine Department of Health and Human Services				
ACL Assistive Technology	013-05A-3076-37-6401	93.464	-	74,987
ACL Assistive Technology	013-05A-3076-37-6401	93.464	-	172,969
ACL Assistive Technology	013-05A-3076-37-6401	93.464	-	6,274
ACL Assistive Technology	013-05A-3076-37-6401	93.464	-	6,451
Total CFDA Number 93.464			-	260,681

University of Maine System
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal grantor/pass-through grantor/program title	Pass-through Number	Federal CFDA Number	Pass-through To Subrecipients	Federal Expenditures
Passed-through: National Network Public Health Inst. Public Health Training Centers Program	C1029	93.516	-	17,125
Passed-through: Maine Department of Health and Human Services ACA - State Innovation Models: Funding for Model Design & Model Testing Assistance	LRS-17-001	93.624	-	981
University Centers for Excellence in Developmental Disabilities Education, Research, & Service		93.632	-	555,724
Passed-through: The Research Foundation of SUNY Child Welfare Research Training or Demonstration Child Welfare Research Training or Demonstration Total CFDA 93.648	16-33 18-10	93.648 93.648	- -	100,380 269,708 370,088
Passed-through: University of Denver (Colorado Sem) Foster Care - Title IV(E)	SC37254C-03	93.658	-	847
Passed-through: Maine Department of Health and Human Services Foster Care - Title IV(E) Total CFDA 93.658	CFS-17-617	93.658	- -	862,025 862,872
Passed-through: Maine Department of Health and Human Services Chafee Foster Care Independence Program	CFS-17-617	93.674	-	3,161
Passed-through: Maine Department of Health and Human Services State & Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease, & Stroke	LRS-17-001	93.757	-	2,016
Passed-through: Southern Maine Agency on Aging (ADI-SSS) thru Prevention and Public Health Funds (PPHF) MaineHealth (ADI-SSS) thru Prevention and Public Health Funds (PPHF) Total CFDA 93.763	NSN-60579 NSN-60716	93.763 93.763	- -	3,627 12,592 16,219
Passed-through: Maine Department of Health and Human Services Assistance Programs for Chronic Disease Prevention & Control Total U.S. Department of Health and Human Services	LRS-17-001	93.945	-	381
			20,375	2,772,235
Corporation for National and Community Service				
Retired & Senior Volunteer Program		94.002	-	77,306
Passed-through: Maine Comm for Community Service AmeriCorps	20160822*0716	94.006	-	149,738
Passed-through: New Hampshire Campus Compact Volunteers in Service to America	NSN-60690	94.013	-	10,024
Passed-through: Annie E Casey Foundation Social Innovation Fund	15SIHMD001	94.019	-	102,804
Total Corporation for National and Community Service			-	339,872
U.S. Department of Homeland Security				
Port Security Grant Program		97.056	-	4,647
Total U.S. Department for Homeland Security			-	4,647
Total Other Programs			3,414,922	15,784,420
Total Expenditures			\$ 7,983,417	\$ 274,967,204

UNIVERSITY OF MAINE SYSTEM**Notes to Schedule of Expenditures of Federal Awards****Year Ended June 30, 2018****1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the University of Maine System (the System) under programs of the federal government for the year ended June 30, 2018. The information in the 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 the System, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the System. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

This report includes the seven campuses of the System and the administrative and management offices of the System (System-Wide Services). The seven campuses and their respective federal identification numbers are as follows:

University of Maine at Augusta (UMA)	1-01-600-0769-A3
University of Maine at Farmington (UMF)	1-01-600-0769-B1
University of Maine at Fort Kent (UMFK)	1-01-600-0769-A5
University of Maine at Machias (UMM)	1-01-600-0769-A9
University of Maine (UM)	1-01-600-0769-A2
University of Maine at Presque Isle (UMPI)	1-01-600-0769-A6
University of Southern Maine (USM)	1-01-600-0769-A8

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in Office of Management and Budget Circular A-21, *Cost Principles for Educational Institutions*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, 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.

3. Loan Program Balances

Loan balances receivable from students under federal programs are as follows as of June 30, 2018:

Federal Perkins Loans	\$ 28,582,896
Nursing Student Loans	2,344,183

4. Indirect Costs

The System has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The System has predetermined Facilities and Administrative (F&A) rates for fiscal year 2018. The base rates for other F&A cost recoveries range from 26.0% to 50% for fiscal year 2018.

UNIVERSITY OF MAINE SYSTEM

Notes to Schedule of Expenditures of Federal Awards (Concluded)

Year Ended June 30, 2018

5. Expenditures of Federal Awards Summarized by Agency

The following table summarizes the expenditures of federal awards by agency for the fiscal year ended June 30, 2018:

Agency	CFDA	Direct Funding	Passed- Through Funding	Total
U.S. Department of Agriculture	10.xxx	\$10,086,204	\$1,614,435	\$11,700,639
U.S. Department of Commerce	11.xxx	2,976,907	2,019,106	4,996,013
U.S. Department of Defense	12.xxx	2,381,447	3,832,463	6,213,910
U.S. Department of the Interior	15.xxx	536,585	457,409	993,994
U.S. Department of Justice	16.xxx	1,940,499	230,403	2,170,902
U.S. Department of Labor	17.xxx	25,918	-	25,918
U.S. Department of State	19.xxx	-	120,430	120,430
U.S. Department of Transportation	20.xxx	-	281,504	281,504
National Aeronautics and Space Administration	43.xxx	1,770,516	573,061	2,343,577
National Endowment for the Arts	45.0xx	-	(15)	(15)
National Endowment for the Humanities	45.1xx	16,905	-	16,905
National Science Foundation	47.xxx	12,871,638	855,143	13,726,781
U.S. Small Business Administration	59.xxx	776,430	-	776,430
U.S. Department of Veterans Affairs	64.xxx	223,228	-	223,228
U.S. Environmental Protection Agency	66.xxx	838,338	216,182	1,054,520
U.S. Department of Energy	81.xxx	2,176,788	547,842	2,724,630
U.S. Department of Education	84.xxx	216,671,887 *	586,362	217,258,249
U.S. Department of Health and Human Services	93.xxx	4,684,818 **	4,936,806	9,621,624
Corporation for National and Community Service	94.xxx	450,752	262,566	713,318
U.S. Department of Homeland Security	97.xxx	<u>4,647</u>	<u>-</u>	<u>4,647</u>
Total Federal Assistance		<u>\$258,433,507</u>	<u>\$16,533,697</u>	<u>\$274,967,204</u>

* Includes \$206,301,747 for Student Financial Aid

** Includes \$2,708,577 for Student Financial Aid

UNIVERSITY OF MAINE SYSTEM

Schedule of Findings and Questioned Costs

Year Ended June 30, 2018

Section I Summary of Auditor's ResultsFinancial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes

 X NoSignificant deficiency(ies) identified
that are not considered to be
material weakness(es)?

_____ Yes

 X None reportedNoncompliance material to the financial
statements noted?

_____ Yes

 X NoFederal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes

 X NoSignificant deficiency(ies) identified
that are not considered to be
material weakness(es)? X Yes

_____ None reported

Type of report issued on compliance for
major programs:UnmodifiedAny audit findings disclosed that are
required to be reported in accordance
with 2 CFR Section 200.516(a)? X Yes

_____ No

Identification of major programs:

CFDA Number(s)Name of Federal Program or Cluster84.007, 84.033, 84.038, 84.063, 84.268,
93.364U.S. Departments of Education and Health and
Human Services – Student Financial Assistance
Cluster

84.042, 84.044, 84.047, 84.066

TRIO Cluster

Dollar threshold used to distinguish
between Type A and Type B programs

\$1,978,706

Auditee qualified as low-risk auditee?

 X Yes

_____ No

UNIVERSITY OF MAINE SYSTEM**Schedule of Findings and Questioned Costs (Continued)****Year Ended June 30, 2018****Section II Financial Statement Findings****None****Section III Federal Award Findings and Questioned Costs****Finding 2018-001**Information on the Federal Program

U.S. Department of Education - Student Financial Assistance Cluster award period July 1, 2017 – June 30, 2018. CFDA 84.063 Federal Pell Grant Program.

Specific Criteria

Per 34 CFR 690.83(b)(1), the institution shall submit the student's Payment Data reporting any change to the Secretary by the reporting deadlines published by the Secretary in the Federal Register. Per the Federal Register (82 FR 29061) Department of Education Notice on June 27, 2017, an institution must submit Pell Grant, Iraq and Afghanistan Service Grant, Direct Loan, and TEACH Grant disbursement records to the Department's Common Origination and Disbursement (COD) System, no later than 15 days after making the disbursement or becoming aware of the need to adjust a previously reported disbursement.

Condition(s)

As part of our testing of Pell Grant disbursements, we tested the requirement to report payment data to COD within the 15 day requirement. Of the 18 total Pell students selected for testing, 8 students were selected at the University of Maine Farmington (UMF). Of the 8 students, 1 had a disbursement reported with an effective date in advance of the actual disbursement and 7 had disbursements for the fall semester that were not reported to COD within 15 days after the disbursement. The COD reporting for these 7 students was completed within 18 days of the disbursement.

Questioned Costs

None noted.

Context

UMF had approximately 900 Pell Grant disbursements for the fall semester. The majority of Pell Grant disbursements are completed on the same day, near the beginning of the semester.

Causes

Due to an extended staff vacancy, coupled with the volume of activity at the start of the semester, the COD reporting for Pell Grant disbursements was delayed by 3 days on the initial report for the fall semester.

UNIVERSITY OF MAINE SYSTEM**Schedule of Findings and Questioned Costs (Concluded)****Year Ended June 30, 2018**Potential Effect

Per the Dear Colleague Letter ID: GEN-13-14; an institution that does not report Pell Grant disbursement within the required 15 day timeframe may be liable for any overpayment that results from another institution disbursing Pell Grant funds with incomplete information because of the late reporting.

Identification as a Repeat Finding, if Applicable

Not applicable.

Recommendation

We recommend the System reinforce the 15 day reporting deadline to all staff who are responsible for reporting to COD. If resources are available, we recommend that UMF fill the vacant staff position or reassign COD reporting responsibilities to ensure timely and accurate reporting. This should lead to a reduction in the reporting timeframe and would limit those circumstances for potential overpayments.

Views of Responsible Officials and Planned Corrective Action Plan

Management agrees with the finding. See attached for Planned Corrective Action.



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UNIVERSITY OF MAINE SYSTEM

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2018

The University of Maine

Finding 2017-001

University of Maine
at Augusta

Information on the Federal Program

University of Maine
at Farmington

U.S. Department of Education - Student Financial Assistance Cluster award period July 1, 2016 – June 30, 2017. CFDA 84.268 Federal Direct Student Loans, CFDA 84.038 Federal Perkins Loan Program, CFDA 84.063 Federal Pell Grant Program.

University of Maine
at Fort Kent

Specific Criteria

University of Maine
at Machias

Attendance changes for students within the National Student Loan Data System (NSLDS) Enrollment Detail must be updated within 30 days (unless the roster file will be submitted within 60 days); Direct Loan 34 CFR 685.309. A student's enrollment status determines eligibility for in school status, deferment, and grace periods. Changes required to be reported include an increase or decrease in attendance level, graduation, withdrawals, and approved leaves of absence.

University of Maine
at Presque Isle

University of
Southern Maine

Conditions and Context

During testing of enrollment reporting, the following instances of noncompliance were identified:

1. Across the System, an "L" grade is given to a student who walks away from a course, but does not officially withdraw from that course. For the purpose of enrollment reporting to NSLDS, the grade should be treated the same as a "W" (withdrawn), because both "L" and "W" grades indicate that the student did not attend that course after a certain date. For each campus selected for testing (UM, USM and UMA), we noted that the enrollment status for students who had a combination of "L" grades and other letter grades were not properly reported to NSLDS as there was not a process in place to make the change to W for those students before NSLDS submission.
2. At UMA, students with all "L" grades in the fall semester were reported as withdrawn with an effective date as of the end of the semester, rather than the last day of attendance.



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3. At UMA, 38 spring semester graduates were appropriately reported on the "degree record" on the NSLDS website, but not on the enrollment record as required. In line with the enrollment reporting guide, a student that has graduated should be reported with a "G" status on the enrollment record.

Across the three campuses:

- | | |
|-----|---|
| UM | 330 students with a mix of "L" and other grades; total students reported 12,534 |
| USM | 492 students with a mix of "L" and other grades; total students reported 9,756 |
| UMA | 426 students with a mix of "L" and other grades; total students reported 4,538 |
| UMA | 38 students not reported as "G"; total graduated students reported 365 |

Cause and Effect

1. For condition #1 noted above, while all campuses appear to have a policy in place to identify and report students that receive all "L" grades, there is not a mechanism in place to report a student's change in status resulting from receiving an "L" grade during the semester for some, but not all classes.
2. For condition #2 noted above, while UMA has a mechanism to timely report students with all "L" grades in the fall as withdrawn, the effective date is automatically listed as the last date of the semester, not the last date of attendance as required.
3. For condition #3 noted above, there was a delay in final grading and therefore some degrees were awarded later in the spring semester. There was no follow up transmission to NSLDS after these degrees were awarded.

Late or inaccurate reporting to NSLDS could impact the grace period or deferment status of loans and the timing of student repayment, and student eligibility for Pell funds.

Prior Year Recommendation

We recommend the policy regarding reporting to NSLDS for students with "L" grades be refined to incorporate the treatment of "L" grades in specific situations



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The University of Maine

University of Maine
at Augusta

University of Maine
at Farmington

University of Maine
at Fort Kent

University of Maine
at Machias

University of Maine
at Presque Isle

University of
Southern Maine

as described above in order to ensure compliance with reporting requirements to NSLDS.

At UMA, we recommend the mechanism for reporting all "L" grades be applied to the end of the fall semester like UMA does for the spring semester.

At UMA, we recommend a report be generated that captures graduates who are awarded degrees after the final transmission to NSLDS and these graduates be reported timely.

Status

Resolved.

Finding 2017-002

Information on the Federal Program

U.S. Department of Education - Student Financial Assistance Cluster, award period July 1, 2016 – June 30, 2017.

Specific Criteria

Per 34 CFR 668.22, a school is required to determine the earned and unearned portions of Title IV aid as of the date the student ceased attendance based on the amount of time the student spent in attendance or, in the case of a clock-hour program, was scheduled to be in attendance.

Condition and Context

While testing return of Title IV funds, we noted the UMA calculation for the 2016 summer semester return of funds was based on an incorrect start of the semester date, which caused 47 return of Title IV aid calculations to be improperly calculated. Of these 47 students who withdrew, 15 should have had additional funds returned to the Department of Education.

Three students out of forty students selected for testing across the System should have had additional funds returned to the Department of Education.

Cause and Effect

The calculation worksheet parameters were not reviewed after preparation for correct start date. Students withdrawing had improper calculations of aid earned due to the improper start date used. Forty-seven students needed to have the return of Title IV funds calculation re-performed. Fifteen of those students



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Orono, ME 04469-5703

Tel: 207-581-5491
Fax: 207-581-5496

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required more funds to be returned to the Department of Education. UMA returned the funds using non-federal dollars.

Identification as a Repeat Finding, if Applicable

Not applicable.

Recommendation

We recommend that the return of Title IV funds worksheet include a documented review process around the parameters for start and end date.

Status

Resolved.

The University of Maine

University of Maine
at Augusta

University of Maine
at Farmington

University of Maine
at Fort Kent

University of Maine
at Machias

University of Maine
at Presque Isle

University of
Southern Maine



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University of Maine System Management's Corrective Action Plan – Current Year Findings

The University of Maine

Finding Number: 2018-001
Federal Agency: US Department of Education Student Financial Assistance Cluster

University of Maine
at Augusta

Program:

University of Maine
at Farmington

CFDA Number: 84.063 Federal Pell Grant Program

Award Number:

University of Maine
at Fort Kent

Award Period: July 1, 2017- June 30, 2018.

Finding: Late reporting of Pell Grant disbursement data to COD

University of Maine
at Machias

University of Maine at Farmington

University of Maine
at Presque Isle

University of
Southern Maine

In the Fall of 2017, UMF's initial Pell payment disbursements were made on Friday, August 18, 2017, ten days prior to the start of the Fall term which began on August 28, 2017, and the payment data to COD was subsequently submitted (one day after the Labor Day holiday of September 4, 2017) on Tuesday, September 5, 2017 (12 business days after the disbursement, or 18 calendar days later than the actual disbursement date). Seven of the eight UMF students in the Pell sample were included in this group who were reported to COD 18 calendar days after the initial Fall 2017 Pell disbursements.

UMF concurs that reporting after the Labor Day holiday weekend made the report 3 days late missing the 15 day reporting deadline for that group. As corrective measures, the importance of the 15 day calendar reporting timeframe has been reinforced and we have filled a staff position that was vacant in the last two award cycles in order to assure that this lapse in reporting does not recur.

Contact person: Darla Reynolds



AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** CliftonLarsonAllen (CLA) LLP – Presentation
2. **INITIATED BY:** James O. Donnelly, Chair
3. **BOARD INFORMATION:** X **BOARD ACTION:**
4. **OUTCOME:** **BOARD POLICY:**
 Primary Outcomes: Bylaws – Section 3
 Enhance fiscal positioning
5. **BACKGROUND:**

CLA representatives Michael Johns, Principal, and Daniel Persaud, Manager, will address the enclosed Audit Committee Presentation.

Discussion items will include required communications, significant audit areas for the University of Maine System fiscal year 2019 financial statement and Uniform Guidance audits, timeline, new accounting pronouncements, emerging issues, and planning questions.

University of Maine System

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Higher Education Industry Trends

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Key Issues and Challenges Facing Higher Education

Program profitability

Changing demographics

Changing technology expectations

Tax reform implications

New Accounting Standards

Cybersecurity and data breaches

Enrollment Planning:
Modeling for the future,
sustainability,
competition

Closures and Mergers in
for-profit and non-profit
sectors

Higher Education
Reauthorization
Proposals: Simplification
of Loan Programs

Deferred Maintenance

Compliance Issues: Clery
Act, Student Financial
Aid, Title IX

Succession Planning: Key
positions, inflexibility of
tenured faculty, early
retirement programs



Key and Challenges Issues

- Unemployment rate near historical lows 3.7% ¹
- Turnover rate in nonprofit is increasing – almost 20%²
- While the full impact of it is yet to be seen, current reports project that the Tax Cuts and Jobs Act will negatively impact 2018 total philanthropic giving by 4% annually across the country, a total of \$16 billion²

1. Bureau of Labor Statistics

2. GuideStar and Nonprofit HR

3. Study Estimates 4 percent drop in Giving this Year: [Nonprofit Times](#); June 2018



New Accounting Standards

Asset Retirement Obligations

- Legal obligations to perform future asset retirement obligations
- Nuclear research, power generating facilities?
- Effective FY 19

Fiduciary Activities

- Clarifies identifying fiduciary activities for accounting and reporting as fiduciary funds
- Effective FY 20

Leases

- Lessor and Lessee to record most leases on statement of net position (elimination of operating leases)
- Effective FY 21



Moody's Negative Outlook

Increasing expenses outpacing constrained revenue for most institutions.

Private faring better than publics for 2019, with 60% projecting revenue growth of 3%.

Constrained revenue growth = tuition.

- Improving economy
- Falling birth rates/declines in high school graduates
- Perceived “value”



Graham-Leach-Bliley Act (GLBA)

Information security measures

- Expected to be incorporated into audit process in 2019 or beyond
- Draft audit procedures have since been withdrawn

Rules related to:

- Risk identification related to integrity of student information
- Controls over safeguarding of information

Information

- www.claconnect.com/events/2018/complying-with-glba-student-financial-aid-11-8-18





Your Service Team

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CLA Service Team



Michael Johns

- Engagement Principal
- 20+ years of experience serving higher education
- Responsible for the Overall Delivery of the Engagement



Brenda Scherer

- Signing Director
- 19 years of experience serving higher education
- Responsible for the single audit



Daniel Persaud

- Engagement Manager
- 11+ years of experience serving higher education
- Main Point of Contact for the Engagement



Nancy Gunza

- Technical Resource Principal
- 30+ years of experience serving higher education

Committed to providing top quality service by a team of professionals dedicated to the nonprofit industry





Your Service Plan

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Scope of Services and Deliverables

Opinion on financial statements for the year ending June 30, 2019

Report on internal control over compliance with major program requirements (Financial Aid Audit)

Governance communication letter

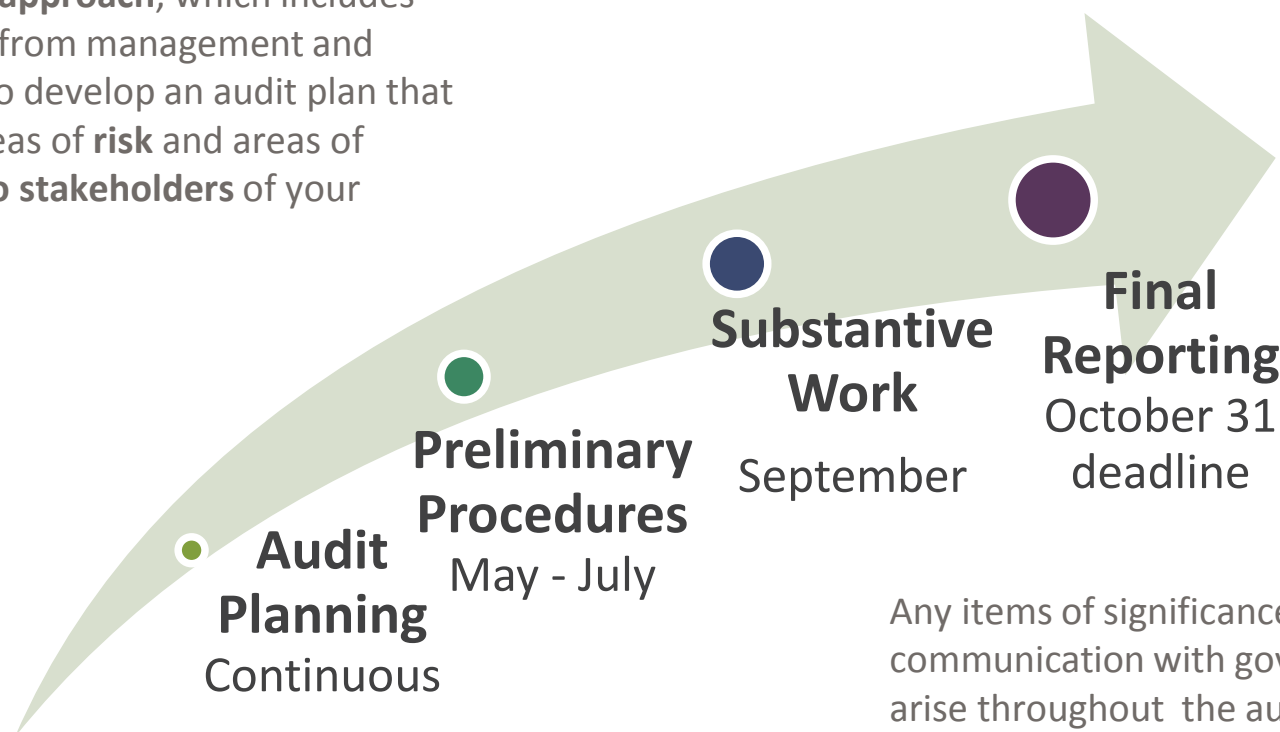
Internal control letter (included in single audit report, if applicable)

Management letter, if applicable



Timeline

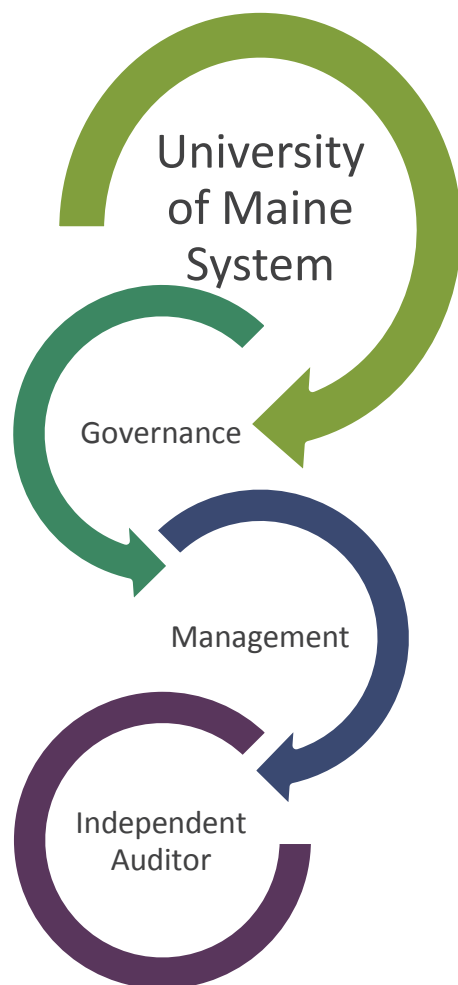
The **audit planning** meeting today is the start of the audit process. We utilize a **collaborative approach**, which includes seeking input from management and governance, to develop an audit plan that focuses on areas of **risk** and areas of **significance to stakeholders** of your Organization.



Any items of significance, warranting communication with governance, that arise throughout the audit process will be promptly communicated. If you do not hear from us prior to the final audit presentation in **October**, everything went as planned and discussed here today.



Responsibilities



Responsibilities of Parties Involved

Governance

Strategic Direction

Accountability, including financial reporting

Management

Internal Controls

Accounting Policies

Management Decisions

Fair Presentation of Financial Statements

Programs to Prevent and Detect Fraud

Independent Auditor

Opinion on Fair Presentation of Financial Statements

Audit in Accordance with GAAS and GAGAS

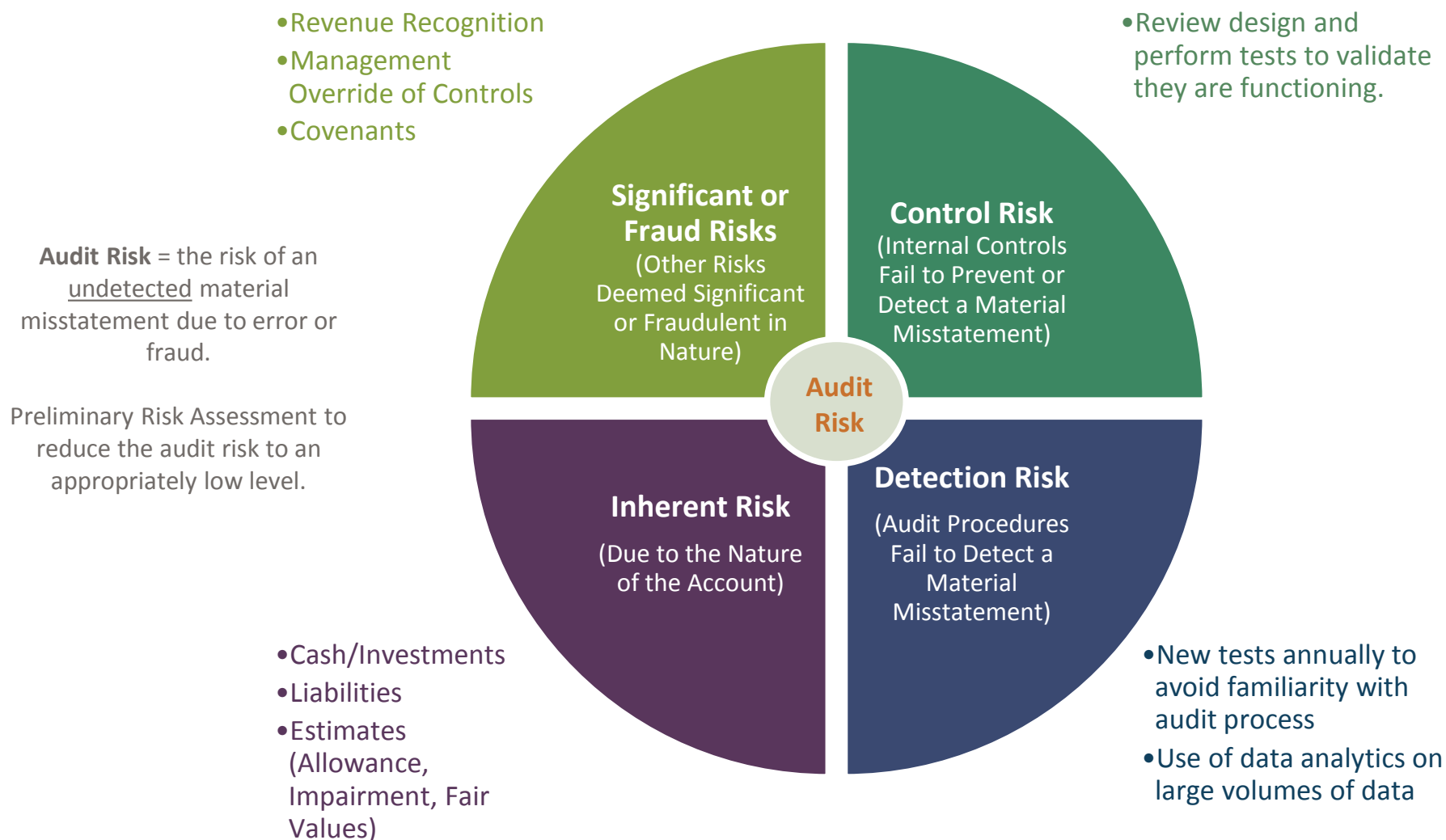
Reasonable, not Absolute Assurance

Understanding of Internal Controls

Risk Based Audit Approach



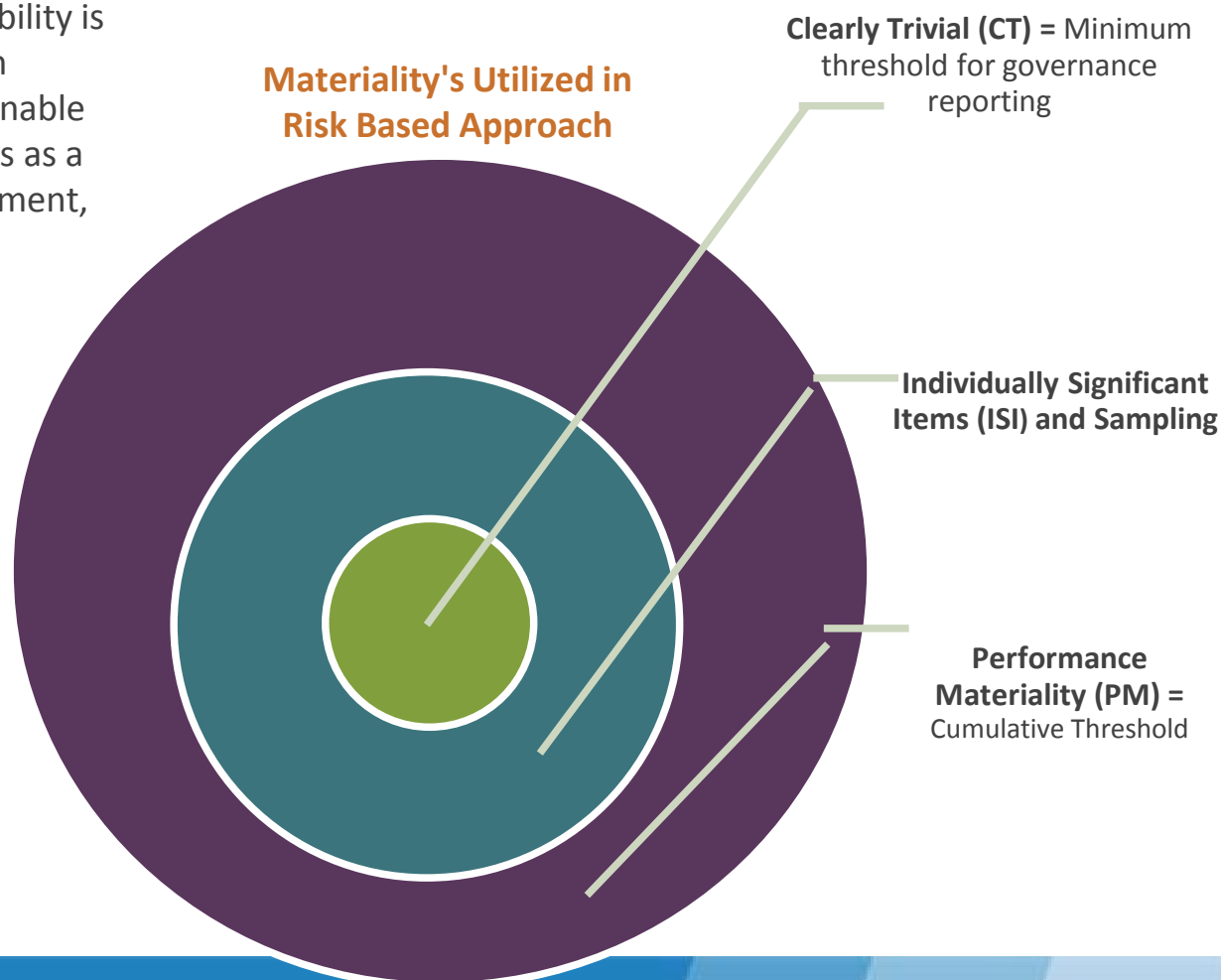
Risk Assessment



Risk Assessment (Cont.)

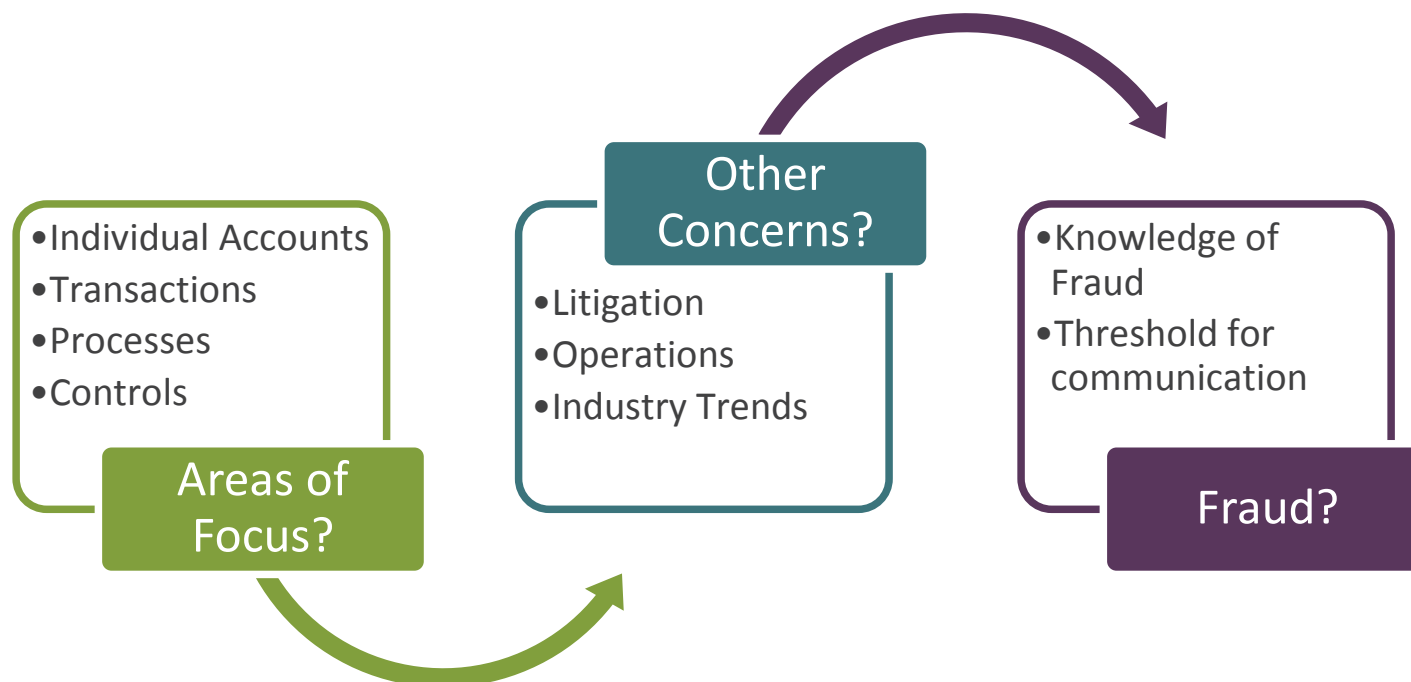
Our Responsibility Related to Fraud:

As independent auditors, our responsibility is to conduct an audit in accordance with professional standards to obtain reasonable assurance that the financial statements as a whole are free from **material** misstatement, whether caused by error or fraud.



Governance Input

As independent auditors, we work **for** governance and work **with** management to accomplish the audit. Your input is valued as we develop our audit plan and approach.



Questions for the Committee

Current Year Activities

- 2019 Financial Results –anticipated results?
- Any significant, complex or unusual transactions?
- Any areas of audit emphasis suggested by governance?
- Any claims, risks, or uncertainties?



Questions for the Committee (continued)

Fraud Brainstorming

- Are you aware of any actual or allegations of fraud?
- Are you aware of any areas where the University is more particularly susceptible to fraud?
- Any extraordinary pressure to meet budget or achieve certain target earnings?
- Any noncompliance with laws, regulations, contracts, and/or grant agreements?





Appendix

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Resources

Articles, Webinars, and Tools

www.claconnect.com



REDUCING RISK | ARTICLE

Strong Vendor Recordkeeping Can Help Protect Higher Ed Orgs From Fraud



REGULATIONS | EVENT

Parting with Perkins: What the New Guidance Means for Your Institution



REGULATIONS | ARTICLE

Don't Underestimate Revenue Recognition's Impact on Your College or University




REDUCING RISK | ARTICLE

Four Rules of Thumb for Assessing Public-Private Partnerships in Higher Education



Create Opportunities | We promise to know you and help you.

Resources



Other
ways CLA
can help
you reach
your
goals

- Internal control assessments
- Ethics and fraud training
- Forensic services
- Data analytics
- Quality assessment review
- IT risk assessments
- Vulnerability assessments
- Executive search
- Human resource assessments
- Succession planning
- Telecom
- Grant compliance
- ACA compliance
- Evaluation of employee benefit plans
- Enterprise risk management
- Investment policies
- Financial forecasting
- Program profitability analysis
- Finance department assessments



Top SFA Audit Findings

- 1 **NSLDS Roster Reporting - Inaccurate/Untimely reporting**
- 2 **Repeat Finding - Failure to Take Corrective Action**
- 3 **Return of Title IV (R2T4) Calculation Errors**
- 4 **Return of Title IV (R2T4) Funds Made Late**
- 5 **Verification Violations**



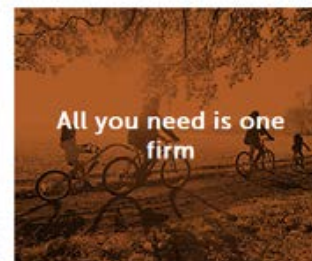
Top Program Review Findings

- 1** **NSLDS Roster Reporting - Inaccurate/Untimely Reporting**
- 2** **Crime Awareness Requirements Not Met**
- 3** **Return of Title IV (R2T4) Calculation Errors**
- 4** **Drug Abuse Prevention Requirement Not Met**
- 5** **Student Credit Balance Deficiencies**



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About CLA



Firm stats

- More than 60 years of quality, service, and experience
- \$850 million in revenue
- More than 110 locations across the United States

Our clients

- Unprecedented emphasis on serving privately held businesses and their owners, as well as nonprofits and governmental entities
- Serving more than 150,000 clients
- Primary industries served include agribusiness, construction and real estate, commercial services, cooperatives, dealerships, federal government, financial institutions, government contractors, health care, higher education, manufacturing and distribution, nonprofit, professional services, and state and local government
- Service areas include wealth advisory, outsourcing, and public accounting (audit, tax, and consulting)

Our people

- More than 5,400 professionals, including 700+ principals
- More than 2,200 CPAs
- A career building and "Best Place to Work" firm



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GASB 84

Fiduciary Activities

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Purpose and Goals of GASB 84

- The purpose of GASB 84 is to clarify what constitutes a fiduciary activity for accounting and financial reporting purposes and how they should be reported
 - Existing standards require reporting of fiduciary responsibilities, but, do not define what they are
 - Use of private purpose trust funds and agency funds is inconsistent
 - Business type activities are uncertain about how to report fiduciary activities
- Effective for reporting periods beginning after 12/15/18



84 Fiduciary Activities

- Specific Issues
 - Fiduciary activities will be reported in one of four fund types
 - ◇ Pension (and other employee benefit) trust funds
 - ◇ Investment trust funds
 - ◇ Private purpose trust funds
 - ◇ Custodial funds (formerly agency funds)



84 Fiduciary Activities

- Potential Changes to Current Statements
 - Possibly more custodial funds (formerly agency funds) based on control of assets, for example:
 - ◇ Fiscal host situations
 - ◇ Student activity funds
 - ◇ Activities currently accounted for as private purpose trust when a trust doesn't exist



Criteria for Identifying Fiduciary Activities

- Focus of the criteria:
 - Whether a government is controlling the assets of the fiduciary activity, and
 - The beneficiaries with whom a fiduciary relationship exists
- Separate criteria is provided to identify fiduciary component units and postemployment benefit and pension arrangements that are fiduciary activities



Criteria for Identifying Fiduciary Activities

Appendix C of the standard includes flowcharts for evaluating and reporting potential fiduciary activities

- These are also included under National Assurance Resources in the GASB accounting standards implementation binder



When Should a Government Report a Fiduciary Fund?

- Four paths to make this determination
 - Component units that provide pension/postemployment benefits
 - Component units that do not provide pension/postemployment benefits
 - Pension/Postemployment benefits arrangements that are not component units
 - All other activities



Component Units that Provide Pension/Postemployment Benefits

- Fiduciary if (1) the activity meets the definition of a component unit in Statement 14, as amended, and (2) it is one of the following:
 - A pension plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 67
 - An OPEB plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 74
 - A circumstance in which assets from entities that are not part of the reporting entity are accumulated for pensions as described in paragraph 116 of Statement 73
 - A circumstance in which assets from entities that are not part of the reporting entity are accumulated for OPEB as described in paragraph 59 of Statement 74



Other Component Units

- Fiduciary if (1) the activity meets the definition of a component unit and (2) it has one or more of the following characteristics:
 - The assets are (1) administered through a trust agreement or equivalent arrangement in which the government itself is not a beneficiary, (2) dedicated to providing benefits to recipients in accordance with benefit terms, and (3) legally protected from the creditors of the government
 - The assets are for the benefit of individuals and the government does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the government's provision of goods or services to those individuals.
 - The assets are for the benefit of organizations or other governments that are not part of the financial reporting entity. In addition, the assets are not derived from the government's provision of goods or services to those organizations or other governments.



What is a trust-equivalent arrangement?

- Assets are dedicated to providing benefits to recipients in accordance with the benefit terms
- Assets are legally protected from the creditors of the government that is acting as a fiduciary



Pension/Postemployment Benefits that are not Component Units

- Fiduciary if (1) the government controls the assets of the arrangement, and (2) the arrangement is one of the following:
 - A pension plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 67
 - An OPEB plan that is administered through a trust that meets the criteria in paragraph 3 of Statement 74
 - A circumstance in which assets from entities that are not part of the reporting entity are accumulated for pensions as described in paragraph 116 of Statement 73
 - A circumstance in which assets from entities that are not part of the reporting entity are accumulated for OPEB as described in paragraph 59 of Statement 74



All Other Activities

- Fiduciary if all three of the following are met:
 - The government controls the assets
 - Those assets are not derived:
 - ◇ Solely from the government's own-source revenues
 - ◇ From government-mandated nonexchange transactions or voluntary nonexchange transactions with the exception of pass-through grants and for which the government does not have administrative or direct financial involvement



All Other Activities Criteria (Continued)

- One of the following criteria is met:
 - ◇ The assets are (1) administered through a trust agreement or equivalent arrangement in which the government itself is not a beneficiary, (2) dedicated to providing benefits to recipients in accordance with the benefit terms, and (3) legally protected from the creditors of the government
 - ◇ The assets are for the benefit of individuals and the government does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the government's provision of goods or services to those individuals.
 - ◇ The assets are for the benefit of organizations or other governments that are not part of the financial reporting entity. In addition, the assets are not derived from the government's provision of goods or services to those organizations or other governments.



What constitutes administrative involvement?

- Responsibility for establishing specific guidelines on how money is spent:
 - Governance establishes fees charged by club
 - Governance or a board policy determines eligible expenditures
 - ◊ Topics addressed by the policy matter
 - Employee role can also establish administrative involvement.
 - State establishes specific guidelines on how resources can be spent



When is a government controlling assets?

- A government controls the assets of an activity if:
 - The government holds the assets.
 - The government has the ability to direct the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended beneficiaries



Resources

- Implementation Guide – Fiduciary Activities
 - GASB anticipates issuance in May 2019
 - Many specific examples, including those for student activity funds



Implementation Checklist

1. Review existing fiduciary activities
2. Are there activities not being reported as fiduciary that should be? Or vice versa?
3. Will accounting systems need to be modified to capture information for reporting?
4. Will changes need to be made to the financial statements?





GASB 87

Leases

Effective Date: For reporting periods beginning after December 15, 2019

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Objectives

- Improve consistency in the information that is disclosed in the notes to governmental financial statements relating to debt, including direct borrowings and direct placements.
- Provide financial statement users with additional essential information about debt.



Overview

- GASB No. 87 now requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases, and establishes a single model for lease accounting.
- Retroactive adoption required, if practical for all periods presented (i.e. restate opening net position).
- If *impractical (NOT inconvenient)*, must disclose reasons.
- Effective for reporting periods beginning after December 15, 2019 (12/31/20 and 6/30/21).



Lease Definition

- *Lease Definition*: Contract that conveys control of a nonfinancial asset for a period of time in an exchange or exchange-like transaction
 - Right to obtain present service capacity from the use of the underlying asset
 - Right to determine the nature and manner of use of the underlying asset



Lease Term

- *Lease Term*: Period during which lessee has a noncancelable right to use the asset, plus:
 - Options to extend if reasonably certain
 - Unexercised options to terminate if reasonably certain
 - Fiscal funding or cancellation clause – should only affect the lease term when it is reasonably certain that the clause will **be exercised**
- NOTE - Extension/termination options apply to both lessee and lessor



Lease Term (continued)

- Lessees and lessors should assess factors relevant to whether extension/termination options will be exercised:
 - Significant economic incentives/disincentives (i.e. optional period conditions favorable compared to market rates)
 - History of exercising options to extend or terminate
 - Extent to which asset underlying the lease is essential to the provision of government services



Lease Term (continued)

- Periods for which both parties have an option to terminate the lease without permission from the other party are cancelable periods and are excluded from the lease term (i.e. rolling month to month lease).
- Provisions that allow for termination of a lease due to the following are not considered termination options:
 - Purchase of the underlying asset
 - Payment of all sums due
 - Default on payments



Lease Term (continued)

- *Short-term leases:* Maximum possible term of 12 months or less, including options to extend.
 - Recognized as outflows of resources or expense (lessee) or inflows of resources or revenue (lessor)
 - No inflows/outflows should be recognized during rent holiday periods
- *Exclusions:*
 - Intangible assets (oil/gas/mineral rights)
 - Biological assets (timber, living plants, animals)
 - Inventory
 - Service Concession Arrangements
 - Leases financed with outstanding conduit debt
 - Supply contracts
 - Contracts for services only



Contract Components

- Contracts that transfer ownership: Contract that transfers ownership but does not contain termination options should be reported as a financed purchases (lessee) or sale (lessor)
- Lease incentives: Payments made to/on behalf of, the lessee for which the lessee has the right to offset its obligation to lessor, or other concessions (paragraphs 61 and 62 of GASB 87)
- Contracts with Multiple Components: May include lease and non-lease components, or multiple underlying assets. Lease and non-lease components should be accounted for separately. Contracts with multiple underlying assets and different lease terms should be accounted for separately. See paragraphs 63 – 68 of GASB 87.



Contract Components (continued)

- Contract combinations: Contracts entered at or near the same time with the same counterparty should be evaluated to determine if they represent a single contract if either of the following criteria is met:
 - Negotiated as a package with a single objective
 - Amount of consideration to be paid in one contract depends on the price or performance of the other contract



Lessee - Initial Recognition

- *Intangible right to use lease asset:*
Initial lease liability + lease payments made to lessor before commencement of lease + costs to place asset into service (excluding debt issuance costs)



Lessee - Initial Recognition (continued)

- *Lease liability*: Present value of contractual lease payments (fixed) using implicit or incremental borrowing rate
 - Fixed payments
 - Variable payments that depend on index or rate (initially measured using rate at commencement)
 - Variable payments that are fixed in substance
 - “Reasonably certain” residual value guarantees and purchase options
 - Termination penalties, if lease term reflects lessee exercising a termination option or fiscal funding/termination clause
 - Lease incentives
 - Any other payments that are reasonably certain to be paid pursuant to agreement



Lessee - Initial Recognition (continued)

- Variable payments based on lessee's future performance of the lessee or underlying asset usage should not be included in measurement of the lease liability.
- These types of payments should be recognized as outflows of resources in the period in which the obligation for those payments is incurred.



Lessee - Subsequent Recognition

- *Intangible right to use lease asset:* Amortize/depreciate over the shorter of the useful life or lease term
 - If a purchase option is reasonably certain of being exercised, amortize over the useful life of underlying asset
- *Lease liability:* Difference between lease payment and interest expense reduces liability
 - Any payments should be allocated first to the accrued interest liability, and then to the lease liability
- *Interest expense:* Amortize the discount using an effective interest model
- *Amortization/depreciation expense:* Amortize in systematic and rational manner over shorter of lease term or useful life



Lessee - Subsequent Recognition (continued)

- Lease liability should be remeasured at subsequent financial reporting dates if, based on most recent contract, one or more of the following changes have occurred at or before the financial reporting date:
 - Change in lease term
 - Changes in the likelihood of payment of a residual value guarantee
 - Changes in the likelihood of a purchase option being exercised
 - Changes in estimated amounts for payments or interest rates (unless solely related to a change in index or incremental borrowing rate)
 - Resolution of any contingencies impacting measurement



Lessee - Financial Reporting and Disclosure

- *Governmental funds:* Expenditure and other financing source in the year of commencement, subsequent lease payments reported consistent with the debt service payments for long term debt
- *Disclosures:*
 - General description
 - ◇ Basis, terms, and conditions on which variable payments not included in the measurement are determined
 - ◇ Existence, terms, and conditions of residual value provided by the lessee not included in the measurement of the lease liability



Lessee - Financial Reporting and Disclosure (continued)

- *Disclosures (continued):*
 - Total amount of lease assets (by major class) and related accumulated amortization
 - Amount of outflows related to variable and other payments not previously included in the measurement of the lease liability
 - Principal and interest requirements to maturity for each of the five subsequent fiscal years and in five-year increments thereafter
 - Commitments under leases before commencement of the lease term
 - Components of any loss associated with an impairment
 - Sublease transactions (paragraphs 80 and 81 of GASB 87)
 - Sale-leaseback transactions (paragraphs 82 – 86 of GASB 87)
 - Lease-leaseback transactions (paragraph 87 of GASB 87)
 - Related party leases (paragraph 90 of GASB 87)



Lessor - Initial Recognition

- *Lease Receivable*: Present value of contractual lease payments (fixed) using rate implicit in the lease, reduced by any amounts determined to be uncollectible
 - Fixed Payments
 - Index – dependent variable payments
 - Variable payments that are fixed in substance
 - Residual value guarantee payments that are fixed in substance
 - Lease incentives
- *Deferred inflow of resources*: Lease receivable + lease payments received at or before commencement – incentives



Lessor - Initial Recognition (continued)

- Variable payments based on future performance of the lessee or usage of the underlying asset should not be included in measurement of the receivable
 - Recognize as inflows of resources in the period to which those payments relate
- Residual value guarantees that are not fixed in substance should be recognized as a receivable/inflow of resources, if:
 - Guarantee payment is required, AND
 - Amount can be reasonably estimated



Lessor - Initial Recognition (continued)

- Amounts to be received for the exercise price of a purchase option or termination penalty should be recognized as a receivable and inflow of resources when exercised
- Exceptions
 - Short term leases (inflow of resources)
 - Contracts that transfer ownership (sale of asset)
 - Leases of assets that are investments (apply GASB 72 provisions)
 - Certain regulated leases (see paragraphs 42-43 of GASB 87)
 - Initial direct costs incurred by the lessor should be reported as outflows of resources



Lessor - Subsequent Recognition

- *Lease Receivable*: Difference between lease payment and interest income reduces the receivable
- *Deferred inflow of resources*: Reduced by amount amortized to lease revenue
- *Interest income*: Amortize using effective interest model
- *Lease revenue*: Systematic and rational amortization of the deferred inflow of resources
- Any payments received should be allocated first to the accrued interest receivable and then to the lease receivable.
- Similar to lessees, receivables should be remeasured if certain changes have occurred (lease terms, interest rates, etc.)



Lessor - Financial Reporting and Disclosure

- *Governmental funds:* Recognize lease receivable and deferred inflow of resources. Should NOT derecognize underlying asset, but continue to depreciate/evaluate for impairment
- *Disclosures:*
 - General description (Basis, terms, etc.)
 - Total amount of revenues (if not obvious from face of statements) recognized in the reporting period, if not evident from statements
 - Total amount of revenues from variable payments
 - Existence, terms and conditions of options by lessee to terminate the lease of abate payments, when the lessor has issued debt secured by lease payments



Lessor - Financial Reporting and Disclosure (continued)

- *Disclosures (continued):*
 - Leases of assets that are investments
 - Certain regulated leases
 - Sublease transactions
 - Sale-leaseback transactions
 - Lease-leaseback transactions
 - Related party leases



Lessor - Financial Reporting and Disclosure (continued)

- If ongoing operations consist primarily of leasing assets to others, include schedule of future payments (principal and interest).
- When a lessor has one or more regulated leases, there are additional required disclosures (see paragraphs 42, 43, and 60 of the standard).



Lease Modifications

- Triggered by certain events, such as:
 - Change in lease terms
 - Change in likelihood of executing Bargain Purchase Option
- Lease modification that reduces underlying assets or lease term should be accounted for as partial or full lease termination by remeasuring the lease liability/receivable and related assets/deferred inflow of resources, and recognizing a gain or loss for the difference.
- Lease modification that adds one or more underlying assets and includes an increase in lease payments should be accounted for as a separate lease





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AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** UM Department of Athletics Agreed-Upon Procedures Update

2. **INITIATED BY:** James O. Donnelly, Chair

3. **BOARD INFORMATION:** X

BOARD ACTION:

4. **OUTCOME:**

Primary Outcomes:

Enhance fiscal positioning

BOARD POLICY:

Bylaws – Section 3

5. **BACKGROUND:**

Claire Strickland, Chief Business Officer at the University of Maine, will provide a brief overview regarding the following report on Agreed-Upon Procedures performed by O'Connor & Drew.

- *Agreed-Upon Procedures in Accordance with National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the year ended June 30, 2018*

This report addresses evaluation of the Statement of Revenues and Expenditures of the UM Department of Athletics for compliance with specific NCAA Bylaw requirements.

**UNIVERSITY OF MAINE
DEPARTMENT OF ATHLETICS**

**Agreed-Upon Procedures in Accordance with National
Collegiate Athletic Association Bylaw 3.2.4.15**

June 30, 2018

**UNIVERSITY OF MAINE
DEPARTMENT OF ATHLETICS**

**Agreed-Upon Procedures in Accordance with National
Collegiate Athletic Association Bylaw 3.2.4.15**

June 30, 2018

C O N T E N T S

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES IN ACCORDANCE WITH NCAA BYLAW 3.2.4.15

Dr. Joan Ferrini-Mundy, President
University of Maine
Orono, Maine

We have performed the procedures enumerated below, which were requested by Dr. Joan Ferrini-Mundy, President, and the management of the University of Maine (the "University" or the "Institution"), solely to assist in evaluating whether the Statement of Revenues and Expenditures (the "Statement") of the Department of Athletics (the "Department") of the University is in compliance with the National Collegiate Athletic Association (the "NCAA") Bylaw 3.2.4.15 for the year ended June 30, 2018. Management is responsible for the University's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures Related to Program Revenues and Expenditures

We obtained the Statement for the year ended June 30, 2018, as prepared by the University's management and shown in Appendix A. For the purpose of these procedures, materiality has been determined to be \$33,505 and changes of at least 10% from the respective prior year account balance. We recalculated the mathematical accuracy of the amounts in each column. We compared and agreed the amounts on each line to the corresponding amounts on the supporting schedules and/or worksheets, which agree to the general ledger.

1. Financial Statements and Affiliated Organizations

The university shall identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. The independent accountant shall agree the amounts reported in the statement to the organization's general ledger or, alternatively, confirm revenues and expenses directly with a responsible official of the organization.

Results

According to management, the affiliated organizations of the University are the University of Maine Foundation (the "Foundation") and the University of Maine Alumni Association (the "Alumni Association"). Management has advised us that the affiliated organizations

do not incur expenses on behalf of the athletic department, instead they serve as a conduit by soliciting and collecting contributions designated for the athletic department.

We obtained and examined the University's audited financial statements and noted no items that were listed as material weaknesses or significant deficiencies on the 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*.

We obtained and examined the audited financial statements of the Foundation. The Foundation received an unmodified opinion. As of the date of this report, the Alumni Association's reviewed financial statements for the years ended June 30, 2017 and 2018 were in the process of being completed. As a result, we obtained and examined the reviewed financial statements of the Alumni Association for the years ended June 30, 2016. The independent accountant stated in their report that they were not aware of any material modifications that should be made to the Alumni Association's financial statements.

2. Analytical Procedures

Compare each material revenue and expense account to the prior period amounts and current year budget estimates. Obtain and document an understanding of any significant variations.

Results

According to management, the budget prepared for the athletic department is primarily used for operations. Consequently, the budget is not presented in a format comparable with the attached Statement. As a result, a comparison between the Statement's amounts and the current year budget was unable to be performed.

We compared the actual revenues and expenses in the statement for the year ended June 30, 2018 to the respective figures for the year ended June 30, 2017. As agreed, we identified variances of greater than \$33,505 and 10%. We obtained explanations from management regarding the reasons for the variances. They are as follows:

Revenues

Ticket Sales

Ticket sales decreased by \$159,573 or 13.8% from fiscal year 2017 to fiscal year 2018. The University derives the majority of its ticket sales from the Men's Ice Hockey team. In 2018, Men's Ice Hockey suite sales decreased by \$85,000 and individual ticket sales decreased an additional \$50,000 as compared to 2017.

Contributions

Total contributions increased by \$430,064 or 25.8% from fiscal year 2017 to fiscal year 2018. The athletic department received the balance of a gift account in the amount of \$528,000 related to a former coach. The gift account was created to retain a former coach

after retiring from coaching and taking a position in the athletic department. In prior years, the athletic department recognized approximately \$100,000 annually to offset half of the employees' salary expense. Upon departure, the employee was eligible for the remaining funds in the gift account.

Media Rights

Media Rights revenue decreased by \$125,000 or 13.9% from fiscal year 2017 to fiscal year 2018. This decrease is the result of a bonus payment from Black Bear Sports Properties, LLC of \$150,000 paid in 2017.

NCAA/Conference Distributions

NCAA/Conference Distributions revenue increased by \$303,366 or 37.6% from fiscal year 2017 to fiscal year 2018. The athletic department received an additional \$125,000 from the NCAA for sports sponsorships and \$50,000 from the NCAA for the Women's Basketball team qualifying for the NCAA tournament. The athletic department also recognized approximately \$110,000 of an NCAA grant received in 2017 to offset expenses that were incurred related to the grant.

Conference Distributions

Conference Distributions increased by \$55,638 or 56.0%. The University received additional conference postseason revenue of \$50,000 for the Men's Ice Hockey, Women's Ice Hockey, Women's Basketball and Baseball teams in 2018.

Program Sales, Concessions, Novelty Sales and Parking

Program Sales, Concessions, Novelty Sales and Parking revenue decreased by \$37,138 or 66.7% from fiscal year 2017 to fiscal year 2018. In 2017, The University transitioned from an internal concessions vendors, which reported gross revenue and expenses, to an external vendor, which reported revenue net of expenses, in 2018 which resulted in a decrease of revenue of \$37,000.

Other Income

Other Income revenue decreased by \$68,108 or 14.9% from fiscal year 2017 to fiscal year 2018, which primarily resulted from the Baseball and Softball teams not holding normal fundraising events. This resulted in a decrease of \$35,000. Additionally, facilities rental revenue also decreased by \$10,000.

Expenses

Away Game Guarantee Expense

Guarantee expenses increased by \$39,177 or 59.6% from fiscal year 2017 to fiscal year 2018. In 2018, Football had an additional guarantee game while Men's Ice Hockey had one less guarantee game, which resulted in the net decrease.

Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the Institution

Support Staff/Administrative salaries increased by \$417,193 or 12.3% from fiscal year 2017 to fiscal year 2018. An employee of the athletic department resigned from his position

and was due the remaining balance of gift account create to retain the employee, which totaled approximately \$528,000.

Severance Payments

Severance payments decreased \$49,131 in fiscal year 2018 as there were no severance payments during fiscal year 2018. A severance payment of this amount was paid to a former Assistant Athletic Director during fiscal year 2017.

Equipment, Uniforms & Supplies

Equipment, Uniforms & Supplies expense increased by \$117,062 or 24.8% from fiscal year 2017 to fiscal year 2018. The athletic department purchased heart rate monitors for all athletic teams as well as new uniforms and equipment for Men's Ice Hockey.

Fundraising, Marketing and Promotion

Fundraising, Marketing and Promotion decreased by \$141,233 or 41.5% from fiscal year 2017 to fiscal year 2018. The University incurred approximately \$100,000 of expense for equipment costs related to the live streaming of athletic contests via ESPN in 2017. Similar costs were not incurred in fiscal year 2018.

Direct Overhead and Administrative Expense

Direct Overhead and Administrative Expenses increased by \$83,236 or 187.4% from fiscal year 2017 to fiscal year 2018. In 2018, the athletic department spent \$75,000 on bleacher upgrades and repairs.

Medical Expenses and Medical Insurance

Medical Expenses and Medical Insurance expenses increased by \$36,297 or 13.9% from fiscal year 2017 to fiscal year 2018. The athletic department's insurance policy increased by \$15,000. The athletic department also spent an additional \$25,000 on medical treatment and supplies.

Other Operating Expenses

Other Operating Expenses increased by \$100,194 or 10.8% from fiscal year 2017 to fiscal year 2018. The athletic department entered into an agreement with a ticket vendor to help sell tickets in 2018 which resulted in a \$135,000 increase in other expenses. The new vendor receives 16% of ticket revenue up to \$1 million and 25% of all ticket revenue over \$1 million.

3. Ticket Sales

Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the University in the statement and the related attendance figures and recalculate totals.

Results

We agreed the total sales from the general ledger to the Statement without exception. We selected a sample of athletic contest settlement sheets to test. From the sample of ticket

sales selected, we compared and agreed tickets sold, complimentary tickets provided and unsold tickets to the related revenue and attendance reported by the University for each game. We were able to recalculate the total amount of revenue with the following two exceptions.

- 1) Football vs. Stony Brook on November 18, 2017
- 2) Men's Ice Hockey vs. University of Minnesota Duluth on October 28, 2017

Due to an unreliable report provided by the University's ticket software vendor, the reports provided through the software detailed incorrect data, and that a reconciliation was not provided by the ticket office we were unable to trace to football and men's ice hockey gameday ticket sales. As an alternative, we sampled and tested season tickets, which totaled 45% of all ticket sales, and agreed it to a report provided by the ticket office.

The men's basketball game against the University of Maryland Baltimore County on January 10, 2018 and the women's basketball game against Vermont, on January 15, 2018, were played at the Cross Center and ticket sales were recorded by a third party. The Cross Center provided the University with a ticket sales report that provided the total of revenue reimbursed to the University for the month with detail broken down by game. As a result, we were able to perform the procedure as described.

<u>Sport</u>	<u>Opponent</u>	<u>Date</u>	<u>Amount</u>
Women's Basketball	Vermont	1/15/2018	\$ 690.00
Men's Basketball	UMBC	1/10/2018	\$ 2,791.00

Recommendation

Due to issues with the ticket software vendor, management informed us that the University is migrating to a new vendor. Management should request that the ticket office perform a reconciliation for all games when tickets are sold.

Management's Response

Management agrees with the finding and recommendation. A new ticketing system, Paciolan, was purchased in FY18 and implemented during the summer of 2018. The ticket office is currently reconciling, through the new ticketing system, all ticket sales for all games when tickets are sold.

4. Direct State or Other Governmental Support

Compare direct state or other governmental support recorded by the University during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals.

Results

According to discussions with management, these funds represent work-study funds from the Federal Government used to pay student employees in the Department. We recalculated the total amount without exception to employee reports

5. Student Fees

Compare and agree the student fees reported by the University in the Statement to student enrollments during the same reporting period and recalculate totals. Obtain and document an understanding of the University's methodology for allocating student fees to intercollegiate athletic programs. If the athletic department is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals.

Results

This procedure is not applicable. Per management, the University does not assess or collect student fees of this type.

6. Direct Institutional Support

Compare the direct institutional support recorded by the University during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals.

Results

We recalculated the total amount without exception.

We agreed the total of the detailed schedule of Direct Institutional support to the Statement.

7. Transfers Back to Institution

Compare the transfers back to the University with permanent transfers back to the University from athletics department and recalculate totals.

Results

This procedure is not applicable. Per management, there were no transfers back to the University.

8. Indirect Institutional Support

Compare the indirect institutional support recorded by the University during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.

Results

As advised by the System Office, indirect support should represent 20% of the University athletic department base budget. We recalculated the total amounts without exception.

9. Away-Game Guarantee Revenue

Select a sample of settlement reports for away games during the reporting period, agree each selection to the University's general ledger and/or the Statement and recalculate totals. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period, compare and agree each selection to the University's general ledger and/or the Statement and recalculate totals.

Results

We agreed the away-game guarantee revenue from the general ledger to the Statement without exception.

We selected a sample of revenue guarantees from the general ledger provided by the University. For each of the sampled items listed below, we traced and agreed the revenue recorded on the general ledger to the signed contract with the opponent.

<u>Sport</u>	<u>Opponent</u>	<u>Date</u>	<u>Amount</u>
Football	Central Florida	9/30/2017	\$ 350,000.00
Football	University of Massachusetts	11/11/2017	\$ 250,000.00
Baseball	Texas Tech University	2/16/2018-2/18/2018	\$ 15,000.00
Baseball	Texas Rio Grande Valley	3/9/2018-3/11/2018	\$ 10,000.00
Women's Soccer	Cornell University	9/16/2017	\$ 2,500.00
Men's Basketball	St. Joseph's University	12/17/2017	\$ 70,000.00
Men's Basketball	Georgetown University	11/28/2017	\$ 85,000.00
Men's Basketball	Fordham University	12/2/2017	\$ 74,000.00
Women's Basketball	Ohio State University	12/3/2017	\$ 18,000.00
Women's Basketball	Boston College	12/28/2017	\$ 10,000.00

10. Contributions

Any contributions of money, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution and recalculate totals.

Results

We traced the following contributions, which are all from the Foundation, to the proper supporting documentation. The contributions constituted 10% or more of all contributions received for intercollegiate athletics during the reporting period. We reconciled to supporting documentation to the amount recognized.

<u>Description</u>	<u>Amount</u>	<u>Amount Allocated</u>
Alfond Fund Athletics Challenge	\$ 250,000.00	\$250,000.00
Alfond Fund Football Challenge	\$ 250,000.00	\$250,000.00
Maine Savings Federal Credit Union	\$ 56,000.00	\$ 56,000.00

11. In Kind

Compare the in-kind donations recorded by the University during the reporting period with a schedule of in-kind donations and recalculate totals.

Results

This procedure is not applicable. According to management and review of the general ledger, in-kind support received during the year ended 2018 was immaterial in the aggregate.

12. Compensation and Benefits Provided by a Third-Party

Obtain the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the University and select a sample of funds from the summary, and compare and agree each selection to the supporting documentation, the University's general ledger and/or the summary and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as third parties do not provide compensation and benefits to the athletic department.

13. Media Rights

Obtain and inspect agreements to understand the University's total media (broadcast, television, radio) rights received by the University or through their conference offices as reported in the Statement. Compare and agree the media right revenues to a summary statement of all media rights identified, if applicable, and the University's general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

Results

We obtained the supporting schedule that agrees to the Statement. We selected the sample listed below, and obtained and inspected the agreements to gain an understanding of the relevant terms and conditions. Item (a) represents the annual fee that the University receives from Black Bear Sports Properties, LLC in exchange for the radio broadcast rights of the University's sporting events, promotional, signage, and sponsorship rights. Item (b) represents an annual scoreboard subsidy received from Black Bear Sports Properties, LLC pursuant to a 10 year agreement expiring January 31, 2018.

The contract between Black Bear Sports Properties, LLC ("BBSP") and the University states that the University was scheduled to receive \$700,000 in fiscal year 2018. In addition, the University was scheduled to receive \$75,000 for the Scoreboard Subsidy. We compared and agreed the amounts below to the general ledger and contract.

<u>Vendor</u>	<u>Amount</u>
a. Black Bear Sports Properties, LLC	\$ 700,000.00
b. Black Bear Sports Properties, LLC	\$ 75,000.00

14. NCAA Distributions

Compare the amounts recorded in the revenue and expense reporting to the general ledger detail for NCAA distributions and other corroborative supporting documents and recalculate totals.

Results

We recalculated the total amount without exception.

According to management, no written agreements exist for the payout from the NCAA affiliations. The funds for items (a) through (c) are not restricted and are classified as non-program specific. Management stated that the University received a special one-time payout, from the NCAA restricted for the study of mental health for which the costs were deferred until fiscal year 2018 and later. As a result, the University will recognize this revenue as the expense is incurred.

We obtained and agreed a detail schedule of NCAA distributions to the general ledger and the Statement. We selected the sample listed below and traced and agreed to the deposits made with the University without exception.

<u>Description</u>	<u>Amount</u>
a. NCAA – Athletics Funds	\$ 144,369.00
b. NCAA – Grants-in-Aid	\$ 506,810.00
c. NCAA – Grants-in-Aid	\$ 38,150.00

15. Conference Distributions

Obtain and inspect agreements related to the University's conference distributions and participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the institution's general ledger and/or the Statement and recalculate totals.

Results

We obtained and agreed a detail schedule of Conference distributions to the general ledger and the Statement. We selected the sample listed below and traced and agreed to the deposits made with the University without exception. We recalculated the total amount without exception.

<u>Description</u>	<u>Amount</u>
a. Hockey East – MIH Postseason	\$ 13,674.00
b. America East – TV Distribution	\$ 88,066.67

16. Program Sales, Concessions, Novelty Sales and Parking

Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and recalculate totals.

Results

This procedure is not applicable. According to management and review of the general ledger, program sales, concessions, novelty sales and parking revenue received during the year ended 2018 was immaterial in the aggregate.

17. Royalties, Licensing, Advertisements and Sponsorships

Obtain and inspect agreements related to the University's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the University's general ledger and/or the Statement and recalculate totals.

Results

We obtained the supporting schedule that agrees to the Statement. We selected the sample listed below, and management provided sufficient documentation to gain an understanding of the relevant terms and conditions.

<u>Description</u>	<u>Amount</u>
a. Trademark Licensing	\$ 40,000.00
b. Coca Cola Royalty	\$ 20,000.00

18. Sports Camp Revenues

Inspect sports-camp contract(s) between the University and person(s) conducting university sports-camps or clinics during the reporting period to obtain an understanding of the University's methodology for recording revenues from sports-camps. Obtain schedules of camp participants and select a sample of individual camp participants' cash receipts from the schedule of sports-camp participants and agree each selection to the University's general ledger and/or the Statement and recalculate totals.

Results

We recalculated the total amount without exception. According to management, institutional sports-camps and clinics are conducted under the auspices of the University and its athletic department.

We obtained participation listings for all sports camps and clinics, and selected a sample to test. For each participant selected, we verified that the participant paid the appropriate amount according to the sport camp price listing, and the respective payment was properly recorded on the general ledger.

<u>Last Name</u>	<u>Sport</u>	<u>Amount</u>
Brown	Baseball	\$ 53.00
Davis	Baseball	\$ 53.00
Gorham	Football	\$ 53.00
Colin	Men's Basketball	\$ 30.00
Guite	Men's Ice Hockey	\$ 62.54

Shaw	Women's Basketball	\$	238.50
Hoffman	Field Hockey	\$	450.50
Eller	Women's Ice Hockey	\$	583.00
Condon	Women's Soccer	\$	275.00
Atkinson	Softball	\$	477.00

19. Endowment and Investment Income

Obtain and inspect endowment agreements (if any) to gain an understanding of the relevant terms and conditions. Compare and agree the classification and use of endowment and investment income reported in the Statement during the reporting period to the uses of income defined within the related endowment agreement and recalculate totals.

Results

We recalculated the total amount without exception.

We obtained a corresponding schedule listing all athletic-related endowment funds and sampled the following. For sampled items, we traced to the original endowment agreements and noted the funds were distributed in accordance with the terms of the endowment.

<u>Endowment Fund</u>	<u>Amount</u>
Donald & Francelia Corbett Fund	\$ 20,558.00
Shawn Walsh Memorial Fund	\$ 1,283.00
Arthur Weston Scholarship Fund	\$ 863.00
Ed Stryna Scholarship Fund	\$ 807.00
Jack Butterfield Memorial Fund	\$ 6,284.00

20. Other Income

Compare and agree a sample of receipts obtained from the supporting schedules to adequate supporting documentation. Recalculate totals.

Results

We recalculated the total amount without exception. We received a supporting schedule, from the University Athletic Business Office, to support the other income amount contained on the Statement and selected a sample to test. For each item sampled, we compared and agreed the receipts listed below to adequate supporting documentation without exception.

<u>Department</u>	<u>Description</u>	<u>Amount</u>
Facility Rental	High School Track	\$ 27,637.75
Facility Rental	Junior Black Bears	\$ 9,020.00
Facility Rental	Hermon High School	\$ 3,884.75
Facility Rental	Student Government	\$ 12,415.00
Facility Rental	Husson Track	\$ 1,500.00

Non-Program Specific	Vivature	\$ 6,555.62
Swimming	Spring Training Trip	\$ 1,765.00
Women's Ice Hockey	Team Fundraiser	\$ 1,222.00
Football	Senior Luncheon	\$ 720.00
Baseball	Gloves	\$ 3,245.00

21. Bowl Revenue

Obtain and inspect agreements related to the University's revenues from post-season bowl participation during the reporting period to gain an understanding of the relevant terms and conditions. Compare and agree the related revenues to the institution's general ledger, and/or the statement and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the University did not participate or receive bowl revenue.

22. Athletic Student Aid

Select a sample of students (10% of the total student-athletes for universities who have used NCAA's Compliance Assistant ("CA") software to prepare athletic aid detail, with a maximum sample size of 40 and 20% of the total student-athletes for universities who have not, with a maximum sample size of 60) from the listing of institutional student aid recipients during the reporting period. Data should be captured by the institution through the creation of a squad list for each sponsored sport. Obtain individual student account detail for each selection and compare total aid in the University's student system to the student's detail in CA or the University report that ties directly to the NCAA Membership Financial Reporting System.

Perform a check of each student selected to ensure his or her information was reported accurately in either the NCAA's CA software or entered directly into the NCAA membership Financial Reporting System using the following criteria:

- *The equivalency value for each student-athlete in all sports, including head-count sports, needs to be converted to a full-time equivalency value. The full-time equivalency value is calculated using the athletic grant amount reported on the Calculation of Revenue Distribution Equivalencies Report (CRDE) from CA as the numerator and the full grant amount, which is the total cost for tuition, fees, course-related books, room and board for an academic year, as the denominator. If using the NCAA's CA software, this equivalency value will be calculated for you on the CRDE report labeled "Revenue Distribution Equivalent Award".*

- *Grants-in-aid is calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount).*
- *Other expenses related to attendance (also known as gap money or cost of attendance) should not be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, room, board and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.07).*
- *Full grant amount should be entered as a full year of tuition, not a semester or quarter.*
- *Student-athletes are to be counted once and should not receive a revenue distribution equivalency greater than 1.00.*
- *Athletic grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championship competitions, emerging sports for women and football bowl subdivision.*
- *Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants' requirements of Bylaw 20.9.6.3.*
- *Universities providing grants to student-athletes listed on the CRDE as "Exhausted Eligibility (fifth-year)" or "Medical" receive credit in the grants-in-aid component.*
- *The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies (reference Bylaw 15.5.3.1).*
- *All equivalency calculations should be rounded to two decimal places.*
- *If a selected student received a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the University.*
- *If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.*
- *Recalculate totals for each sport and overall.*

Results

We recalculated the total amount without exception to the supporting schedule. We obtained a list of students receiving athletic aid from the University. Pursuant to the University's use of the NCAA CA software, our sample size was 30 student-athletes, representing 10% of the total. For each student identified below, we agreed the student's

respective aid amount to the amount listed on the award letter and student's business account without exception. We compared the information reported to the NCAA's CA Software without exception. We also ensured that all Pell grants were included in the total value of Pell grants for Revenue Distribution purposes as noted in procedure 38. Student identification numbers were redacted from the report at the request of management for privacy purposes.

<u>Participant's Sport</u>	<u>Amount</u>
Baseball	\$ 5,375.00
Baseball	\$29,809.00
Football	\$40,965.00
Football	\$24,588.00
Football	\$27,634.00
Men's Basketball	\$15,013.00
Men's Basketball	\$30,551.54
Men's Basketball	\$32,826.00
Men's Ice Hockey	\$38,441.00
Men's Ice Hockey	\$20,062.90
Men's Ice Hockey	\$27,676.00
Men's Track	\$ 9,709.74
Men's Track	\$ 500.00
Men's Track	\$ 5,347.00
Men's Track	\$ 1,193.64
Field Hockey	\$24,543.75
Field Hockey	\$27,809.00
Field Hockey	\$21,844.90
Women's Basketball	\$35,249.00
Women's Basketball	\$30,398.00
Women's Basketball	\$15,446.00
Women's Ice Hockey	\$27,476.00
Women's Ice Hockey	\$21,120.77
Women's Ice Hockey	\$40,967.00
Women's Soccer	\$23,765.15
Women's Soccer	\$15,154.40
Softball	\$ 5,223.90
Softball	\$24,840.40
Women's Swimming	\$ 4,000.00
Women's Track	\$30,398.00

23. Away Game Guarantee Expense

Obtain and inspect the visiting University's away-game settlement reports received by the university during the reporting period and agree related expenses to the University's general ledger and/or the statement and recalculate totals. Obtain and inspect contractual agreements pertaining to expenses recorded by the University from guaranteed contests

during the reporting period. Compare and agree related amounts expensed by the University to the University's general ledger and/or the statement and recalculate totals.

Results

We agreed the total of the detailed schedule to the Statement.

We received a supporting schedule and selected a sample of contests to test. For each selected item listed below, we agreed the amount per the contract to the amount recorded in the general ledger.

<u>Sport</u>	<u>Opponent</u>	<u>Date</u>	<u>Amount</u>
Football	Bryant University	9/9/2017	\$ 84,250.00
Women's Basketball	Stonehill College	10/28/2017	\$ 2,390.00
Men's Ice Hockey	Acadia University	10/1/2017	\$ 5,000.00
Men's Basketball	UMPI	12/5/2017	\$ 1,000.00
Women's Basketball	Maine Maritime Academy	12/5/2017	\$ 1,000.00

24. Coaching Salaries, Benefits, and Bonuses Paid by the University and Related

Entities

Obtain and inspect a listing of coaches employed by the University and related entities during the reporting period. Select a sample of coaches contracts that must include football, and men and women's basketball from the listing. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University and related entities in the statement during the reporting period. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.

Results

Forms W-2 are prepared on a calendar year basis reflecting wages that are currently taxable. The University operates on a fiscal year of June 30th and records all salary and wage payments, whether currently taxable, non-taxable or deferred as a current expense in the Statement. The University of Maine System ("System") prepares and issues W-2's for all University employees. Accordingly, an employee, who is compensated by more than one state university receives a single W-2 reporting all earned compensation.

We obtained and inspected a list of coaches employed by the University during fiscal year 2018. We selected a sample to test from this list that includes the Men's Football, Men's Basketball and Women's Basketball coaches. We traced the compensation from the general ledger to the payroll reports provided by Human Resources and agreed without exception.

<u>Coach</u>	<u>Sport</u>
Nick Charlton	Football
Richard Barron	Men's Basketball
Amy Vachon	Women's Basketball
Richard Reichenbach	Women's Ice Hockey
Ben Guite	Men's Ice Hockey

25. Coaching Other Compensation and Benefits Paid by a Third Party

Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the university in the statement during the reporting period. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third party expenses recorded by the University in the statement during the reporting period and recalculate totals.

Results

According to discussions with management and review of the general ledger, this procedure is not applicable, as third parties do not provide compensation or benefits to coaches on behalf of the University.

26. Support Staff and Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities

Select a sample of support staff/administrative personnel employed by the University and related entities during the reporting period. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related summary payroll registers to the related support staff administrative salaries, benefits and bonuses paid by the University and related entities expense recorded by the University in the statement during the reporting period and recalculate totals.

Results

As described above in procedure 24, employees of the University receive a single W-2.

We obtained and inspected a list of support staff and administrative personnel salaries employed by the University during fiscal year 2018 and selected a sample of Department employees listed below to test. We reconciled the salary for the sampled support staff and administrative personnel on the supporting schedule to the respective employee's annual wage rate according to human resources.

<u>Employee</u>	<u>Title</u>
Linda Thayer	Assistant to the Director of Athletics
Jenise Soucy	Athletic Business Manager
Steven Jones	Associate Equipment Manager

Annie Grant	Coordinator for Athletic Facilities & Special Events
Paul Culina	Athletic Trainer/Director of Hockey Operations
Will Biberstein	Senior Associate Athletic Director for Internal Operations

27. Support Staff and Administrative Other Compensation and Benefits Paid by a Third-Party

Select a sample of support staff/administrative personnel employed by the third parties during the reporting period. Obtain and inspect reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff and administrative other compensation and benefits expense recorded by the University in the statement during the reporting period and recalculate totals.

Results

According to discussions with management and review of the general ledger, this procedure is not applicable, as third parties do not provide compensation or benefits to support staff and administrative personnel on behalf of the University.

28. Severance Payments

Select a sample of employees receiving severance payments by the University during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.

Results

According to discussions with management and review of the general ledger, this procedure is not applicable, as there were no severance payments made by the Athletic Department in fiscal year 2018.

29. Recruiting

Obtain and document an understanding of the University's recruiting expense policies. Compare and agree to existing institutional and NCAA related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

Results

We traced total expense reported and recalculated the totals without exception.

According to management, recruiting expenses are only incurred and approved if the expense is for activity allowed per the current version of the NCAA Division I Manual. Each sports office and coach has either a printed copy of the most recent NCAA Division I Manual or access to an electronic version.

On an annual basis, each coach must pass the NCAA recruiting exam before the coach is allowed to recruit. The University has safeguards to ensure that only coaches who pass the exam can recruit. To ensure safeguards are effective, the University is required to have an NCAA compliance audit annually. We reviewed the 2017 compliance audit which we preformed and noted no issues that will impact this engagement.

Each test is proctored by the Associate Athletic Director for Compliance. For new coaches previously employed by another institution, the department contacts the Compliance Officer from the other institution and receives written confirmation of the test score and date of the exam. Head coaches submit a list of individuals who recruit annually to the Director of Compliance, who is responsible for ensuring that all coaches must pass the exam before they are allowed to perform off-campus recruiting. The Director of Compliance is also responsible for approving all recruiting expenses. Before an expense is approved, he verifies that the coach submitting the cost for approval passed the recruiting exam.

We compared the University's policies to the *NCAA Division Manual*, and the University's policies appear to conform with NCAA related policies.

30. Team Travel

Obtain and document an understanding of the University's team travel policies. Compare and agree to existing institutional and NCAA-related policies. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

Results

We traced total expense reported and recalculated the totals without exception.

On an annual basis, a budget for team travel is developed for each sport. Coaches make arrangements for team travel within budgetary limitations. Coaches receive quotes and create a purchase order, which is approved by the department's business office.

The University has several travel agencies with which it has contracted for travel arrangements. Coaches are responsible for making hotel arrangements. Meals are either purchased for the team by the coaches, or the students are provided meal money in advance of the trip. On the receipt of meal money, students are required to sign an acknowledgement of receipt.

Each coach has a travel card to be used for hotel, meals and other charges. They are required to submit a copy of the receipts to the Associate Athletic Director for Business who compares the receipt to the charges on the on-line statement. The coach is responsible for the monthly reconciliation of the statement which must also be reviewed by the coaches' supervisor. A receipt is not needed if the coach is using their travel card to pay for his or her own individual meals. A coach is permitted to spend up to \$46 per day on meals, and is required to reimburse the University for expenditures in excess of that amount.

We compared the University's policies to the *NCAA Division I Manual*, and the University's policies appear to conform with NCAA related policies.

31. Indirect Facilities and Administrative Support

Obtain and document an understanding of the University's methodology for allocating indirect facilities support. Verify the indirect facilities-support and indirect institutional-support totals reported by the University in the Statement.

Results

As advised by the System Office, indirect support should represent 20% of the University athletic department base budget. We recalculated the total amounts without exception.

32. Athletic Facility Debt Service, Leases and Rental Fees

Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements). Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.

Results

We received supporting documentation for the debt service payments made to the Foundation, related to the Alford Arena scoreboard, for which the University is a contingent obligor. For each selection we verified the lease agreement and traced to the payment being made without exception. We recalculated the total amount without exception.

<u>Description</u>	<u>Amount</u>
Alford Scoreboard	\$ 75,000.00
Alford Scoreboard (Interest)	\$ 9,441.01

33. Operating Expenses

Obtain the general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

We recalculated the total amount without exception.

We received documentation to support amounts indicated in the Statement and selected a sample to test. For each selection we compared and agreed the expense listed below to supporting documentation.

Note: Identifying numbers included in the category description refer to the identifiers noted on the Statement of Revenues and Expenditures (Appendix A).

<u>Category</u>	<u>Description</u>	<u>Amount</u>
27-Recruiting	WBB Recruiting	\$ 1,620.05
27-Recruiting	Football Recruiting Weekend	\$ 2,058.75
27-Recruiting	Women's Soccer Recruiting	\$ 167.23
27-Recruiting	MBB Recruiting	\$ 150.00
27-Recruiting	Football Recruiting	\$ 270.00
28-Team Travel	Football Charter Flight	\$ 91,501.00
28-Team Travel	Football Charter Flight	\$ 120,375.00

28-Team Travel	WBB Flight	\$ 7,167.10
28-Team Travel	Swimming Training Trip	\$ 11,352.00
28-Team Travel	WIH Bus Trip	\$ 4,510.00
28-Team Travel	Softball Flight	\$ 11,991.72
28-Team Travel	WBB Postseason Travel	\$ 24,845.68
28-Team Travel	WBB Postseason Travel	\$ 15,486.00
29-Equipment, Uniforms, & Supplies	Video Equipment	\$ 2,043.00
29-Equipment, Uniforms, & Supplies	Engagement Equipment	\$ 5,597.40
29-Equipment, Uniforms, & Supplies	WBB Equipment	\$ 1,536.42
29-Equipment, Uniforms, & Supplies	WIH Equipment	\$ 4,125.00
29-Equipment, Uniforms, & Supplies	Sports Performance Equipment	\$ 49,455.00
29-Equipment, Uniforms, & Supplies	MIH Equipment	\$ 53,040.00
29-Equipment, Uniforms, & Supplies	FB Equipment	\$ 4,454.77
30-Game Expenses	Officials	\$ 485.00
30-Game Expenses	Gameday Police	\$ 1,249.50
30-Game Expenses	Officials	\$ 455.00
30-Game Expenses	Officials	\$ 485.00
30-Game Expenses	Umpire	\$ 1,074.51
31-Fundraising, Marketing, & Promotions	Atlantic Coast Radio	\$ 1,500.00
31-Fundraising, Marketing, & Promotions	T-Shirt Promotion	\$ 12,765.00
31-Fundraising, Marketing, & Promotions	MIH Programs	\$ 2,762.14
31-Fundraising, Marketing, & Promotions	MIH Season Books	\$ 3,335.00
31-Fundraising, Marketing, & Promotions	T-Shirt Promotion	\$ 2,475.00
32-Sport-Camp Expenses	WIH Camp Shirts	\$ 1,977.50
32-Sport-Camp Expenses	MIH Camp	\$ 5,308.96
32-Sport-Camp Expenses	MBB Camp	\$ 2,756.00
32-Sport-Camp Expenses	MIH Camp	\$ 11,526.00
32-Sport-Camp Expenses	Baseball Camp	\$ 2,636.65
35-Direct Overhead and Administrative	Portland Glass	\$ 175.00
35-Direct Overhead and Administrative	Machine Repair	\$ 6,809.00
35-Direct Overhead and Administrative	Zamboni Repair	\$ 1,937.23
35-Direct Overhead and Administrative	Machine Repair	\$ 386.20
37-Medical Expenses and Insurance	Health Insurance Claim	\$ 3,500.00
37-Medical Expenses and Insurance	Health Insurance Claim	\$ 2,294.03
37-Medical Expenses and Insurance	Health Insurance Claim	\$ 10,931.75
<u>Category</u>	<u>Description</u>	<u>Amount</u>
37-Medical Expenses and Insurance	Health Insurance	\$ 95,040.00
38-Memberships & Dues	CAA Membership Dues	\$ 42,605.00
38-Memberships & Dues	America East Membership Dues	\$ 50,000.00
38-Memberships & Dues	US Soccer Coaches Dues	\$ 660.00
38-Memberships & Dues	Hockey East Membership Dues	\$ 35,341.00
38-Memberships & Dues	NCAA Membership Dues	\$ 1,800.00
40-Other Operating Expenses	Office Supplies	\$ 117.00
40-Other Operating Expenses	iPhone Application	\$ 5,000.00
40-Other Operating Expenses	Synergy Sports	\$ 4,000.00
40-Other Operating Expenses	Creative Print Services	\$ 2,633.00

34. Student Meals (Non-Travel)

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

We recalculated the total amount without exception.

We received documentation to support amounts indicated in the Statement and selected a sample to test. For each selection we compared and agreed the expense listed below to supporting documentation.

<u>Sport</u>	<u>Description</u>	<u>Amount</u>
Men's Ice Hockey	Team Meal	\$ 340.00
Men's Basketball	Team Meal	\$ 1,100.00
Women's Basketball	Locker Room Food	\$ 111.99
Women's Basketball	Locker Room Food	\$ 129.04
Women's Basketball	Team Banquet	\$ 1,585.90

35. Bowl Expenses

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the University did not participate or incur bowl expenses.

36. NCAA Membership Financial Reporting System

Compare and agree the sports that are sponsored and reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from CA or equivalent supporting equivalency calculations from the university. The NCAA Membership Financial Reporting System populates the sports from the NCAA Membership Database as they are reported by the University. If there is a discrepancy in the sports that are sponsored between the NCAA Membership Financial Reporting System and the CRDE or equivalent supporting equivalency calculations, inquire about the discrepancy and report the justification in the AUP report.

Results

Squad lists maintained by the Department are retrieved directly from Compliance Assistant, which submits and retrieves information directly to the NCAA Membership Financial Reporting System. As a result, all squad lists that are maintained agree with the NCAA Membership Financial Reporting System.

37. Sports Sponsorship and Demographics Forms Report

Obtain the University's Sports Sponsorship and Demographics Forms Report for the reporting year. Validate that the countable sports reported by the University meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and the number of participants in each contest that is counted toward meeting the minimum contest requirement. Post season contests are not countable toward the contest requirements; regular season only. If the University requested and/or received a waiver that related to minimum contests or minimum participants for a particular sport, that sport would not qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. Once countable sports have been validated, ensure that the University has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Note: Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA.

Results

We received the Sports Sponsorship and Demographics Forms Report and validated that the sports reported met the minimum requirements for the number of games played as well as the minimum participants, where applicable. These sports statistics are maintained also with the squad lists, which are in agreement with the NCAA Membership Financial Reporting System.

38. Pell Grants

Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients on Full Grant-in-Aid, Pell Grant recipients on partial Grants-in-Aid and Pell Grant recipients with no Grants-in-Aid) and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the institutions financial aid records, of all student-athlete Pell Grants. Note: individual student-aid file testing in step 32 (as designated in the NCAA Agreed-Upon Procedures dated April 20, 2018) above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report.

Results

We received a report detailing the Pell Grant award amount each student-athlete received which agreed to the amount of Pell Grants indicated in the NCAA Membership Financial Reporting System. We compared the amounts listed in the report to each student-athlete sampled during the Athletic Aid testing and agreed without exception. We recalculated the total amount without exception.

39. Excess Transfers to Institution and Conference Realignment Expenses

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transactions and accuracy of recording and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the Athletic Department did not have any excess transfers to the university and did not incur realignment expenses.

40. Total Athletics Related Debt

Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained.

Agree the total annual maturities and total outstanding athletic related debt to supporting documentation and the University's general ledger, as applicable.

Results

According to discussions with management, this procedure is not applicable, as there is no Athletics related debt.

41. Total Institutional Debt

Agree the total outstanding University debt to supporting documentation and the university's audited financial statements, if available, or the university's general ledger.

Results

We reviewed the University's audited financial statements and noted the total institutional debt for the year ending June 30, 2018.

42. Value of Athletics Dedicated Endowments

Obtain a schedule of all athletics dedicated endowments maintained by athletics, the University, and affiliated organizations. Agree the fair market value in the schedule(s) to supporting documentation, the general ledger(s) and audited financial statements, if available.

Results

We agreed the University's and Foundation's schedule of athletics dedicated endowments at fair market value to supporting documentation and the general ledger without exception.

43. Value of Institutional Endowments

Agree the total fair market value of institutional endowments to supporting documentation, the University's general ledger and/or audited financial statements, if available.

Results

We reviewed the University's audited financial statements and noted the total value of Institutional Endowments for the year ending June 30, 2018.

44. Total Athletics Related Capital Expenditures

Obtain a schedule of athletics related capital expenditures made by athletics, the university, and affiliated organizations during the reporting period.

Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

Results

According to discussions with management, this procedure is not applicable, as the University did not incur any Athletics related capital expenditures in 2018.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the University's compliance with National Collegiate Athletic Association Bylaw 3.2.4.15. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Dr. Joan Ferrini-Mundy, President, and the Board of Trustees and Management of the University and is not intended to be, and should not be, used by anyone other than these specified parties.

O'Connor and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

November 29, 2017

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Statement of Revenues and Expenditures

For the Year Ended June 30, 2018

Appendix A

Operating Revenues	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
1 Ticket Sales	\$ 133,644	\$ 20,934	\$ 57,504	\$ 755,973	\$ 32,043	\$ 1,000,098
2 Direct State or Governmental Support	-	-	-	-	83,078	83,078
3 Student Fees	-	-	-	-	-	-
4 Direct Institutional Support	3,272,149	664,916	1,021,803	6,301,852	1,098,559	12,359,279
5 Less - Transfers to Institution	-	-	-	-	-	-
6 Indirect Institutional Support	-	-	-	-	2,021,840	2,021,840
7 Guarantees	600,000	449,000	43,000	46,500	-	1,138,500
8 Contributions	448,571	206,139	29,896	672,786	737,839	2,095,231
9 In Kind- Third Party Support	-	-	-	-	-	-
10 Compensation and Benefits Provided by a Third Party	-	-	-	-	-	-
11 Media Rights	-	-	-	-	775,000	775,000
12 NCAA Distributions	-	-	46,125	-	1,064,745	1,110,870
13 Conference Distributions (Non-Media or Bowl)	-	-	32,500	34,382	88,067	154,949
14 Program, Novelty, Parking and Concession Sales	1,050	291	1,096	1,782	14,353	18,572
15 Royalties, Licensing, Advertisements and Sponsorships	-	-	-	40,000	20,000	60,000
16 Sports Camp Revenues	48,798	8,548	50,000	316,983	-	424,329
17 Athletics Restricted Endowment and Investment Income	27,054	1,350	3,785	3,948	-	36,137
18 Other Operating Revenue	7,998	4,903	1,131	55,980	318,672	388,684
19 Bowl Revenue	-	-	-	-	-	-
Subtotal Operating Revenues	4,539,264	1,356,081	1,286,840	8,230,186	6,254,196	21,666,567
Operating Expenses						
20 Athletic Student Aid	2,146,717	478,231	432,240	3,632,487	-	6,689,675
21 Guarantees	84,250	-	10,655	10,029	-	104,934
22 Coaching Salaries, Benefits and Bonuses Paid by the University and Related Entities	819,327	462,132	346,880	1,828,886	-	3,457,225
23 Coaching Salaries, Benefits and Bonuses paid by a Third Party	-	-	-	-	-	-
24 Support Staff/Administrative, Compensation, Benefits and Bonuses paid by the University and Related Entities	99,666	11,276	29,624	147,021	3,526,528	3,814,115
25 Support Staff/Administrative Compensation, Benefits and Bonuses paid by a Third Party	-	-	-	-	-	-
26 Severance Payments	-	-	-	-	-	-
27 Recruiting	121,184	39,393	32,369	163,859	-	356,805
28 Team Travel	411,919	203,877	246,415	1,061,327	-	1,923,538
29 Sports Equipment, Uniforms and Supplies	65,059	31,877	19,816	387,028	85,430	589,210
30 Game Expenses	47,634	128,615	136,825	71,414	174,488	558,976
31 Fundraising, Marketing and Promotion	7,729	-	1,132	21,634	168,483	198,978
32 Sports Camp Expenses	33,562	4,701	36,965	204,822	-	280,050
33 Spirit Groups	-	-	-	-	8,063	8,063
34 Athletic Facilities Debt Service, Leases and Rental Fees	-	-	-	-	84,441	84,441
35 Direct Overhead and Administrative Expenses	925	80	-	2,074	124,578	127,657
36 Indirect Institutional Support	-	-	-	-	2,021,840	2,021,840
37 Medical Expenses and Insurance	8,641	327	1,217	5,127	173,791	189,103
38 Memberships and Dues	30,780	1,250	1,570	42,328	83,531	159,459
39 Student Athlete Meals (non-travel)	6,866	15,496	7,222	35,470	909	65,963
40 Other Operating Expenses	195,431	46,516	29,327	159,405	600,563	1,031,242
41 Bowl Expenses	-	-	-	-	-	-
Total Operating Expenses	4,079,690	1,423,771	1,332,257	7,772,911	7,052,645	21,661,274
Excess (Deficiency) of Revenues over (Under) Expenses	\$ 459,574	\$ (67,690)	\$ (45,417)	\$ 457,275	\$ (798,449)	\$ 5,293
50 Excess Transfers to Institution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
51 Conference Realignment Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
52 Total Athletics Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
53 Total Institutional Debt	\$ -	\$ -	\$ -	\$ -	\$ 161,622,000	\$ 161,622,000
54 Value of Athletics Dedicated Endowments	\$ 636,032	\$ 80,556	\$ 60,181	\$ 3,185,291	\$ 5,409,821	\$ 9,371,881
55 Value of Institutional Endowments	\$ -	\$ -	\$ -	\$ -	\$ 154,114,000	\$ 154,114,000
56 Total Athletics Related Capital Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes to the Statement of Revenues and Expenditures.

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Notes to the Statement of Revenues and Expenditures

June 30, 2018

Appendix B

Note 1 - **Organization**

The University of Maine System (the "System") consists of seven universities, eight regional outreach centers and a central administrative office. The University of Maine Department of Athletics (the "Department") is incorporated in the financial statements of the System.

The System is a component unit of the State of Maine and is therefore generally exempt from income taxes under Section 115 of the Internal Revenue Code.

The University of Maine Foundation ("Foundation") and the University of Maine Alumni Association (the "Association") are legally separate tax-exempt component units of the System.

Note 2 - **Summary of Significant Accounting Policies**

Basis of Presentation

The Department's Statement of Revenues and Expenditures have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows except for contributions and summer financial aid as described in Note 4. The Statement is presented in a manner that intends to report all activity of the University's Intercollegiate Athletics Department in accordance with the requirements of National Collegiate Athletic Association (the "NCAA") Financial Audit Guidelines issued by the NCAA. This Statement is a statement of activity related to the Department and does not purport to present the results of operations for the University as a whole.

Non-program Specific Revenues and Expenses

Certain of the Department's expenses and/or functions are reported in the Statement of Revenues and Expenditures as non-program specific. They include the Athletic Director's Office, Alfond Arena, Athletic Information, Administration, Cheerleaders, Pool, Ticket Office, Hall of Fame, Goods and Services, Equipment Rooms, Athletic Development, Athletic Training, Academic Support Services, Latti Fitness Center, Compliance Office, NCAA Needy Student Fund, Athletic Marketing, Strength and Conditioning, and the Black Bear Fund.

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Notes to the Statement of Revenues and Expenditures - Continued

June 30, 2018

Appendix B

Note 2 - **Summary of Significant Accounting Policies - Continued**

Support From Outside Organizations

Contributions to the Department are received from the Foundation, the Association and various booster groups. Contributions from these groups are deposited into restricted scholarship, gift, or Friends' accounts for use by the sport named on the account.

All booster groups are required to deposit their funds into the University of Maine restricted accounts. Those accounts are subject to overall University accounting controls.

The Black Bear athletic scholarship fund receives regular contributions from the Foundation. This scholarship fund provides scholarship assistance to athletes and is not restricted by sport. The Foundation holds endowment funds, which are designated for the support of University of Maine Athletics.

Receipt and Use of Non-Cash Contributions

As with all gifts, in-kind gifts must be approved by the System's Board of Trustees and the official record appears in the Board's minutes. These gifts are used during the year by Department's staff and teams to accomplish their missions.

Employee Outside Income

Coaches and administrative staff may receive outside income for speaking engagements and non-university sponsored sports camps. They also may receive goods for endorsement or consultation contracts with athletic apparel and equipment manufacturers. NCAA compliance rules require the Department to report outside income to the President.

UNIVERSITY OF MAINE DEPARTMENT OF ATHLETICS

Notes to the Statement of Revenues and Expenditures - Continued

June 30, 2018
Appendix B

Note 2 - **Summary of Significant Accounting Policies - Continued**

Capital Assets

The University expends funds to build and maintain its athletic facilities. Such costs have been recorded elsewhere in the University's accounting records and are not reflected in the accompanying Statement.

Note 3 - **Endowment Funds**

The System follows the pooled investment concept for its endowed funds, whereby all invested funds are included in one pool, except for funds that are separately invested as directed by the donor.

Note 4 - **Presentation Differences**

Summer Financial Aid

A single summer session spans two fiscal years at the University because the fiscal year ends on June 30.

The NCAA statement requires reporting the total amount of athletic-related student aid awarded, including summer school. This presentation combines the entire summer session including June, July and August with the financial transactions from the preceding spring and winter semesters. The University's statements, however, include aid in the period in which the classes are taken, and therefore differs from the statement herein.

The inherent differences between the University and NCAA reporting require users to understand these differences when using the NCAA statement for any purpose other than reporting to the NCAA.

Contributions

Contributions are received on behalf of the University's athletic department by affiliated organizations including the University of Maine Foundation and the University of Maine Alumni Association. The University does not record funds received by its affiliate organizations until the funds have been transferred to the University. Typically transfer of these monies does not occur until the related expenditure is imminent.



AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** Enterprise Risk Management Update
2. **INITIATED BY:** James O. Donnelly, Chair
3. **BOARD INFORMATION:** X **BOARD ACTION:**
4. **OUTCOME:** **BOARD POLICY:**
Enhance fiscal positioning Bylaws – Section 3
5. **BACKGROUND:**

Chip Gavin, Chief Facilities Management and General Services officer, and Gretchen Catlin, Risk Manager, will provide an update regarding the implementation of the Enterprise Risk Management reporting initiative. The Committee was previously briefed at its October 29, 2018 meeting. An updated version of the prior material is included here. A brief overview of the program will highlight the revised implementation timeline as shown on Slide 5 of the attachment.



Enterprise Risk Management and Board Governance

Gretchen Catlin, BS, CHC
System Risk Manager

1

Executive Summary

- ✓ During the October 29, 2018 Audit Committee meeting, Risk Management presented a proposed risk assessment reporting and tracking tool and implementation schedule.
- ✓ Trustees approved the implementation approach and timeline which was scheduled to begin January 2019.
- ✓ Due to staffing transitions, the January 2019 implementation was deferred. The University's new Risk Manager, Gretchen Catlin, will now be re-starting and continuing this effort.
- ✓ If Trustees concur, the new risk assessment protocol will begin implementation in June 2019. Details are on slide 5.

Preliminary Example of Basic Tracking Tool

STRAW Proposal - UKAF I - STRAW Proposal - UKAF I									
Number	Risk Description	Materiality	Type	Control/Mitigation Description	Control ID	BOT Committee	Management locus of control	Frequency (Scope)	Measure
1	Personal injury or death of students, employees or guests	3 (Medium) \$1M-\$5M	Insurable	Safety Program		1.1 HR and Labor Relations	Safety Management	4 (Likely 50-90%)	
2	Infrastructure loss threatening to continuity of operations	5 (Extreme) > \$20M	Insurable	Preventative Maintenance		2.1 FFT	Facilities Management	3 (Possible 25-50%)	
3	Theft/failure of cash controls	2 (Low) \$40K-\$1M	Insurable	Separation of Controls		3.1 Audit	Controller	3 (Possible 25-50%)	
4	Data breach or cyber incident	5 (Extreme) > \$20M	Operational	Limitation of PHI on computers		4.1 FFT	ITS	3 (Possible 25-50%)	
5	Sexual Harassment Occurrence	2 (Low) \$40K-\$1M	Insurable	Background Screening		5.1 HR and Labor Relations	Human Resources	3 (Possible 25-50%)	
6	Radical or long-term enrollment change	5 (Extreme) > \$20M	Strategic	Collaboration with Business Community		6.1 Student and Academic Affairs	Chancellor	3 (Possible 25-50%)	
7	Loss of state appropriation or other unanticipated loss of funding threatening to solvency or to the ability to operate	4 (High) \$5M-\$20M	Financial	Continued Lobbying effort with State		7.1 Executive	Governmental Relations	2 (Unlikely 10-25%)	
8	Product Liability lawsuit	5 (Extreme) > \$20M	Insurable	Monitoring of Patent and Licensing with Cov		8.1 Executive	General Counsel	1 (Remote 0-10%)	
9	Investment Decline	3 (Medium) \$1M-\$5M	Financial	Diversification		9.1 Investment	Treasury	3 (Possible 25-50%)	
10	Natural disaster threatening to life or property	4 (High) \$5M-\$20M	Insurable	Business Continuity Planning		10.1 FFT	Risk Management	3 (Possible 25-50%)	
11	Failure of policy or practice at the systematic, enterprise level	3 (Medium) \$1M-\$5M	Operational	Routine Auditing		11.1 Audit	Controller	2 (Unlikely 10-25%)	
12	Inability to obtain quorum of Trustees to take action to the extent threatening to successful or the continuity of operations	4 (High) \$5M-\$20M	Strategic	Master Planning		12.1 Executive	Board of Trustees	2 (Unlikely 10-25%)	
13	Loss of key officer(s) to the extent threatening to successful or the continuity of operations	3 (Medium) \$1M-\$5M	Human Capital	Separation of Duties		13.1 Executive	Treasurer	3 (Possible 25-50%)	
14	Event or events threatening to the reputation of a school or schools	5 (Extreme) > \$20M	Operational	Effective Public Communications		14.1 Executive	Chancellor	3 (Possible 25-50%)	
15	Loss of state or public confidence in the value and merit of higher education	5 (Extreme) > \$20M	Operational	Effective Public Communications		15.1 Executive	Chancellor	3 (Possible 25-50%)	

BOT Reporting: Frequency and Scope

- ✓ Beginning in June 2019:
 - *Specific committees* briefed each fiscal year or as needed.
 - *Audit committee* briefed each fiscal year or as needed.
 - *Board of Trustees* briefed each fiscal year or as needed.
- ✓ Each briefing will:
 - Identify Key Risks applicable to that committee
 - Discuss Control Strategies
 - Review most recent and next proposed full Board briefing
 - The Audit briefing will include a status of this protocol's actual implementation vs. planned implementation
- ✓ Management will continue to monitor and administer on a daily basis the full spectrum of risk management issues and services.

Proposed Updated Implementation Schedule

Committee meeting implementation schedule:

Committee	Date
Academic & Student Affairs	June 24, 2019
Finance, Facilities & Technology	August 28, 2019
Audit	October 30, 2019 - Report status
Investment	December 2, 2019
Human Resources & Labor Relations	January 6, 2020

Questions/Discussion?