



UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Reports on Federal Awards in Accordance
with the Uniform Guidance

June 30, 2019

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

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UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Schedule of Expenditures of Federal Awards

June 30, 2019

Federal grantor/pass-through program or cluster title	CFDA number	Pass-through entity	Pass-through entity identifying number	Expenditures	Subrecipients
Research and Development Cluster:					
U.S. Department of Agriculture:					
Consumer Data and Nutrition Research	10.253	U of A Cooperative Extension Service	59-5000-6-0070	\$ 704	—
Agriculture and Food Research Initiative	10.310	University of Arkansas – Little Rock	253549-18UAMS	24,937	—
Team Nutrition Grants	10.574	Arkansas Department of Human Services	46000039804	172,709	—
Total for U.S. Department of Agriculture				198,350	—
U.S. Department of Defense:					
Issue of Department of Defense excess equipment	12.000		W81XWH19P0074	32,064	—
Military Medical Research and Development	12.420	University of Washington	W81XWH-16-2-004	15,331	—
Military Medical Research and Development	12.420		W81XWH-15-1-0489	273,500	—
Military Medical Research and Development	12.420		W81XWH-15-1-0716	278,278	—
Military Medical Research and Development	12.420		W81XWH-17-01-0142	167,581	—
Military Medical Research and Development	12.420		W81XWH1820021	416,516	—
Total for U.S. Department of Defense				1,183,270	—
U.S. Department of Justice:					
Miscellaneous U.S. Department of Justice Programs	16.000		6L-CIV02-0850	256	—
Miscellaneous U.S. Department of Justice Programs	16.000		15JCIV19P0000004	16,432	—
Total for U.S. Department of Justice				16,688	—
National Aeronautics and Space Administration:					
Miscellaneous National Aeronautics and Space Administration Programs	43.000	Arkansas Space Grant Consortium	Advanced Account	11,320	—
Aeronautics	43.002		RE03701	(194)	—
Exploration	43.003		80NSSC17K0425	91,532	53,508
Exploration	43.003	Baylor college of Medicine	7000000807	126,613	—
Exploration	43.003		80NSSC19K0437	23,211	—
Education	43.008	University of Arkansas at Little Rock	NNX15AR71H	9,869	—
Education	43.008	University of Arkansas at Little Rock	NNX15AR71H	11,278	—
Total for National Aeronautics and Space Administration				273,629	53,508
National Science Foundation:					
Miscellaneous National Science Foundation Programs	47.000	Arkansas Economic Development Commission	18-EPS3-0023	37,470	—
Biological Sciences	47.074			210,870	—
Social, Behavioral, and Economic Sciences	47.075			120,131	—
Office of Integrated Activities	47.083	Arkansas Economic Development Commission	1457888	474,149	—
Office of Integrated Activities	47.083	Louisiana Tech University	OIA-1632891	269,070	—
Total for National Science Foundation				1,111,690	—
U.S. Department of Health and Human Services:					
Birth Defects and Developmental Disabilities – Prevention and Surveillance	93.073			434,811	—
Research	93.077	Virginia Commonwealth	3 P50 DA036105-0	17,748	—
Research	93.077	Virginia Commonwealth	FP00006477-SA002	65,099	—
Food and Drug Administration_Research	93.103			38,221	—
Maternal and Child Health Federal Consolidated Programs	93.110	Children's Hospital of Philadelphia	6 UA3MC20218-09-01	1,549	—
Environmental Health	93.113			(19)	—
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135			720,096	19,090
Research and Training in Complementary and Alternative Medicine	93.213	Northern California Institute for Research	SEAL2078.06	41,713	—
Research on Healthcare Costs, Quality and Outcome	93.226			235,928	73,066
Mental Health Research Grants	93.242	Brown University	5 R34 MH106349-0	13,960	—
Mental Health Research Grants	93.242	Electrical Geodesics, Inc.	R44 MH106421	10,280	—
Mental Health Research Grants	93.242			74,601	—
Mental Health Research Grants	93.242	University of Wisconsin-Madison	7R21MH108753-02	3,111	—
Mental Health Research Grants	93.242	Duke University	A030492	29,392	—
Mental Health Research Grants	93.242	Actualize Therapy LLC	R44MH114725	254,833	—
Mental Health Research Grants	93.242	Washington/Madison County Adult Drug	1H79TI080136	66,749	—
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Benton County Drug Court	1H79TI080172-01	65,444	—
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Benton County Drug Court	1 H79TI024994-01	13,868	—
Alcohol Research Programs	93.273			641,347	102,432
Alcohol Research Programs	93.273	Palo Alto Inst for Research & Education	R01 AA024136-01A	144,272	—
Alcohol Research Programs	93.273	Univ Oklahoma Health Science Center	7 R01 AA012207-1	139,263	—

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Schedule of Expenditures of Federal Awards

June 30, 2019

Federal grantor/pass-through program or cluster title	CFDA number	Pass-through entity	Pass-through entity identifying number	Expenditures	Subrecipients
Drug Abuse and Addiction Research Programs	93.279	University of Kentucky Research Foundation	4 U01 DA013519-1	\$ 121,624	—
Drug Abuse and Addiction Research Programs	93.279	UT Health Science Center-San Antonio	4 R01 DA033997-0	(9,196)	—
Drug Abuse and Addiction Research Programs	93.279	Intervexion	40665/41779/52164	401,363	—
Drug Abuse and Addiction Research Programs	93.279	Cornell University	182864	5,759	—
Drug Abuse and Addiction Research Programs	93.279	Miriam Hospital	7109993MZ-2/5 R25 DA037190-05	7,786	—
Drug Abuse and Addiction Research Programs	93.279	RTI	R01DA034627/888-14-16-45	128	—
Drug Abuse and Addiction Research Programs	93.279			2,914,963	67,120
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286			102,434	—
Minority Health and Health Disparities Research	93.307			1,837,775	226,944
Minority Health and Health Disparities Research	93.307	University of North Carolina – Chapel Hill	511631	19,516	—
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Arkansas Department of Health	460042700	5,491	—
National Center for Advancing Translational Sciences	93.350	University of California at Irvine	UL1TR001414	34,498	—
National Center for Advancing Translational Sciences	93.350	University of Pittsburgh	UL1TR001857	37,035	—
National Center for Advancing Translational Sciences	93.350			1,797,511	110,037
Cancer Cause and Prevention Research	93.393			912,226	44,270
Cancer Detection and Diagnosis Research	93.394	Radiation Monitoring Devices, Inc	R43CA168100	66,577	—
Cancer Detection and Diagnosis Research	93.394			3,480,791	1,779,533
Cancer Treatment Research	93.395	Arkansas Research Alliance	HHSF223201510172	287,534	—
Cancer Treatment Research	93.395	Oregon Health &Science University	SUG1CA189974	5,383	—
Cancer Treatment Research	93.395	UCLA	1568 G TA614	453,141	—
Cancer Treatment Research	93.395	University of Florida	UFDSP00012380	8,357	—
Cancer Treatment Research	93.395	University of Texas-MD Anderson	*3001327401	88,607	—
Cancer Treatment Research	93.395			1,418,804	325,984
Cancer Biology Research	93.396			329,917	—
Cancer Biology Research	93.396	Yale University	U01CA16067/M15A11872(A09908)	4,810	—
Cancer Centers Support Grants	93.397	Mayo Clinic	UNI-208331	70,032	—
Cancer Centers Support Grants	93.397	Washington University	5U54CA199092	48,665	—
Cancer Centers Support Grants	93.397	H. Lee Moffitt Cancer Center	10-18722-19-422-G7	9,712	3,240
Cancer Research Manpower	93.398			164,475	—
Opioid STR	93.788	Arkansas Department of Health	4600044371/44570/43603	96,527	—
Cardiovascular Diseases Research	93.837	University of Alabama-Birmingham	5U01HL120338	1,754	—
Cardiovascular Diseases Research	93.837			290,867	—
Blood Diseases and Resources Research	93.839	University of Pennsylvania	1-R01-HL-141408-	76,859	—
Blood Diseases and Resources Research	93.839	University of Kentucky Research Foundation	1R01HL138179	55,434	—
Blood Diseases and Resources Research	93.839			364,105	204
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846			1,285,991	—
Arthritis, Musculoskeletal, and Skin Diseases Research	93.846	University of Memphis	5-40387	102,157	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	94.847	Vanderbilt University	1 R25 DK111362-01A1	8,704	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847	University of Pennsylvania	572042	(205)	—
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847			1,570,961	178,487
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853			477,873	40,165
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	Stanford University	CONTRACT 6186550	27,861	—
Allergy, Immunology, and Transplantation Research	93.855	Washington University	1 R01 AI129992	58,202	—
Allergy, Immunology, and Transplantation Research	93.855	Indiana University	1 R01 AI099278/IN-4689724-UA	18,033	—
Allergy, Immunology, and Transplantation Research	93.855	Columbia University	03(GG011896-34)	13,892	—
Allergy, Immunology, and Transplantation Research	93.855	University of Alabama-Birmingham	U011AI08509/000504111-001	59,786	—
Allergy, Immunology, and Transplantation Research	93.855	Innovation Pathways	UAMS 001	30,789	—
Allergy, Immunology, and Transplantation Research	93.855			3,769,322	494,842
Biomedical Research and Research Training	93.859	Johns Hopkins University	2002965188/2003311362	73,297	—
Biomedical Research and Research Training	93.859	Arkansas Children's Hospital	034485	288,094	—
Biomedical Research and Research Training	93.859	Arkansas Children's Research Institute	034973/034486	461,737	—
Biomedical Research and Research Training	93.859			13,132,592	2,646,778
Child Health and Human Development Extramural Research	93.865			9,111,016	1,499,464
Child Health and Human Development Extramural Research	93.865	AMESTechnology	UAMS-SBIR-01	(3,517)	—
Child Health and Human Development Extramural Research	93.865	University of Alabama-Birmingham	1R01HD0824124	88,391	—
Child Health and Human Development Extramural Research	93.866	Medical University of South Carolina	R01AG046543/MUSC14-076	98,605	—
Aging Research	93.866	Duke University	A030523/A030505	56,562	—
Aging Research	93.866	Essential Blends	R41AG050375	409,620	—
Aging Research	93.866	Invotek	1 R43 AG051303-0	(1,788)	—
Aging Research	93.866	Oregon Health &Science University	1011170_UAMS	18,969	—
Aging Research	93.866			2,172,601	60,497

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Schedule of Expenditures of Federal Awards

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Federal grantor/pass-through program or cluster title	CFDA number	Pass-through entity	Pass-through entity identifying number	Expenditures	Subrecipients
Medical Library Assistance	93.879			\$ 436,953	110,648
Medical Library Assistance	93.879	University of North Texas Health Science Center	HS763-0000151538/064	1,653	—
Medical Library Assistance	93.879	University of Washington	R01LM012222	139,239	—
HIV Prevention Activities_Health Department Based	93.940	Arkansas Department of Health	RFA-18-0011- CDC	21,411	—
Preventive Health and Health Services Block Grant	93.991	Arkansas Department of Health	4600043545	32,896	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	American Academy of Child and Adolescent	HHSN271201700059C	95	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	Duke University	ADVANCE ACCOUNT	214	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	Arkansas Department of Health	4501849913	9,163	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	University of California at Berkeley	7456431	32,791	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	University of New Mexico	3REY1	34,426	11,894
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	Duke University	A030662	80,297	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	Arkansas Research Alliance	CLIN 0002- Bio 3	122,553	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	CDISC	ADVANCE ACCOUNT	12,401	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	University of Alabama – Birmingham	HHSN272201300012	11,078	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	University of Alabama – Birmingham	HHSN272201300012	19,996	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	Washington University	200-2011-40732	29,038	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	Arkansas Research Alliance	HHSF223201610011	69,841	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	Arkansas Research Alliance	HHSF223201610079	165,950	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	University of Alabama – Birmingham	HHSN272201300012	3,555	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	Arkansas Children's Research Institute	34972	4,859	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	Cyto Wave Technology, LLC	ADVANCE ACCOUNT	109,769	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000	The Ohio State University	4U29CA157345-05	2,161	—
Total for U.S. Department of Health and Human Services				<u>53,193,414</u>	<u>7,794,695</u>
Total for Research and Development Cluster				<u>55,977,041</u>	<u>7,848,203</u>
Head Start Cluster:					
U.S. Department of Health and Human Services:					
Head Start – Non-Class Room	93.600	AR Dept of Human Services	4600041025	707,970	—
Head Start – Class Room	93.600		06CH709504/505	7,874,713	—
Total for U.S. Department of Health and Human Services				<u>8,582,683</u>	<u>—</u>
Total for Head Start Cluster				<u>8,582,683</u>	<u>—</u>
Student Financial Aid Cluster:					
U.S. Department of Education					
Federal Supplemental Educational Opportunity Grants	84.007		E P007A190203	29,021	—
Federal Pell Grant Program	84.063		E P063P181089	975,767	—
Federal Direct Student Loans	84.268		Direct loans	56,518,113	—
Federal Perkins Loan Program Federal Capital Contributions	84.038		Perkins	770,134	—
Total for U.S. Department of Education				<u>58,293,035</u>	<u>—</u>
U.S. Department of Health and Human Services					
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342		HPSL	4,657,105	—
Nursing Student Loans	93.364		Nursing	352,399	—
Total for U.S. Department of Health and Human Services				<u>5,009,504</u>	<u>—</u>
Total for Student Financial Aid Cluster				<u>63,302,539</u>	<u>—</u>
Other					
U.S. Department of Justice					
Harold Rogers Prescription Drug Monitoring Program	16.754	Arkansas Department of Health	PO4501846352	23,859	—
Total for U.S. Department of Justice				<u>23,859</u>	<u>—</u>
U.S. Department of Transportation					
State and Community Highway Safety	20.600	Arkansas State Police	18X920402AR16	40,252	—
State and Community Highway Safety	20.600	Arkansas State Police	Advanced Account	124,495	—
National Priority Safety Programs	20.616	Arkansas State Police	M2CPS-2018-02-07	62,731	—
National Priority Safety Programs	20.616	Arkansas State Police	18X920405BAR16-1	273,726	—
Total for U.S. Department of Transportation				<u>501,204</u>	<u>—</u>

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Schedule of Expenditures of Federal Awards

June 30, 2019

Federal grantor/pass-through program or cluster title	CFDA number	Pass-through entity	Pass-through entity identifying number	Expenditures	Subrecipients
National Science Foundation					
Office of Integrative Activities	47.083A	Arkansas Economic Development Commission	19-EPS3-0013	\$ 233,159	—
Total for National Science Foundation				<u>233,159</u>	<u>—</u>
U.S. Department of Health and Human Services					
Miscellaneous U.S. Department of Health and Human Services Programs	93.000A	ER	HS763-0000147503	6,350	—
Miscellaneous U.S. Department of Health and Human Services Programs	93.000A	Leidos Biomedical Research, Inc.	16X011-#1 thru #4 / HHSN2612008000001	1,422,060	90,138
Miscellaneous U.S. Department of Health and Human Services Programs	93.000A	Arkansas Department of Health	4600043602	26,571	—
Birth Defects and Developmental Disabilities – Prevention and Surveillance	93.073A			298,162	—
Sodium Reduction in Communities	93.082			358,217	—
Area Health Education Centers Point of Service Maintenance and Enhancement Awards	93.107			934,523	—
Maternal and Child Health Federal Consolidated Programs	93.110A			1,164,880	390,279
Injury Prevention and Control Research and State and Community Based Programs	93.136	Arkansas Department of Health	4600039764	284,872	76,109
Nursing Workforce Diversity	93.178			51	—
Telehealth Programs	93.211			621,409	33,324
Telehealth Programs	93.234			115,646	—
Substance Abuse and Mental Health programs	93.243A			799,197	418,808
Advanced Nursing Education Grant Program	93.247			229,255	—
Poison Center Support and Enhancement Grant Program	93.253			157,241	—
Outreach Programs to Reduce the Prevalence of Obesity in High Risk Rural Areas	93.319	U of A Cooperative Extension Service	31010-01	46,531	—
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Arkansas Department of Health	4600043894	109,081	—
Cancer Treatment Research	93.395A	Oregon Health Science Center	9009627_UARMS	9,857	—
State Physical Activity and Nutrition (SPAN)	93.439			338,182	—
ACA Maternal, Infant, and Early Childhood Home Visiting Program	93.505	Arkansas Children's Hospital	D809MC23141-02	365,551	—
Affordable Care Act – Teaching Health Center Graduate Medical Education Payments Program	93.530			268,244	—
Community-Based Child Abuse Prevention Grants	93.590	Arkansas Dept of Human Services	4600042430	87,699	—
Children's Justice Grants to States	93.643			205,709	—
PPHF: Racial & Ethnic Approaches to Community Health	93.738			670,480	3,866
Children's Health Insurance Program	93.767	Arkansas Children's Hospital	D89MC23141-02-00	151,796	—
Biomedical Research and Research Training	93.859A			304,841	—
Medical Library Assistance	93.879A	University of North Texas Health Center	2017-1155	19,246	—
Development and Small Healthcare Provider Quality Improvement	93.912	Greater Delta Alliance for Health, Inc	51453	59,799	—
Healthy Start Initiative	93.926			57,400	—
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Arkansas Dept of Human Services	4600036835	22,378	—
Geriatric Education Centers	93.969			844,894	153,979
Preventive Health and Health Services Block Grant	93.991A	Arkansas Department of Health	PO4501476938/4501748465	18,331	—
Autism and Other Developmental Disabilities, Surveillance, Research, and Prevention	93.998			197,068	—
Total for U.S. Department of Health and Human Services				<u>10,195,521</u>	<u>1,166,503</u>
Total for other federal expenses				<u>10,953,743</u>	<u>1,166,503</u>
Total for fiscal year 2019				<u>\$ 138,816,006</u>	<u>9,014,706</u>

See accompanying notes to schedule of expenditures of federal awards.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Notes to Schedule of Expenditures of Federal Awards

June 30, 2018

(1) Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. Expenditures are recognized as they are incurred.

(2) Loans and Loan Guarantees

Federal awards expended under the following loan programs were determined based on the value of new loans made during the year, plus the balance of loans from previous years, for which the federal government imposes continuing compliance requirements, cash, or administrative cost allowance received. The outstanding balance as of June 30, 2019 of these loans is:

		<u>Balance of loans</u>	<u>New loans</u>
Federal Perkins Loan Programs	CFDA No. 84.038	\$ 770,134	—
Health Professions Student Loans	CFDA No. 93.342	4,657,105	584,017
Nursing Student Loans	CFDA No. 93.364	<u>352,399</u>	<u>56,000</u>
		<u>\$ 5,779,638</u>	<u>640,017</u>

University of Arkansas for Medical Sciences (UAMS) currently participates in the Federal Direct Student Loan Program (Direct Loan Program). Proceeds under the Direct Loan Program are disbursed by the federal government, rather than a lending institution, with UAMS providing various administrative support. As UAMS is only responsible for certain administrative duties, outstanding loans are not included in UAMS' financial statements.

(3) Indirect Costs

UAMS does not charge indirect costs to its federal awards based on the 10% de minimis cost rate, as described in Section 200.414 of the Uniform Guidance as it is not applicable to UAMS.



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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
The University of Arkansas 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 University of Arkansas for Medical Sciences (UAMS), a campus of the University of Arkansas System, which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UAMS' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UAMS' internal control. Accordingly, we do not express an opinion on the effectiveness of UAMS' 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

KPMG LLP

Dallas, Texas
October 3, 2019



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Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Trustees
The University of Arkansas System:

Report on Compliance for Each Major Federal Program

We have audited the University of Arkansas for Medical Sciences' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of UAMS' major federal programs for the year ended June 30, 2019. UAMS' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of UAMS' 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 UAMS' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, UAMS 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, 2019.

Report on Internal Control Over Compliance

Management of UAMS 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 UAMS' 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 UAMS' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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 UAMS as of and for the year ended June 30, 2019, and have issued our report thereon dated October 3, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Dallas, Texas
November 1, 2019

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Schedule of Findings and Questioned Costs

Year ended June 30, 2019

(1) Summary of Auditors' Results

- (a) Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None Reported**
- (c) Noncompliance material to the financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None Reported**
- (e) Type of report issued on compliance for major programs: **Unmodified**
- (f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- (g) Major program:
 - Research and Development Cluster – various CFDA numbers
 - Head Start Cluster – CFDA 93.600
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **No**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Summary of Status of Prior Audit Findings

Year ended June 30, 2019

Finding number	2018-001
Type of finding:	Material weakness in internal control and material noncompliance
Federal programs:	Research and Development Cluster – various CFDA numbers Head Start Cluster – 93.600
Federal agencies:	Various
Pass-through entity:	Not applicable
Federal award year:	July 1, 2017 to June 30, 2018

Criteria

The requirements for cash management are contained in Section 200.305 of Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), the A-102 Common Rule (§____.21), OMB Circular A-110 (2 CFR section 215.22), Treasury regulations at 31 CFR part 205, program legislation, Federal awarding agency regulations, and the terms and conditions of the award.

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government.

Additionally, Section 200.303 of the Uniform Guidance indicates that the nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. The Uniform Guidance also indicates that these internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” (Green Book) issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Office of Management and Budget (OMB) has clarified that the references to the Green Book and COSO were only provided as best practices and not requirements.

Condition

During our test work over the Research and Development Cluster and the Head Start Cluster, we selected a sample of expenditures and cash draws to verify the expenditures were paid prior to the date of the reimbursement request. For the Research and Development Cluster, we noted 12 expenditures of our sample of 25 were not paid prior to the reimbursement request. For the Head Start Cluster, we noted 7 expenditures of our sample of 25 were not paid prior to the reimbursement request.

We noted that UAMS’ internal controls over cash management included process-level controls in place that ensure invoices or personnel costs are incurred before draw requests are made. However, there were no controls to ensure that the incurred costs have also been paid before a draw request is made.

Cause

The review of program costs ensures costs are incurred before a draw request is made. This review does not include a determination of whether the incurred costs have also been paid to the vendor.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Summary of Status of Prior Audit Findings

Year ended June 30, 2019

Recommendation

We recommend that management design and implement internal controls that will ensure that program costs are paid before a request for reimbursement is made.

View of responsible officials

Management recognizes and addressed this finding. Our electronic accounting system did not identify check disbursement dates in any of the expense reports used to draw funds or issue invoices. We engaged our IT staff to design a report that includes only those expenses that have a check issue date that is less than or equal to the date of the draw or invoice. This was implemented in February 2019.

Finding number	2018-002
Type of finding:	Control deficiency in internal control and noncompliance
Federal program:	Head Start Cluster – 93.600
Federal agency:	U.S. Department of Health and Human Services
Pass-through entity:	Not applicable
Federal award year:	July 1, 2017 to June 30, 2018

Criteria

A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity (2 CFR 200.309).

Condition

During our test work over the Head Start Cluster, we selected a sample of payroll costs to ensure the costs were only charged for allowable costs incurred during the period of performance. We noted 2 instances out of our sample of 25 where the payroll period was for a week that covered different grant periods. In both of these instances, only 7 out of 10 working days in the pay period related to the current grant period. We noted no other instances of noncompliance regarding the period of performance.

Cause

The allocation of payroll costs to grants is performed by week instead of by day during a cutoff period.

Recommendation

We recommend that management design and implement internal controls that will ensure that payroll costs are allocated to grants in accordance with the applicable grant period.

UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Summary of Status of Prior Audit Findings

Year ended June 30, 2019

View of responsible officials

Management addressed this finding. There currently is a manual process in place to adjust expenditures to the correct period. This was over looked for the budget period ending October 31, 2017 but has been completed each year prior to that. The manual correction has been posted. The plan is to post the correcting entry removing all expenses from the prior budget period to a UAMS account. This has been done. An internal review has been added to ensure that no funds from a prior year are posted to a future period. This was completed on October 31, 2018.