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Exhibit 3

Board of Trustees and Management
Oregon State University
Corvallis, Oregon

In planning and performing our audit of the financial statements of the business-type activities and the aggregate discretely presented component units of Oregon State University (the University) as of and for the year ended June 30, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. While the nature and magnitude of the other deficiencies in internal control was not considered important enough to merit the attention of the Board of Trustees, it was considered of sufficient importance to merit management's attention and are included herein to provide a single, comprehensive communication for both those charged with governance and management.

Our comments and suggestions regarding those matters are summarized below.

Other deficiencies in internal control and other matters

- During our review of the bank reconciliation process, we noted the following:
  - As reported in the prior year management letter, the University had numerous reconciling items identified as "unmatched transactions" between the State Treasury bank account and the University Banking System (UBS). These unmatched transactions were typically deposits. The University's process for reconciling the general ledger to bank balances involves identifying deposits that occur in both systems and matching them to clear the transaction from the reconciliation. We noted that the University had unmatched transactions dating back several months which had not been cleared. The bank reconciliation process is a key control that helps management ensure the financial statements are free of misstatement due to fraud and other issues. The unmatched transactions were $6,868,828 per the State Treasury bank account and $6,062,087 per UBS – a net difference of $806,741. As such, it appears that approximately $806,741 of monies were deposited at the State Treasury that were not yet recorded on the University's general ledger. While the unmatched transactions netted down to the $806,741, CLA recommends that management institute a process wherein all transactions are cleared between State Treasury and UBS in a timely manner to prevent the potential for error or fraud.

- A fundamental concept in a strong system of internal control is the segregation of duties. The basic premise is that no one employee should have access to both assets and the related accounting records or to all phases of a transaction. If the separation of duties is inadequate, there is a resulting risk that intentional fraud or unintentional errors could occur and not be detected. As it relates to information technology and applications, controls should be assigned to employees to technically prohibit one user from performing all phases of a transaction.

  During our review of segregations of duties conflicts within the Banner system, we noted 13 Banner users with incompatible access rights. We noted that these 13 employees had the ability to create or change an employee in the University's payroll system, establish pay rates, establish manner of payment, and process a payroll payment. These functions are considered to be incompatible and provide an avenue for errors or fraudulent activity to be processed unnoticed. Upon further investigation, we confirmed that none of the 13 employees had, in fact, utilized those functions during the year under audit. It was further noted that the University had compensating controls in place which would catch any such activity.

  While the university had certain manual compensating controls in place, such access rights allow for fraud or error to go undetected, especially if certain compensating controls are not performed consistently, or are not at a low enough level to detect certain instances of fraud or error. Management should ensure proper segregation of duties is established by removing access rights so that no one employee has the ability to perform all phases of a transaction. If in the rare circumstance that access rights can not be removed for certain employees, an automated process should be implemented so that when and if these employees perform a series of transactions that violates proper segregation of duties, a supervisor is informed and must approve that the actions taken by the employee were authorized and appropriate. Lastly, we recommend the University periodically review user rights and remove ones that create segregation of duties issues, or that are not essential for employees work function.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various University personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

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This communication is intended solely for the information and use of management, the Board of Trustees, and others within the University, and is not intended to be, and should not be, used by anyone other than these specified parties.

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Denver, Colorado
October 31, 2016