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February 12, 2019

Oregon Coast Community College
Newport, Oregon

In planning and performing our audit of the basic financial statements of Oregon Coast Community College as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in internal control to be a significant deficiency:

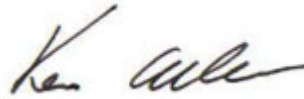
1. The College uses accounting software that is designed and maintained by Rogue Community College (RCC). All support and trouble-shooting services are provided by RCC, an entity with a limited IT staff that has not had formal training in accounting. RCC's support limitations have led to multiple instances where questions about the processing of transactions were not addressed in a timely manner. RCC's inability to provide adequate support to OCCC's accounting staff increases the risk of errors occurring and not being corrected. In addition, in the event of any substantial breakdown in RCC's support apparatus, there is a risk that the College could be stuck with a completely unsupported system for an indefinite period of time.

Another issue with the accounting system is that it does not provide reliable aging reports for accounts receivable that reconcile to the balances showing on the general ledger. This makes it significantly more difficult for management to accurately track the true amount owed by students for tuition and fees.

Recommendation: We recommend that the College transition to a more reliable accounting software as soon as possible. Ideally, the new software would be provided by a highly rated company that can provide immediate support when needed.

Pauly, Rogers and Co., P.C.
February 12, 2019

This communication is intended solely for the information and use of management and the board of directors, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Ken Allen".

Kenneth Allen, CPA
PAULY, ROGERS AND CO., P.C.