

A photograph of the Oregon State Capitol building in Salem, Oregon, featuring the iconic Oregon Pioneer statue on top of the dome. In the foreground, there is a large, modern fountain with multiple tiers and water spraying upwards. The scene is set against a clear blue sky. The image is partially obscured by a dark blue overlay on the right side.

Statewide Single Audit Report

Fiscal Year 2021

July 2022
Report 2022-18



Secretary of State
Shemia Fagan



Audits Director
Kip Memmott

The Honorable Kate Brown
Governor of Oregon

We have conducted a statewide audit 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). This report encompasses the year ended June 30, 2021, and is required for the State to continue receiving federal financial assistance, which, as shown in this report, totals approximately \$22 billion.

As required by the Single Audit Act, we issued a report dated January 25, 2022, on the State of Oregon's financial statements. That report was included in the State of Oregon's *Annual Comprehensive Financial Report* for the year ended June 30, 2021.

This report contains components required by the Single Audit Act to be reported by the auditor:

- *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.* This component contains our report on the State of Oregon's internal control over financial reporting and compliance with provisions of laws, regulations, contracts and award agreements that affect the financial statements. Part of the schedule of findings and questioned costs relates to this report.
- *Independent Auditor's 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.* This component contains our report on the State of Oregon's compliance with the requirements applicable to each of its major federal programs as described in the OMB Compliance Supplement and internal controls over compliance. Part of the schedule of findings and questioned costs relates to this report. This component also contains our report on the State of Oregon's schedule of expenditures of federal awards for the year ended June 30, 2021.
- *Schedule of Findings and Questioned Costs.* This schedule lists 8 current year audit findings regarding internal control related to financial reporting. It also lists 29 current year audit

findings regarding compliance with the requirements of major federal programs and related internal controls.

Uniform Guidance requires management to provide a plan of corrective action on the findings and recommendations for the fiscal year ended June 30, 2021. Management's response and planned corrective actions are included in this schedule. We did not audit management's response, and accordingly, we express no opinion on it.

This report also contains components required by the Single Audit Act to be reported by the State of Oregon:

- *Schedule of Expenditures of Federal Awards.* This schedule is not a required part of the State of Oregon's financial statements, but is required by Uniform Guidance. The schedule shows the State of Oregon's expenditures of federal awards, for the fiscal year ended June 30, 2021, excluding discretely presented component units. The notes, which accompany the schedule, are considered an integral part of the schedule.
- *Schedule of Prior Year Findings.* This schedule lists the current status of prior year findings that remained uncorrected at the end of fiscal year 2020.

We concluded that the state's financial statements are fairly presented in conformance with generally accepted accounting principles, resulting in an unmodified opinion. We issued a qualified opinion on Temporary Assistance for Needy Families (TANF) and the Low-Income Home Energy Assistance Program (LIHEAP), and unmodified opinions on all other major federal programs.

The courtesies and cooperation extended by officials and employees of the State of Oregon during the course of this audit were commendable and sincerely appreciated.

Office of the Secretary of State, Audits Division

State of Oregon

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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

The Honorable Kate Brown
Governor of Oregon

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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State of Oregon's basic financial statements, and have issued our report thereon dated January 25, 2022.

Our report includes a reference to other auditors who audited the financial statements of the Common School Fund and the Public Employees Retirement System, as described in our report on the State of Oregon's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Other auditors also audited the financial statements of the following discretely presented component units: SAIF Corporation, University of Oregon, Oregon State University, Portland State University, Western Oregon University, and Oregon Health and Science University, as described in our report on the State of Oregon's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Oregon'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 State of Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Oregon'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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001 through 2021-008 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Oregon'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 financial statements. 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 and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State of Oregon's Response to Findings

The State of Oregon's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State of Oregon's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Office of the Secretary of State, Audits Division

State of Oregon
January 25, 2022

Independent Auditor's 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 Honorable Kate Brown
Governor of Oregon

Report on Compliance for Each Major Federal Program

We have audited the State of Oregon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State of Oregon's major federal programs for the year ended June 30, 2021. The State of Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The State of Oregon's basic financial statements include the operations of discretely presented component units which expended federal awards that are not included in the State of Oregon's schedule of expenditures of federal awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of the discretely presented component units because the entities engaged other auditors to perform an audit of compliance, if required.

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 State of Oregon'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 State of Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State of Oregon’s compliance.

Basis for Qualified Opinion on Temporary Assistance for Needy Families (TANF) and Low-Income Home Energy Assistance Program (LIHEAP)

As described in the accompanying schedule of findings and questioned costs, the State of Oregon did not comply with requirements as listed in the table below. Compliance with such requirements is necessary, in our opinion, for the State of Oregon to comply with the requirements applicable to those programs.

Assistance Listing #	Program Name	Finding #	Compliance Requirement
93.558	Temporary Assistance for Needy Families (TANF)	2021-009	Reporting
		2021-010	Special Tests and Provisions
		2021-011	Special Tests and Provisions
93.568	Low-Income Home Energy Assistance Program (LIHEAP)	2021-012	Reporting

Qualified Opinion on Temporary Assistance for Needy Families (TANF) and Low-Income Home Energy Assistance Program (LIHEAP)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Oregon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Temporary Assistance for Needy Families (TANF) and Low-Income Home Energy Assistance Program (LIHEAP) for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Oregon 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 other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and are described in the accompanying schedule of findings and questioned costs as items 2021-013, 2021-015, 2021-017 through 2021-022, 2021-024, 2021-025, 2021-027 through 2021-029, and 2021-031 through 2021-037. Our opinion on each major federal program is not modified with respect to these matters.

Uniform Guidance requires auditing procedures to follow up on prior year findings and report current year findings when known questioned costs are greater than \$25,000 for a program that is not audited as a major program. Finding 2021-023, as described in the accompanying schedule of findings and questioned costs, identified noncompliance and questioned costs for the Children’s Health Insurance Program, on which we express no opinion.

The State of Oregon's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State of Oregon'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 State of Oregon is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The State of Oregon's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

Management of the State of Oregon 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 State of Oregon'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 State of Oregon's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-009 through 2021-012, 2021-022 and 2021-024 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as

items 2021-013 through 2021-021, 2021-023, and 2021-025 through 2021-036 to be significant deficiencies.

The State of Oregon's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State of Oregon'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 State of Oregon is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The State of Oregon's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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 governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State of Oregon's basic financial statements. We issued our report thereon dated January 25, 2022, 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 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 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 basic financial statements as a whole.

Office of the Secretary of State, Audits Division

State of Oregon

May 31, 2022, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is January 25, 2022

State of Oregon
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? yes no

Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weaknesses identified? yes no

Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor’s report issued on compliance for major programs

Qualified:
Temporary Assistance for Needy Families (TANF)
Low-Income Home Energy Assistance Program (LIHEAP)

Unmodified:
All Other Major Programs

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of Major Programs

Assistance Listing #	Name of Federal Program or Cluster
10.558	Child and Adult Care Food Program
12.400	National Guard Military Construction Projects
12.401	National Guard Military Operations and Maintenance (O&M) Projects
20.509	Formula Grants for Rural Areas
21.019	Coronavirus Relief Fund
84.010	Education Stabilization Fund
84.425	Title I Grants to Local Educational Agencies
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.658	Foster Care – Title IV-E
97.050	Presidential Declared Disaster Assistance to Individuals and Households – Other Needs
Cluster	Supplemental Nutrition Assistance Program (SNAP) Cluster
Cluster	Child Nutrition Cluster
Cluster	Fish and Wildlife Cluster
Cluster	Special Education Cluster (IDEA)
Cluster	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$32,798,707

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

Management Responses are submitted by agency management and are not subjected to auditing procedures.

2021-001 Department of Human Resources/Oregon Health Authority

Improve internal controls over the SNAP program

Significant Deficiency

State accounting polices require management to develop control activities to ensure transactions entered to the state's accounting system are properly classified and supported. During our audit, we reviewed financial transactions of the Supplemental Nutrition Assistance Program (SNAP), which totaled approximately \$1.7 billion for fiscal year 2021. During that time, the Department of Human Services (department) transitioned key aspects of the SNAP program to a new application, Oregon Eligibility (ONE) for case management. The ONE application determines client eligibility and calculates benefit amounts for client households and is administered by a separate service organization. As part of our review, we identified the following opportunities to improve internal controls:

- Department management determined it was not necessary to obtain a Service Organization Control (SOC) report to provide assurance over the service organization's internal controls over the ONE application for the SNAP program. SOC reports provide assurance that the controls of the service organization are functioning as intended and are a best practice when working with a service organization. Absent a SOC report, the department was unable to provide evidence the controls were functioning at the service organization.
- After the transition to the ONE application, the department did not conduct post implementation testing to verify the accuracy of the ONE calculations and eligibility determinations as recommended by information technology standards.
- Department program staff overrode the ONE application eligibility and benefit determinations occasionally. Overrides are allowable if the eligibility staff does not agree with the determinations made by ONE, or if there are special circumstances. However, the overrides may indicate errors in the ONE application's calculation.
- Federal requirements for the SNAP program require the department to perform regular testing on client eligibility. The Office of Program Integrity within the department did not conduct Quality Control (QC) reviews during fiscal year 2021 because the United States Department of Agriculture Food and Nutrition Services provided a waiver allowing states to temporarily suspend QC reviews over SNAP cases. Although not required for federal reporting purposes, such testing is essential to financial reporting to provide assurance that expenditures are valid and only made to eligible clients for the appropriate amounts.

Additionally, during our review of year-end balances, we found the department overstated SNAP federal revenue and expenditures by approximately \$2.9 million. At the end of the audit, the

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department could not adequately explain the details of this variance, but these errors appear to be caused by differences in the reports used to make financial entries as a result of the transition to the ONE application.

We recommend department management obtain a SOC report over the service organization's internal controls for the ONE application. Management should also ensure post implementation testing and QC reviews take place and determine if the overrides indicate an error in the application's processing. Additionally, we recommend management update review procedures to ensure year-end account balances are supported.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The Oregon Department of Human Services will engage with our current open Request for Procurement for on-going Maintenance and Operations for the ONE system to ensure we have a SOC report provided regularly.

Anticipated Completion Date: June 2023

2021-002 Department of Consumer and Business Services

Improve documentation to facilitate review

Significant Deficiency

Department management is responsible for establishing and maintaining internal controls that provide reasonable assurance financial transactions are accurate and properly recorded. Transactions should be clearly documented, and the documentation readily available for examination.

Various divisions within the department assess fines and fees for noncompliance with state statutes. When an individual division is not successful in collecting amounts owed to the department, the responsibility for collection efforts is transferred to the department's Accounts Receivable (AR) Unit. The AR Unit maintains the subsidiary records for accounts receivable transferred from other divisions, and at year-end, uses the detailed information from their subsidiary system and individual divisions to manually calculate financial statement balances for current and noncurrent receivables and uncollectible amounts. The Central Accounting Unit is responsible for reviewing the information provided by the AR Unit and recording the necessary entries in the financial statements.

During the audit we noted the following:

- The documentation included to support the financial statement entries was comprised of insufficiently detailed summaries. When requested by auditors, the underlying detail to support the summaries was not readily available.
- The department did not document their processes for querying and filtering the subsidiary system data, obtaining division level receivable balances, or manually synthesizing the information for calculating amounts in the financial statements.

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- The department has a documented methodology for determining the percentage of receivables that are uncollectible. However, their methodology to manually apply those percentages to outstanding receivable balances was not documented, nor was the underlying support readily available.

The department relies on supervisory review of their financial statement entries as the control to provide reasonable assurance entries are complete and accurate. Without sufficiently detailed and documented procedures and supporting documentation that is readily available, the department limits their ability to conduct effective reviews and to prevent, detect, or timely correct material misstatements. During our testing we identified errors in the manual application of the uncollectible percentages that were not detected and corrected during supervisory review and resulted in a \$40 million audit adjustment to the amount of receivables the department expects to collect.

We recommend department management ensure procedures for determining the accounts receivable balances are documented, including relevant data download requests and filters, and how uncollectible percentages are applied to outstanding balances. We also recommend the department ensure effective reviews are performed by maintaining documentation that is sufficiently detailed and readily available.

MANAGEMENT RESPONSE:

DCBS agrees with the audit's recommendation. The effective and efficient management of receivables continues to be a high priority for the agency. DCBS strives to have clear and concise documented methodologies, procedures, and accounting working papers. Transparency is an important value to DCBS, and all documentation is available for internal and external review.

DCBS will complete the following in relation to the audit recommendations:

- 1. Re-evaluate the methodology used for annual financial statement entries related to receivables. Document methodologies used, and create a procedure for the execution of the work by May 2022.*
- 2. The DCBS Accounts Receivable Unit collects receivables data from many subsidiary systems within the agency programs. DCBS will document how subsidiary systems are queried and filtered to receive needed reporting data. DCBS will document methodologies used and procedures for receivables data that is manually entered. In addition, DCBS will document how all data is reviewed, and by whom, before reported in financial statement entries. This work will be complete by June 2022.*
- 3. DCBS will create a written procedure for how the percentage of receivables that are uncollectible is calculated, documented, and reported in financial statement entries. This work will be complete by June 2022.*

Finally, we are providing more context to the audit adjustment that is noted in the report. This figure refers to the calculation of an estimate of the amount of debt DCBS believes it expects to be able to collect. It is important to stress that the total amount of debt recorded by the department is

Office of the Secretary of State, Audits Division
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For the Year Ended June 30, 2021

accurately stated. Additionally, the revised uncollectable estimate and resulting audit adjustment did not affect our debt portfolio, did not result in a loss of funds, and has not impeded our legal ability or actions taken to collect all outstanding debt.

Anticipated Completion Date: June 2022

2021-003 Oregon Department of Forestry
Strengthen controls to ensure appropriate receivable balances
Significant Deficiency

The Oregon Department of Forestry records various accounts receivables, resulting from timber sales, burn fees, and fighting fires. These receivables represent amounts owed to the department. In accordance with state policy, department management is responsible for ensuring the proper accounting of receivables. Department processes include many manual entries that do not receive adequate review. We selected 45 receivables for testing and identified the following errors:

- Four items contained a negative balance at year end, totaling \$53,032. These receivables were overpaid and should be reclassified as payables, as they represent amounts to be refunded or applied to a future invoice.
- Three items were not recorded correctly, resulting in overstating receivables by \$1,111,349. In all instances, receivables balances should have been reduced, but were not. One receivable was partially paid but not applied to the invoice; a shipping fee was waived and the receivable balance was not adjusted; and an adjustment was not recorded as intended.
- One item with a balance of \$232 was recorded twice.
- One item could not be fully supported. The receivable is over 20 years old, with an outstanding balance of \$328. When the department adds interest to this receivable, no support is maintained. Additionally, based on review, it appears the department may have duplicated a portion of this receivable balance while allocating the receivable between long-term and short-term. As a result, we could not gain assurance this receivable is reporting the appropriate balance.

We also reviewed two monthly interest receivable entries that were recorded correctly, but found the original receivable invoice was overstated as the department did not apply the bonds to the balance. Additionally, we identified a significant number of receivables that are past due. Most of these receivables are not accruing interest and have not been referred to the Department of Revenue for collection as required by state policy. State agencies are required to make all reasonable efforts to collect receivables due. The department could not provide a policy in place during the period under audit regarding the billing and collection of accounts receivable.

We recommend department management implement controls to ensure compliance with state policy over the billing and collection of accounts receivable. We also recommend management strengthen

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internal controls to ensure receivables are appropriately recorded, reviewed, supported and reported at year end.

MANAGEMENT RESPONSE:

The Department agrees with this recommendation.

We are reviewing our current policies and procedures for recording AR and revenue. We will be rewriting these policies and we will include processes that enhance our current internal control procedures. These controls will include the following:

- 1) Quarterly reviews of all invoices included in our AR balance, which will mitigate the risks of having invoices with negative balances and invoices with the same amounts contained within in our AR. A review can be as simple as exporting the invoices to excel so the data can be put into a pivot table where negative balances and invoices with the same amounts are easier to identify.*
- 2) Develop internal controls to ensure recorded revenue is adequately supported to ensure our revenue is accurate. With the department's current implementation of the SAGE accounts receivable financial system, the risk of revenue not being supported is mitigated as districts must include invoices or other documentation when submitting the entries to the revenue team. For the multiple other revenue streams, we will develop specific policies and procedures to ensure similar risks are mitigated.*

Anticipated Completion Date: June 30, 2022

2021-004 Oregon Department of Forestry
Strengthen accrual methodologies and review procedures over expenditures
Significant Deficiency

State accounting polices require management to develop control activities to ensure that transactions entered in the state's accounting system are properly calculated, classified and recorded in the accounts. To ensure expenditure balances are complete, department management generally uses methodologies to estimate the expenditures to accrue at year-end.

During our review, we identified multiple duplicated expenditure accrual transactions; methodologies for these accruals were incomplete and the duplicated transactions were not identified during management review. These errors resulted in an overstatement of expenditures and accounts payable totaling \$10.3 million.

We recommend management ensure year-end accrual methodologies reflect a complete understanding of relationships between overlapping procedures, including detailed parameters to mitigate duplication. Additionally, we recommend management ensure transaction review is adequate and includes examination of overall account balances subsequent to completion of individual transactions.

Office of the Secretary of State, Audits Division
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For the Year Ended June 30, 2021

MANAGEMENT RESPONSE:

The Department agrees with this recommendation.

We have reviewed our current processes for year-end accrual methodologies. From this review we will be rewriting these methodologies and processes to assure that we do not have duplication of transactions entered in the accounting system. These new procedures will include the coordination between our accounting staff and operations staff to assure that all the accruals are included in the centralized review of account balances and transaction accuracy.

Anticipated Completion Date: April 30, 2022

2021-005 Oregon Department of Fish and Wildlife

Improve cash handling and reconciliation controls

Significant Deficiency

Department management is responsible for ensuring internal controls are adequate to provide reasonable assurance that cash and check related transactions are properly controlled.

During inquiries regarding mail delivery and financial services processes, department management responded that incoming mail was sometimes opened, and contents examined by a single person, to comply with social distancing guidelines. Once checks are opened by mailroom staff, a deposit log is generated to record all incoming receipts. A hardcopy of this log is provided to licensing, and a digital copy is accessible to accounting. However, there is no control in place for licensing to reconcile the deposit log to actual daily deposits to ensure all checks received are recorded.

Additionally, although we found that reconciliations were being completed monthly, the reviews of the reconciliations were not completed timely. State policy recommends departments perform monthly reconciliations of treasury cash accounts. Completing and reviewing these reconciliations timely is an important internal control to identify and address errors or other problems that may have occurred.

We recommend department management improve cash receipting controls to ensure checks are safeguarded, properly tracked, and accounted for in the financial records. Additionally, we recommend department management ensure completed cash reconciliations are reviewed timely.

MANAGEMENT RESPONSE:

The Department agrees with the finding noted in the report.

The Department intends to conduct a review of the existing system of internal controls to ensure requirements and objectives are being met. Following this review, management will implement additional controls, as needed, to ensure incoming receipts are properly received, recorded, and deposited.

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Additionally, management intends to conduct frequent reviews of the bank reconciliations, thereby ensuring any discrepancies or reconciling items are addressed timely.

Anticipated Completion Date: June 30, 2022

2021-006 Oregon Department of Transportation
Ensure adequate controls are in place over revenue recording
Significant Deficiency

In January 2021, the department joined the International Registration Plan (IRP) Clearinghouse. The IRP collects and transmits fees from its registrants to the Clearinghouse, and subsequently distributes those fees to the appropriate jurisdictions. After joining, the department began receiving monthly “net settlement” payments from the IRP, consisting of net amounts due for Oregon fees after subtracting amounts owed to other jurisdictions.

Due to an oversight, financial services did not modify the monthly IRP revenue recording procedures after transitioning to the Clearinghouse. As a result, financial services recorded transmittals received from other jurisdictions as well as the IRP payments, resulting in overstated Transportation Fund revenues at June 30 of \$7,685,426. After being notified of the error, financial services revised procedures and corrected the error.

Department management must ensure proper accounting and reporting of revenues and establish and maintain adequate internal controls over revenue.

We recommend department management ensure adequate internal controls are in place to appropriately record and report revenue.

MANAGEMENT RESPONSE:

We agree with the recommendation.

Corrective Action Plan:

Before a new process is implemented, the agency will:

- *Convene a work group to map out the new process to ensure revenue is being captured correctly.*
- *Update procedures to include the new agreed upon process.*

Anticipated Completion Date: February 1, 2022

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2021-007 Oregon Department of Transportation
Implement controls to ensure proper recording of advanced Federal funds and eligible expenditures
Significant Deficiency

In February 2021, the department received over \$144 million in advanced funding from FEMA to assist with wildfire disaster recovery and ash and debris cleanup costs. Receiving federal funds in advance is uncommon.

The department used standardized, preset coding to set up projects in their accounting system to track related expenditures; the coding did not apply eligible expenditures against the advanced funds. As a result, financial services accrued future revenue and overstated federal revenues by \$45 million.

Department management must ensure proper accounting and reporting of revenues and establish and maintain adequate internal controls over revenue.

We recommend department management ensure adequate controls are in place to appropriately record and report advanced federal funding and federally eligible expenditures.

MANAGEMENT RESPONSE:

We agree with the recommendation.

The agency will:

- Analyze transfers-in of federal funds from other agencies to ensure any advanced federal funding is accounted for and aligned with appropriate expenditures.
- Review in detail the reports used to accrue revenues to ensure only appropriate revenues are accrued.
- Collaborate with agency sections to ensure any advanced federal funding is reported to financial services.

Anticipated Completion Date: June 30, 2022

2021-008 Oregon Liquor and Cannabis Commission
Strengthen controls over statutorily required transfers
Significant Deficiency

At month-end the commission is required to certify the amount of money available for distribution and transfer 56% from the Liquor Control Fund to the General Fund. When reviewing the transfer calculations performed by the commission, we noted the process results in inappropriately transferring more to the General Fund than statutorily required each month.

To identify funds available to transfer, the commission uses information from two accounting systems, the commission's internal general ledger software and the state's accounting system. Using two

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systems has also resulted in the commission including amounts from other funds not related to the Liquor Control Fund in the transfer calculation. The commission does not currently reconcile these two systems and did not recognize the need to ensure these systems reconciled prior to calculating the transfer amounts. Without this reconciliation, the commission is not able to ensure the calculation and related transfer amounts are appropriate and in compliance with statutes.

We recommend commission management strengthen internal controls to ensure the accounting systems reconcile and that the appropriate amount is being transferred to the General Fund each month.

MANAGEMENT RESPONSE:

OLCC agrees with the recommendation. The reconciliation process should be conducted and monitored on a regular basis within a 12-month period. The COVID pandemic and staff shortages have severely curtailed the agency's ability to perform routine reconciliations recently.

The reconciliation process should be conducted monthly. There is still a concern of continued staffing shortages. In an effort to expedite this completion OLCC is working with a temporary agency to hire an Accountant 3 to help bring the agency process up-to-date. Once current, an OLCC staff member will be handling this on a routine basis.

Anticipated Completion Date: within the 2022 fiscal year

Section III – Federal Awards Findings and Questioned Costs

Management Responses are submitted by agency management and are not subjected to auditing procedures.

2021-009 Department of Human Services

Ensure performance data reports are complete and accurate

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.558 Temporary Assistance for Needy Families (TANF)
Federal Award Numbers and Years:	2021G996115, 2021; 2020G996115, 2020
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness; Material Noncompliance
Prior Year Finding:	2020-013
Questioned Costs:	N/A

Criteria: 45 CRF 265.3(a)

Federal regulations require the department to collect monthly and report quarterly certain non-financial data elements for services paid with Temporary Assistance for Needy Families (TANF) federal funding in the ACF-199 TANF data report. Federal regulations also require the department to report data quarterly for TANF eligible clients whose benefits are paid with designated state funds called maintenance of effort (MOE) in the ACF-209 SSP-MOE data report. Both data reports should be supported by applicable performance records.

During fiscal year 2021, the department transitioned key aspects of the TANF program to a new application, Oregon Eligibility (ONE), for case management. Given the implementation of ONE during the fiscal year, we limited our review of the quarterly data reports to the quarter ended June 30, 2021. We found between 200 and 260 cases per month may have been improperly excluded from the ACF-199 reports. We also found, on average, between 3,600 and 4,000 cases per month with no corresponding federal TANF expenditures were improperly included in the ACF-199 report.

Additionally, we were unable to determine whether the child welfare cases reported were accurate or complete. Child welfare client case numbers used in the report did not correlate with case numbers used in the child welfare system, and we were unable to determine which cases should have been included or excluded. When comparing child welfare case counts, we noted 1,420 cases were reported in the ACF-199 for April, however, the child welfare system indicated 3,180 cases received TANF federal benefits.

Findings related to performance data reporting have been ongoing since fiscal year 2010. Per the department's response to the prior year findings, they have been working with the service organization that administers ONE to implement system requirements, based on federal instructions, to ensure the data reporting is complete and accurate. Since the implementation of ONE, data reports are prepared

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and submitted to the federal oversight agency by the service organization on the department's behalf. Department management stated they do not perform any review of the reports submitted.

Service Organization Control (SOC) reports are a best practice as they provide assurance that controls of the service organization are functioning as intended. Department management did not require a SOC report to provide assurance over the service organization's internal controls over the ONE application for the TANF program. Without an annual SOC report, the department does not have assurance controls are functioning as intended at the service organization for the TANF program.

We recommend department management ensure system requirements used to prepare the ACF-199 and ACF-209 are appropriate to ensure compliance and implement review procedures to ensure performance data reports submitted are complete and accurate. **We also recommend** department management obtain an annual SOC report over the service organization's internal controls for the ONE application.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The Oregon Department of Human Services (ODHS) will develop a workgroup consisting of policy analysts, business analysts, OIS (Legacy) staff, and contracted Deloitte staff to complete a comprehensive analysis of the ONE system report requirements, code, and federal instructions. The comprehensive analysis will identify areas within both the 199 and 209 where requirement and/or code are not in sync with the federal instructions. The workgroup will then conduct work to bring all three areas into sync to ensure the ONE system is producing accurate and complete federal reports 199 and 209. Through this process the workgroup will test data and complete data analysis for validation. The Department is exploring ways to validate data at quarterly submissions. Once a solution is identified, a procedure will be implemented.

ODHS and the ONE Maintenance and Operations (M&O) program are in a Request for Proposal (RFP) process to identify our IT service vendor(s) related to ONE, beginning July 2023. Related to this effort we are projecting annual SOC reports beginning in the 2325 biennium and are including these projections in our 2325 legislative Policy Option Package (POP) request.

Anticipated Completion Date: December 31, 2022

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2021-010 Department of Human Services

Ensure work participation rate calculation uses verified and accurate data

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.558 Temporary Assistance for Needy Families (TANF)
Federal Award Numbers and Years:	2021G996115, 2021; 2020G996115, 2020
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Material Weakness; Material Noncompliance
Prior Year Finding:	2020-014
Questioned Costs:	N/A

Criteria: 45 CRF 261.61; 45 CFR 261.62

Federal regulations require each state maintain adequate documentation, verification, and internal control procedures to ensure the accuracy of data used in calculating work participation rates. Each state must have procedures to count and verify reported hours of work and must comply with its Work Verification Plan as approved by the U.S. Department of Health and Human Services (DHHS).

Oregon's Work Verification Plan outlines a system of controls for how reported hours will be verified and documented, and for independent reviews and monitoring procedures to catch errors.

Work participation hours are reported via the quarterly Temporary Assistance for Needy Families (TANF) Data Reports. As stated in a separate finding, titled 'Ensure performance data reports are complete and accurate,' we determined the TANF Data Report is not complete or accurate. However, additional issues were identified when we attempted to perform testing specific to the Work Verification Plan.

We limited our review for Work Verification Plan compliance to the fourth quarter of fiscal year 2021. When reviewing the fields where work participation hours are reported we found essentially all (99.9%) participation hours reported on the ACF-199 were zero.

We also reviewed 12 randomly selected, two-parent case files of participating clients for verification of work activity participation reported in the ACF-209. Of the 12 cases reviewed, we found seven cases where the department did not adhere to the approved Work Verification Plan policies and procedures for maintaining documentation or accurately reporting hours of participation.

These inaccurate or unverified hours were used in calculating the work participation rate reported to DHHS. If the state fails to follow the approved Work Verification Plan, DHHS may penalize the state.

We recommend TANF program management ensure the work participation rate is calculated appropriately using verified and accurate participation data in adherence to the department's Work Verification Plan. **We also recommend** program management review the system of controls and identify where improvements are needed to ensure compliance with the work verification plan.

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MANAGEMENT RESPONSE:

We agree with this recommendation.

The Oregon Department of Human Services (ODHS) recently received approval from Administration for Children and Families for changes made to Oregon's Work Verification Plan. The Department is in the process of updating rules and guidance changing the way educational activity hours can be documented and verified by allowing greater flexibility. The Department will continue to explore other options to allow greater flexibility in documenting and verifying attendance for countable activities. The Department will continue to train staff on attendance reporting requirements through biannual analyst hour sessions and individual sessions offered to districts specific to the trends in their area. The Department will also offer technical assistance to Case Aides who are responsible for entering participation hours in TRACS.

As stated in our response in a separate finding, titled 'Ensure performance data reports are complete and accurate,' ODHS will test data and complete data analysis for validation. This process will include the fields where work participation hours are reported.

Anticipated Completion Date: December 31, 2022

**2021-011 Department of Human Services
Improve documentation of required income and benefit verifications**

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.558 Temporary Assistance for Needy Families (TANF)
Federal Award Numbers and Years:	2021G996115, 2021; 2020G996115, 2020
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Material Weakness; Material Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 45 CRF 205.55

Federal regulations require each state to participate in the Income Eligibility and Verification System (IEVS), which includes using income and benefit screens accessible through the department's client maintenance system, when making Temporary Assistance for Needy Families (TANF) eligibility determinations. The caseworker should document the verification of IEVS screens in the case file for each client.

Of 40 randomly selected case files for fiscal year 2021, there was no evidence that relevant income information was verified using IEVS screens when determining eligibility for 8 cases. Per discussions with the department, the implementation of the new case management system, ONE, was a contributing factor as caseworkers may not be clear whether to document their eligibility notes in ONE or the older narrative system known as TRACS. We verified these clients did meet TANF financial

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eligibility criteria. However, by not providing assurance of verification of the use of IEVS screens, the department increases the risk of providing benefits to TANF ineligible individuals.

We recommend department management ensure verification of income with IEVS screens is clearly documented in client case files when determining client eligibility. **We also recommend** management develop policies and procedures directing case workers to document their review of the IEVS screens in ONE, the new case management system.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The Oregon Department of Human Services (ODHS) is reviewing and revising the previously submitted Change Request (CR) to implement a system change to capture when staff are using the IEVS screens at eligibility determination. The previous CR has not been prioritized due to the level of effort (LOE). By revising the CR, the LOE will reduce while still meeting the needs of the Department. Until the CR is prioritized, the Department will update the Quick Reference Guide directing staff to document their review of the IEVS screens in ONE. A quarterly ONE system announcement reminding staff to check IEVS at eligibility determination and add a case note will be requested. The ODHS will also conduct training with staff regarding the IEVS requirements.

Anticipated Completion Date: December 31, 2022

2021-012 Oregon Housing and Community Services Department
Ensure financial and Federal Funding Accountability and Transparency Act reports are submitted

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.568 Low-Income Home Energy Assistance Program (LIHEAP)
Federal Award Numbers and Years:	18B2ORLIEA, 2018; 1901ORLIEA, 2019; 2001ORLIEA, 2020; 2001ORE5C3, 2020; 2102ORLIEA, 2021; 2102ORE5C6, 2021
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness; Material Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.303(a), (c)-(d); Administration for Children and Families, Terms and Conditions Addendum: Additional Financial Requirements, Office of Community Services, Low-Income Home Energy Assistance Program, Financial Reporting, items 7-8; 2 CFR 170, Appendix A I(a))

Department management is responsible for establishing and maintaining effective internal control that provides reasonable assurance the department is managing, evaluating, and monitoring the federal award in compliance with the terms and conditions of the award and taking prompt action when instances of noncompliance are identified.

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Federal Financial Reports (SF-425's) are required to be submitted annually for each open grant award 90 days after the end of the federal fiscal year. The department did not submit SF-425's for open grants for the federal fiscal period ended September 30, 2020.

The Federal Funding Accountability and Transparency Act (FFATA) requires the department to submit information for any subaward action that equals or exceeds \$30,000. We selected a sample of subaward actions and noted that for two of the four grant awards, no FFATA submissions were completed. For the remaining two grant awards, only partial submissions were completed.

Department management stated financial and FFATA reports were not completed during the fiscal year in compliance with reporting requirements because of staffing constraints and prioritizing staff resources to address programmatic compliance requirements, such as processing the significant increase in reimbursements to subrecipients providing benefits over administrative compliance requirements. There is a risk the federal awarding agency could withhold grant funding if the department is not compliant with reporting requirements.

We recommend department management ensure outstanding financial and FFATA reports are completed and submitted, and allocate sufficient staff resources to ensure compliance with reporting requirements in future fiscal periods.

MANAGEMENT RESPONSE:

The agency agrees with this finding.

The FFATA was removed from the Compliance Supplement but has been added back as a requirement. OHCS will reprioritize and assign resources back to FFATA reporting by hiring additional staff and will have the FFATA reporting current by 6/30/2022. OHCS has made multiple attempts in working with our federal partner to resolve a system reporting issue, as the federal tax ID is incorrect for our agency. During this time, the federal reporting platform also transitioned from Grant Solutions to PMS, and staff have struggled to obtain the appropriate access for filing reports for this program. OCHS will continue to assign resources and further pursue this issue, resolving any access issues and will bring reports current.

Anticipated Completion Date: June 30, 2022

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2021-013 Oregon Housing and Community Services Department

Ensure documentation is maintained to support amounts reported and review of reports

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.568 Low-Income Home Energy Assistance Program (LIHEAP)
Federal Award Numbers and Years:	2001ORLIEA, 2020; 2001ORE5C3, 2020
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.303(a)

Department management is responsible for establishing and maintaining effective internal control that provides reasonable assurance the department is managing the federal award in compliance with the terms and conditions of the award.

The department is required to submit two annual special reports, the Households Assisted by LIHEAP (Households) report and the Carryover and Reallotment (Carryover) report. To ensure the accuracy and completeness of these two reports, the department's control process requires a review of reports prior to submission and maintenance of documentation that supports the amounts reported.

During our testing we noted that the Carryover report was not reviewed by a manager. Additionally, the department was not able to locate documentation to support the number of homes receiving nominal LIHEAP in the Households report.

These reports provide the federal awarding agency with key information related to needs and performance, and errors in reports could alter the amount of funding received by the department for the LIHEAP program in future years.

We recommend department management ensure adequate controls are in place to ensure documentation is maintained to support amounts reported and reports are reviewed prior to submission.

MANAGEMENT RESPONSE:

The agency agrees with this finding.

The OHCS Assistant Director of Energy Services will work with the OHCS Energy Assistance Coordinator to ensure that our reporting procedures and controls include manager review of completed reports before submission and that all report support documentation is maintained.

Anticipated Completion Date: June 30, 2022

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2021-014 Oregon Housing and Community Services Department
Establish controls to ensure information is readily available to assist in monitoring compliance requirements

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.568 Low-Income Home Energy Assistance Program (LIHEAP)
Federal Award Numbers and Years: 2001ORLIEA, 2020
Compliance Requirement: Earmarking
Type of Finding: Significant Deficiency
Prior Year Finding: N/A
Questioned Costs: N/A

Criteria: 2 CFR 200.303(a), (c)

Department management is responsible for establishing and maintaining effective internal control that provides reasonable assurance the department is managing, evaluating, and monitoring the federal award in compliance with the terms and conditions of the award.

The department prepares monthly Grant Management Reports (GMR's), by grant award, that allow for the management, evaluation, and monitoring of obligations and spending of LIHEAP funds. The GMR's break down the grant award by federal earmarking categories and track obligations and spending by category to ensure compliance with the various earmarking requirements.

We selected a sample of GMR's to determine if they were being prepared. We identified one month for one award that was not prepared. According to the department, time sensitive system reports used to prepare the GMR were not processed timely, resulting in the department being unable to accurately prepare the report. Without controls in place to ensure timely processing of system reports, the department is unable to ensure compliance with earmarking requirements on an ongoing basis.

We recommend department management establish controls to ensure system reports are processed timely to allow for preparation of the GMR reports.

MANAGEMENT RESPONSE:

The agency agrees with this finding.

OHCS will work with IT support to ensure critical system reports are generated timely. Additional staff are also being hired to ensure capacity exists to dedicate the necessary time to preparing GMR's.

Anticipated Completion Date: June 30, 2022

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2021-015 Department of Human Services

Implement review to ensure accurate behavior rehabilitation service rates are used

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.658 Foster Care – Title IV-E
Federal Award Numbers and Years: 2101ORFOST, 2021; 2001ORFOST, 2020
Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency, Noncompliance
Prior Year Finding: N/A
Questioned Costs: \$20,793 (known)

Criteria: 42 USC 672(b)

Federal regulations allow expenditures to be reimbursed to foster care providers at the federal financial participation rate for various program costs, including maintenance payments.

We selected a random sample of 40 transactions to determine the allowability of costs charged to the foster care program and identified one error where the behavior rehabilitation services rate was not properly entered in the system. The total rate was correct, but the split between Title IV-E administration, Title IV-E maintenance, Medicaid services and other costs was incorrect, with a larger percentage of the split allocated to Title IV-E administration and Title IV-E maintenance than was indicated in other documentation. We further reviewed all transactions related to this behavioral rehabilitation service and identified total questioned costs of \$20,793.

The department does not have a review for the accuracy of the split rates that are entered into the system.

We recommend department management implement procedures to ensure the accuracy of behavior rehabilitation service split rates entered into the system and reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:

We agree with the recommendation.

Treatment Services reviewed all contracts for the period under review to identify those with the incorrect AMSO (administration, maintenance, services, other expenses) split applied, and found that it was isolated to the BRS Proctor rate on 13 contracts. Corrections to the AMSO split in the OR-Kids database were completed on or before 3/9/2022 for all 13 contracts. The Office of Financial Services is processing corrections to refinance the errors in SFMA (Statewide Financial Management Application). Refinance is estimated to be completed by mid-May.

Treatment Services implemented a new procedure effective 4/25/2022 requiring secondary review and approval of all new or updated AMSO entries, by the Assistant Program Manager. Review and approval

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of new or updated entries are saved in a shared drive. This unit also implemented a more thorough review of all current contracts on 4/25/2022 and 4/26/2022 to ensure all AMSO split entry is accurate.

Anticipated Completion Date: June 30, 2022

2021-016 Department of Human Services

Timely review foster care maintenance payment rates for continuing appropriateness

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.658 Foster Care – Title IV-E
Federal Award Numbers and Years:	2101ORFOST, 2021; 2001ORFOST, 2020
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 42 USC 671(a)(11); 45 CFR 1356.21(m)(1)

In accordance with federal requirements, the department is required to review the amount of the payments made for foster care maintenance assistance at reasonable, specific, time-limited periods established by the department, to assure the rates continue to be appropriate for the administration of the foster care program. The department established in Oregon Administrative Rule that a review of the foster care payment rates shall take place every two years in conjunction with the department budget preparation process.

Department management last updated foster care maintenance payment rates in January 2018. Due to program manager turnover a review did not take place for the 2019-2021 biennium budget process to ensure payment rates were appropriate.

We recommend department management ensure reviews of maintenance payment rates for continuing appropriateness are conducted timely and in compliance with department rules.

MANAGEMENT RESPONSE:

We agree with the recommendation.

The Foster Care and Youth Transitions Program has been notified of the finding and is in the process of determining how to integrate a consistent two-year review with their current plan for managing foster care rates. We anticipate having a procedure to report in the next several weeks.

Anticipated Completion Date: June 30, 2022

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2021-017 Department of Human Services

Improve controls and compliance over hospitals and long-term care facility audits

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years: 2005OR5MAP, 2020; 2005OR5ADM, 2020;
2105OR5MAP, 2021; 2105OR5ADM, 2021
Compliance Requirement: Special Tests and Provisions
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Finding: N/A
Questioned Costs: N/A

Criteria: 42 CFR 435.10; OAR 411-070-0315(3); 2 CFR 200.303(a)

The Oregon state plan requires each long-term care facility to submit annual financial statements reporting actual costs to the Department of Human Services (department). Each statement is subject to a desk audit by the department. One of the procedures performed by the department is to verify administrator payroll costs do not exceed the maximum amount. Oregon Administrative Rule requires this maximum compensation amount be prorated for individuals that work less than an average of 40 hours in a week.

We selected a random sample of 12 out of 120 long-term care facilities. We identified 6 facilities where the administrator compensation for the year was greater than the prorated maximum compensation based on the number of hours worked. These costs were allowed by the department as the department did not consider the number of hours being worked when comparing to the maximum compensation limit. Excess costs that exceed the maximum compensation limit may result in the facility's bed rate being incorrectly calculated.

Similar to long-term care facilities, inpatient hospitals report actual costs to the Oregon Health Authority (authority) who conducts desk audits of the costs. We selected a random sample of 7 out of 65 hospitals. For 2 hospitals the authority could not locate documentation indicating the cost reports submitted were reviewed by the authority. According to the authority, the employee who performed the review separated and the authority could not access the former employee's email to verify the reviews were performed. Without evidence of a review, the authority does not have assurance as to the accuracy of cost reports submitted by hospitals, potentially resulting in inappropriate payments to the hospitals.

We recommend department management strengthen controls to ensure the long-term care facility's administrator compensation does not exceed the prorated maximum compensation limit for administrators who average less than 40 hours a week. We also recommend authority management strengthen controls to ensure evidence of review is maintained and readily available.

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MANAGEMENT RESPONSE:

We agree with this recommendation.

ODHS - Aging and People with Disabilities (APD) Response:

For the long-term care facility financial statement review audit deficiency findings, the ongoing corrective action plan is being implemented. The department is adding administrator hourly audit to the long-term care facility desk audit procedure. Additionally, the department will ensure to the requested documentation is placed in a designated folder.

OHA - Hospital Unit Response:

The action plan is to have cost reports and back up documentation stored on a common drive that selected OHA/HSD employees have access to on a regular basis.

Anticipated Completion Date: October 30, 2022

2021-018 Department of Human Services

Implement review procedures to ensure accuracy of manual cost allocation calculations

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years:	2005OR5MAP, 2020; 2005OR5ADM, 2020; 2105OR5MAP, 2021; 2105OR5ADM, 2021
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$180,643 (known)

Criteria: 2 CFR 200.400

The Department of Human Services (department) administers separate federally approved cost allocation plans for both the department and the Oregon Health Authority. The plans outline the methods used to allocate the various cost pools to federal programs.

The department uses a random moment sampling system (RMSS) to develop statistics for cost pool allocation for three department divisions. Due to implementation of the new integrated eligibility system, the number of cost pools using RMSS increased from three to five during the fiscal year. As the department was unable to incorporate the new cost pools into the existing cost allocation system at implementation, manual statistics calculations were performed. While recalculating the department's allocations for the month of April 2021, we identified discrepancies between the RMSS files and the counts used in the statistics calculations. The department performed further follow-up for April, May, and June and confirmed incorrect counts were used in the April calculations, which resulted in \$180,643 in known questioned costs to one federal program.

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We recommend department management implement review processes and procedures to ensure manual calculations are complete and accurate.

MANAGEMENT RESPONSE:

We agree with this recommendation.

A review process and procedure was implemented, June 2022, to ensure the manual calculations are accurate and are in alignment with the source system data. In addition, the Office of Financial Services (OFS) is updating the automated process. Once the automated process is updated and validated, OFS will decommission the manual process. Questioned costs were corrected 5/23/2022 under document BTCC6000 – BTCC6312.

Anticipated Completion Date: July 31, 2022

**2021-019 Department of Human Services/Oregon Health Authority
Strengthen review over costs charged to the program**

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years:	2005OR5MAP, 2020; 2005OR5ADM, 2020; 2105OR5MAP, 2021; 2105OR5ADM, 2021
Compliance Requirement:	Activities Allowed or Unallowed
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$72,716 (known)

Criteria: 2 CRF 200.1 (Improper payment); 2 CFR 200.403(a); 2 CFR 200.404; 42 CFR 435.10

Federal regulations only allow the Medicaid program to charge allowable program expenditures at the federal financial participation rate for various program costs at the time of payment for services provided.

The Department of Human Services (department) and the Oregon Health Authority (authority) make payments to vendors other than providers through the state's accounting system. We judgmentally selected for review payments to 28 vendors. We identified the following errors, which were not identified during their review process, that resulted in improper payment of Medicaid expenditures:

- Payment to one vendor charged expenditures related to another program to the Medicaid program, resulting in known federally funded questioned costs of \$20,000.
- Payments to one vendor charged expenditures related to a specific project unrelated to the Medicaid program, resulting in known federally funded questioned costs of \$4,596. Additional payments made to other vendors related to this project, resulted in known federal funded questioned costs of \$48,120.

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We recommend department and authority management strengthen review controls to ensure only allowable expenditures are charged to the Medicaid program. Additionally, we recommend the authority reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The Office of Financial Services will continue to consult with and advise program on the need for accurate coding and review of vendor payments to ensure proper funding is used for the services provided. Questioned costs were corrected with documents BTCL4471 and BTCL4473 and appropriate amount was refunded to the federal agency.

Anticipated Completion Date: June 30, 2022

**2021-020 Department of Human Services/Oregon Health Authority
Improve documentation for provider eligibility determinations and revalidations**

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years:	2005OR5MAP, 2020; 2005OR5ADM, 2020; 2105OR5MAP, 2021; 2105OR5ADM, 2021
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	2020-019
Questioned Costs:	N/A

Criteria: 42 CFR 455.436; 42 CFR 455.102 to 455.107; 42 CFR 455.414

Provider eligibility requirements for the Medicaid program differ depending upon the type of services provided; however, all providers are subject to specified database checks and are required to sign an adherence to federal regulations agreement (agreement). Typically, the agreement includes disclosures specifically required by federal regulations. Additionally, the federal regulations require that the Oregon Health Authority (authority) and Department of Human Services (department) determine eligibility for Medicaid providers and revalidate providers at least every five years by performing database checks to ensure providers are still eligible to participate in the Medicaid program.

We selected a random sample of 61 providers in the Medicaid program with 31 providers enrolled by the authority and 30 enrolled by the department. For 6 providers we found the issues described below.

- I-9 forms for one department provider and two authority providers did not include a review of minimum acceptable documents to verify identity and employment authorization and was not signed by the department or authority at the time of our audit. The department and authority have since obtained completed I-9 forms.

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- I-9 form for one provider did not include a review of minimum acceptable documents to verify identity and employment authorization and was not signed by the department at the time of our audit. This provider is not currently a provider with the State and an updated I-9 will not be obtained. Based on our review of other available support we determined this provider was eligible during the fiscal year under audit.
- I-9 form for one provider did not include a review of minimum acceptable documents to verify identity and employment authorization. The authority has since obtained completed I-9 forms.
- I-9 form for one provider could not be located. The authority is actively working to obtain missing documentation and based on our review of other support we determined this provider was an eligible provider.

The above issues occurred due to human error and inadequate record maintenance, which could lead to ineligible providers receiving Medicaid funding.

We recommend department and authority management strengthen controls to ensure documentation supporting a provider's eligibility determination and revalidation is retained and is complete.

MANAGEMENT RESPONSE:

We agree with this recommendation.

ODHS – Aging and People with Disabilities (APD) Response:

The department's expectation to have a correctly completed and retained I-9 for homecare workers was reinforced by the department with APD and Area Agency on Aging (AAA) program managers, district managers, supervisors, and support staff responsible for completing I-9s in APD and AAA offices meetings held on 4/13/22, 5/10/22, 5/11/22, and 5/26/22. The Local office staff were reminded of the legal requirement to correctly complete and retain the form and have it readily available for inspection. Local office staff were reminded of the resources available to assist with completing and retaining I-9s, particularly referencing the information memorandum issued in 2019 on how to correctly fill out an I-9 for homecare workers (APD-IM-19-062), the U.S. Citizenship and Immigration Services' Handbook for Employers (M-274) and referenced the information available on the case management tools webpage for APD/AAA staff. Additionally, in August 2021, we implemented the process of uploading HCW provider applications, supporting documentation and renewals into EDMS as noted in APD-AR-21-039, which were previously maintained in paper files at the local office. This will assist with the finding and retention of records.

ODHS – Intellectual/Developmental Disabilities Response:

For a short-term solution, we are implementing a random sampling Quality Assurance by the Provider Enrollment team. Currently, there is a QA staff who is monitoring agency enrollments, but we are having them also include Personal Support Worker items as well. Our current Fiscal Intermediary, Public

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Partnerships, are processing the i-9s currently and we will go into their system to check for any missing items.

Anticipated Completion Date: July 31, 2022

**2021-021 Oregon Health Authority
Ensure medical loss ratio reports are complete**

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years: 2005OR5MAP, 2020; 2005OR5ADM, 2020;
2105OR5MAP, 2021; 2105OR5ADM, 2021
Compliance Requirement: Special Tests and Provisions
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Finding: N/A
Questioned Costs: N/A

Criteria: 42 CFR 438.8(k)

Oregon Health authority (authority) must require each managed care organization (MCO) to submit a report to the state that includes specific information for each medical loss ratio (MLR) reporting year. During FY21, the state had 15 MCOs, each of which submitted a MLR report. For 3 MCOs, the MLR report did not contain all information required by federal regulation. The reports submitted for each MCO excluded a methodology of the expenditure allocation and a comparison of the MLR report to the audited financial report. Without all required information, rebates may be inappropriately calculated. The authority was not aware of all information MLR reports must include. They completed additional review steps to ensure data provided was sufficiently comparable to other authority records rather than request MCOs to updated or resubmit reports.

We recommend authority management strengthen internal controls to ensure each MLR report contains all required information.

MANAGEMENT RESPONSE:

We agree with this recommendation.

OHA has increased the staff assigned to the medical loss ratio report review for CY2020 and based on feedback through the audit, has already improved review to ensure the allocations are filled out by all CCOs for CY2020 (current filing period under review). The three managed care entities missing this information in CY2019 completed the information for the updated filing. OHA will continue to review and follow-up with filings from managed care plans to ensure they are complete for this filing and future filings.

Anticipated Completion Date: July 31, 2022

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2021-022 Oregon Health Authority
Improve financial reporting accuracy

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.323 Epidemiology and Laboratory Capacity
Federal Award Numbers and Years: 6 NU5OCK000541-02-04, 2021;
6 NU5OCK000541-01-07, 2020;
6 NU5OCK000541-01-06, 2020
Compliance Requirement: Reporting
Type of Finding: Material Weakness; Noncompliance
Prior Year Finding: N/A
Questioned Costs: N/A

Criteria: 2 CFR 200.328

In response to the COVID-19 pandemic, the Centers for Disease Control (CDC) awarded states substantial funds for the purpose of addressing the pandemic at the state level. Among other requirements, states are required to submit monthly financial reports to the CDC providing totals spent on travel, payroll, equipment, and other categories.

We reviewed the reports submitted for three separate subawards for the program, representing 99.97% of the amounts reported for fiscal year 2021, and totaling approximately \$111.2 million. In our review, we noted the reports frequently did not agree to accounting records and the reporting methodology was inconsistently applied. Per department staff, the amounts are intended to be monthly totals for the report month. However, we noted numerous instances where the totals were reported as year-to-date amounts. In other instances, expenditures were misclassified among the categories requested by the CDC. For example, travel expenditures were misclassified as supplies expenditures.

In reviewing the process for preparing and uploading the monthly financial reports, we noted that one employee is responsible for obtaining and uploading the data into the federal reports. The department does not have a separate review function to ensure the accuracy of the information reported.

We recommend department management develop and implement procedures to help ensure the accuracy of amounts reported in the monthly financial reports. Additionally, we recommend department management work with the CDC to revise and resubmit the inaccurate reports.

MANAGEMENT RESPONSE:

We agree with the finding.

Our corrective action plan to improve financial reporting accuracy is as follows:

- *All ELC monthly financial reporting will be assigned to our current ELC Fiscal Analyst.*

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- *ELC Fiscal Analyst will submit monthly financial reports and the query used to generate the reports to the Office of Financial Services (OFS) for review and approval.*
- *ELC Fiscal Analyst will then revise monthly financial reports based on OFS feedback.*
- *Following OFS approval, monthly financial reports will be entered into REDCap by ELC administrative staff. A second staff member will verify that data entry is accurate.*
- *ELC Fiscal Analyst will reach out to CDC to develop a plan to revise and resubmit inaccurate reports.*

Anticipated Completion Date: July 31, 2022

2021-023 Oregon Health Authority
Strengthen review over costs charged to the program

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.767 Children’s Health Insurance Program (CHIP),
Non-Major Program
Federal Award Numbers and Years: 2005OR5021, 2020; 2105OR5021, 2021
Compliance Requirement: Allowable Costs/Cost Principles; Matching
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Finding: 2020-021
Questioned Costs: \$77,214 (known)

Criteria: 2 CFR 200.53(a); 45 CFR 95.11; 45 CFR 95.13(d)

In the fiscal year 2020 audit of the Children’s Health Insurance Program (CHIP), we identified that the Oregon Health Authority (authority) applied an incorrect matching rate to a transaction in the CHIP program. (See report 2021-13, Finding 2020-021). To follow up on the prior finding, we reviewed transactions in the current fiscal year to determine if corrective action had been taken.

During our review, we found that the authority had appropriately taken actions to return the questioned costs identified in the prior year to the Department of Health and Human Services. Although the authority updated the underlying procedures subsequent to our audit, changes were not applied retroactively. As a result, we identified transactions in fiscal year 2021 that used the incorrect matching rate, resulting in questioned costs of \$77,214.

We recommend the authority return the questioned costs to the Department of Health and Human Services.

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MANAGEMENT RESPONSE:

We agree with this recommendation.

The Oregon Health Authority has processed the refund with a May 13, 2022 effective date using document BTCL8588.

Anticipated Completion Date: May 13, 2022

2021-024 Department of Education
Implement controls to ensure accuracy of federal reporting

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Number and Name:	84.425D Education Stabilization Fund (ESF)
Federal Award Numbers and Years:	S425D200049; 2020
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.302(b); 2 CFR 200.303(a)

Federal regulations require that federal reports include all activity of the reporting period and be supported by applicable accounting records. Federal regulations also require that the Oregon Department of Education (department) file separate annual reports for Elementary and Secondary School Emergency Relief (ESSER) expenditures and Governor's Emergency Education Relief (GEER) expenditures for period ending 9/30/20, which includes both financial and performance data. The GEER program had only \$586,000 in direct expenditures as of 9/30/20.

The department did not establish or follow a consistent methodology for reporting ESSER I award expenditures, nor did the department document the reasoning behind any adjustments made. A lack of documented policies and procedures could result in incomplete or inaccurate reports being submitted to the federal government.

The department reported information for 197 Local Education Areas (LEAs) on the LEA section of the report. This includes total Public and Non-Public School expenditures and a breakdown of the expenditures into various subcategories. Business rules on the federal reporting portal required these two sets of data to reconcile. The department used self-reported LEA data for the Public and Non-Public expenditures and department reimbursement data for the subcategories. The LEA self reported data, as adjusted by the department on the submitted report, totaled \$25.8 million while the reimbursement database totaled \$18.2 million.

Management indicated they applied various criteria when determining whether to adjust the self-reported data or the department's accounting records, including knowledge of the award terms, discussion with LEAs, and timing differences. In some instances, adjustments were made to the self-

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reported data. For example, one LEA self-reported expenditures of \$115 million when the total amount awarded was only \$149,000. In other instances, the adjustments were made to the amounts the department reported. For example, one LEA self-reported \$1.5 million and only \$89,000 of this amount was supported in the reimbursement database. As the department used various criteria and the process was not documented, the reported expenditures were not consistently supported by the department's records.

Management indicated that the lack of sufficient staff resources and the short timeline between the period to collect data and the due date of report submission was insufficient to collect and thoroughly analyze, correct, and compile self-reported subrecipient information and reconcile that information to the department's reimbursement database.

We recommend department develop a process to ensure that accurate expenditure data is submitted to the federal government for federal reporting.

In addition, we reported a significant deficiency and noncompliance finding related to the department's Federal Funding Accountability and Transparency Act report for this federal program. Please refer to Finding 2021-025.

MANAGEMENT RESPONSE:

We agree with this recommendation.

We believe it is also important to note the context of the circumstances in which this work was being conducted, where a global pandemic and unprecedented challenges were part of each day. There were many lessons learned in this work, but it is a good reminder that even during difficult times it is critical to document the process and methodologies. ODE will implement the following corrective action:

- 1. ODE will document the tools and processes used to report validated data for annual ESF collections. This is a cross office collaboration between program, school finance, and fiscal staff.*
- 2. ODE will define an expense as a paid reimbursement to the appropriate entity for annual federal reporting, which can be validated, thus removing speculation and potential errant data.*
- 3. The updated documentation for the second annual ESF data collection will be available in August 2022 after completion of the reporting period.*

Anticipated Completion Date: August 2022

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2021-025 Department of Education

Improve subaward reporting under the Federal Funding Accountability and Transparency Act

Federal Awarding Agency: U.S. Department of Education
Assistance Listing Number and Name: 84.010 Title I Grants to Local Educational Agencies
84.425D Education Stabilization Fund (ESF)
Federal Award Numbers and Years: S010A200037, 2020; S425D200049, 2020;
S425D210049, 2021
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Finding: N/A
Questioned Costs: N/A

Criteria: 2 CFR 170; 2 CFR 200.303

The Title I-A and Education Stabilization Fund programs are subject to subaward reporting under the Federal Funding Accountability and Transparency Act (FFATA). Federal regulations require recipients of federal awards to report certain subaward information in the FFATA Subaward Reporting System (FSRS) for subawards meeting the criteria for reporting. Reports must be submitted no later than the end of the month following the month in which the subawards were made. Federal regulations also require recipients of federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

The department maintains written procedures that document the steps for completing the monthly FFATA reporting. However, responsibility for this reporting lies solely on one employee and the department did not have formal, documented, and consistently performed controls in place during fiscal year 2021 to ensure the reports were accurately and completely prepared. Our audit procedures included the testing of 50 Title I-A and 60 Education Stabilization Fund subawards/subaward modifications totaling \$38.2 million and \$70.9 million in obligations, respectively. During our testing we noted the following:

- 3 Title I-A subawards obligated in August 2020 totaling more than \$519,000 were not reported for the Title I-A program. 2 subawards obligated in April 2021 totaling \$80,000 were not reported for the Education Stabilization Fund program. According to the department, FSRS edit checks prevented the reporting of these subawards. As a result of our audit procedures, the department reached out to the FSRS HelpDesk to resolve the underlying issues related to the reporting of these subawards.
- 3 Title I-A subaward modifications from March 2021 totaling -\$1.8 million and 1 Education Stabilization Fund subaward from November 2020 totaling more than \$77,000 were overlooked and not reported.

We recommend department management implement controls to ensure the monthly FFATA reports are independently reviewed to ensure accurate and complete reporting of required subaward

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information. We further recommend department management ensure the required subaward information is reported for the nine subawards identified in our testing.

MANAGEMENT RESPONSE:

We agree with this recommendation.

ODE will make corrective entries for the nine subawards identified in the testing and will ensure monthly FFATA reports are independently reviewed by updating ODE's written FFATA reporting procedure document to include:

- 1. A review to capture transactions such as journal vouchers that may create modification to original obligations.*
- 2. Maintain documentation of communications with the FFATA Subaward Reporting System helpdesk regarding data load issues.*
- 3. A monthly review of FFATA reporting by a senior accountant.*

Anticipated Completion Date: June 2022

2021-026 Department of Education

Implement documented methodology and review controls over State Level of Effort

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Number and Name:	84.027, 84.173 Special Education Cluster (IDEA)
Federal Award Numbers and Years:	H173A190100, 2020; H173A200100, 2021
Compliance Requirement:	Level of Effort
Type of Finding:	Significant Deficiency
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 34 CFR Section 300.163(a)

The IDEA Part B program is subject to level of effort requirements. Federal regulations stipulate a state may not reduce the amount of state financial support for special education and related services for children with disabilities below the amount of state financial support provided for the preceding year. Federal regulations also require recipients of federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

The department maintains a spreadsheet for the calculation of the annual amounts used to meet the state level of effort requirement. Although this spreadsheet contains some instructions the department does not have formal documented methodology or review controls in place to ensure the state level of effort is accurately and consistently calculated and maintained above prior year availability.

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During our testing of the fiscal year 2021 level of effort calculations we determined the department identified and supported sufficient amounts made available by the state to meet the required minimum level of effort. However, we noted the following during our testing:

- The fiscal year 2019-20 State School Fund total was \$14.8 million lower than what was reflected in the department's current supporting documentation as the department did not have support for the amount reported.
- The Office of Student Services operations total of almost \$500,000 for the 2019-20 biennium was not supported.
- The determination of amounts made available from Other Fund sources was based in part on a consideration of cash balances available at the beginning of the biennium rather than solely on budgeted amounts. However, the reasoning behind this approach was not documented.
- The level of effort calculation spreadsheet included areas highlighted for review that were not verified before the level of effort total was submitted in the annual IDEA application.

We recommend department management documents its methodology to ensure the annual level of effort calculation is consistently performed and document review of the calculation before the total is entered into the grant applications.

MANAGEMENT RESPONSE:

We agree with this recommendation.

In response to this recommendation, the ODE has already begun work to identify and document the following:

1. *The Office of Enhancing Student Opportunities (OESO) IDEA Part B team will manage this annual review.*
2. *The review will take place annually during the months of May and June, as that is when the appropriate State School Fund data would be available.*
3. *Appropriate ODE staff will provide supporting data as identified in the documentation*
 - a. *School Finance staff will provide State School Fund data*
 - b. *Budget staff will provide program fiscal-related data OSEO IDEA Part B staff will gather data and finalize review, and will work with appropriate offices if there are concerns with IDEA Maintenance of Effort*
4. *The methodology in how the calculations are completed and the source of data will be updated and documented.*

Anticipated Completion Date: August 2022

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2021-027 Department of Human Services

Improve controls over EBT card security

Federal Awarding Agency:	U.S. Department of Agriculture
Assistance Listing Number and Name:	10.551, 10.561 Supplemental Nutrition Assistance Program (SNAP) Cluster
Federal Award Numbers and Years:	202020S601847, 2020; 202121S601847, 2021; 202020S251447, 2020; 202121S251447, 2021
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 7 CFR 274.5(c)(1)

Clients participating in the SNAP program receive benefits electronically via electronic benefit transfer (EBT cards). Federal regulations require that the department provide certain minimum security and control procedures over EBT cards including secure storage, bulk inventory control records, subsequent control records maintained through the point of issuance, and periodic review and validation of inventory controls and records. The department has established procedures to meet minimum security requirements, which include conducting and comparing monthly inventory of EBT cards to the balance on the stock control log. However, these procedures have not been fully implemented. Ensuring compliance with minimum security requirements helps prevent loss and potential misuse of EBT cards.

We reviewed EBT card security processes for 17 of the 105 field offices that issue EBT cards, which included reviewing whether inventory was conducted at least quarterly between July 2020 and June 2021. During our review we found:

- One branch was unaware of the requirement to perform EBT card inventory and therefore did not perform EBT card inventory during the fiscal year. Additionally, the branch did not maintain a running inventory balance on their stock control logs that would allow for proper inventory to be completed.
- One branch did not document their EBT card inventory for nine months of the fiscal year.
- One branch did not maintain destructions logs for the fiscal year.

The department previously had a repeated finding related to EBT card inventory from fiscal year 2013 to 2018 that was cleared in fiscal year 2019. Over the years, the department reminded branch offices of its processes, developed training and verified branch offices completed it, and one year monitored branch offices inventory process for a quarter. However, based on the results of our audit, the security processes are not being consistently implemented.

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We recommend department management implement a consistent process to verify branch offices are conducting required inventory and accurately completing inventory control logs.

MANAGEMENT RESPONSE:

The department agrees with the finding.

The department agrees with the findings of the audit regarding non-compliance with EBT inventory control processes in 3 of the 17 field offices included in the review. The department will implement a statewide management strategy to monitor and verify compliance with required EBT card security and inventory control log requirements.

The department will use quarterly meetings for local offices to provide updates to executive leadership on district compliance or progress towards meeting reporting and verification requirements. The department will require each district to provide verification of compliance at least annually. The department will develop and use a tracking tool to monitor compliance by district and branch. The department will request verification sufficient to prove compliance with EBT card security and controls.

The department's executive leadership will support communicating policy and process guidance in leadership meetings where the following leaders are present: Program Manager, District Manager, Administrative Support Specialist and Business Expert meetings. The department will confirm that each district has sufficient protocols and assist with developing contingency planning to ensure EBT inventory compliance during staff absences or shortages.

Anticipated Completion Date: May 31, 2022

2021-028 Oregon Military Department

Strengthen controls to ensure expenditures are not obligated beyond the period of performance

Federal Awarding Agency:	U.S. Department of Defense
Assistance Listing Number and Name:	12.401 National Guard Military Operations and Maintenance Projects
Federal Award Numbers and Years:	W912JV-20-2-1001; 2020
Compliance Requirement:	Period of Performance
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	2020-031
Questioned Costs:	\$150,544 (known)

Criteria: NGR 5-1, Chapter 11-2

Federal regulations require that grantees must obligate funds in the federal fiscal year specified in the relevant appendix to be reimbursable by federal funds.

We judgmentally selected for review payroll expenditures recorded to federal fiscal year 2020 grant awards after the federal fiscal year ended. Our review of supporting documentation found, in two payroll months, payroll costs for several employees were incorrectly coded to the federal fiscal year

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2020 grant award. Total questioned costs for these coding errors totaled \$150,544. Per department management, these errors were due to the use of incorrect time codes manually entered on employees' timesheets.

If the underlying accounting records do not properly account for transactions, the department could inappropriately request reimbursement for obligations that are outside of the period of performance for the grant. When the entries above were brought to management's attention, they promptly made correcting journal entries, moving the expenditures to the federal fiscal year 2021 grant award.

We recommend department management implement controls to ensure payroll expenditures are recorded in the correct federal grant year.

MANAGEMENT RESPONSE:

The Oregon Military Department concurs with the finding and recommendation.

Corrective Action:

- a. The Financial Administration Division, on November 1st of each year, will deactivate payroll "short codes" associated with the previous Federal Fiscal Year. This will allow for final payroll costs to be applied during September Payroll Run 2 which occurs in mid-October each fiscal year.*
- b. When capturing monthly payroll costs to be applied to an SF-270, the accounting staff within the Financial Administration Division will include all open Fiscal Years within their payroll queries. Payroll costs should only be seen in the current Fiscal Year, so including all open fiscal years will allow erroneous costs to be identified and moved to the correct fiscal year prior to a SF-270 being created.*

Anticipated Completion Date: November 1, 2022

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2021-029 Oregon Military Department

Strengthen controls to ensure level of federal support for expenditures is accurately recorded

Federal Awarding Agency: U.S. Department of Defense
Assistance Listing Number and Name: 12.401 National Guard Military Operations and Maintenance Projects
Federal Award Numbers and Years: W912JV-20-2-1001; 2020; W912JV-21-2-1001, 2021
Compliance Requirement: Matching
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Finding: 2020-032
Questioned Costs: \$1,180 (known); \$509,544 (likely)

Criteria: National Guard Regulation 420-10, Chapter 7-2

Program guidance indicates the rate at which authorized Operations and Maintenance costs are federally reimbursed is based on the Facilities Inventory and Support Plan (FISP) agreement support code for the facility(s) generating the costs. For example, if a facility's FISP agreement support code indicates the facility is authorized for 75% federal support, the generated costs will be federally supported at 75%.

We reviewed a random sample of 40 expenditures and for two transactions, we found the level of federal support was not accurate according to the FISP agreement support codes for the included facilities. This resulted in known questioned costs of \$1,180 and in likely questioned costs of \$509,544 when total known costs were projected to the population. The department inadvertently used outdated facility agreement support code splits. Without adequate procedures in place to ensure department staff are using up-to-date federal agreement support code splits for facility-related expenditures, the department may request reimbursement for expenditures that should be partially funded with state funds. When the transactions above were brought to management's attention, they promptly made correcting journal entries to the level of federal support.

We recommend department management establish controls to ensure the level of federal support for expenditures is accurately recorded.

MANAGEMENT RESPONSE:

The Oregon Military Department concurs with the finding and recommendation.

The Installations Division has reinstated a process known as the Division of Operational Expenses (DOE). The DOE is updated to reflect the annually certified Facility Installations Stationing Plan (FISP). This annual review codifies federal/state cost shares associated with all National Guard facilities supported through Appendix 1 (Operations & Maintenance). This cost share document serves as the guiding document allowing both the Installation Division and the Financial Administration Division to ensure cost shares are uniformly and consistently applied. The DOE is reviewed and updated by the Planning, Programming and Real Property Branch within the Installations Division and is driven by the

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Facilities Inventory and Support Plan (FISP). The Support Branch within the Installations Division is then responsible to ensuring proper costs splits are included on payment documentation provided to the Financial Administration Division. A copy of the DOE is shared annually with the Financial Administration Division.

Anticipated Completion Date: October 31, 2021

2021-030 Oregon Military Department

Strengthen controls to ensure changes in expenditures requested for reimbursement are sufficiently documented and tracked

Federal Awarding Agency: U.S. Department of Defense
Assistance Listing Number and Name: 12.401 National Guard Military Operations and Maintenance Projects
Federal Award Numbers and Years: W912JV-16-2-1001, 2016; W912JV-18-2-1001, 2018; W912JV-19-2-1002, 2019; W912JV-20-2-1001, 2020; W912JV-20-2-1002, 2020; W912JV-20-2-1021, 2020; W912JV-20-2-1022, 2020; W912JV-21-2-1001, 2021; W912JV-21-2-1003, 2021; W912JV-21-2-1007, 2021; W912JV-21-2-1021, 2021
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency
Prior Year Finding: 2020-030
Questioned Costs: N/A

Criteria: 2 CFR 200.303(a); 2 CFR 200.302(b)

The Oregon Military Department (department) is responsible for establishing controls to ensure federal financial reports include all activity of the reporting period, are supported by applicable accounting records, and are fairly presented in accordance with governing requirements. The department has not implemented sufficient controls to ensure changes in expenditures requested for reimbursement are consistently documented and tracked.

The Operations and Maintenance Master Cooperative Agreement with the National Guard Bureau is separated into appendices that support various program objectives. For example, there are several appendices for operations and maintenance, environmental, and security objectives. The department completes the Request for Advance or Reimbursement (SF-270) reports by appendix to obtain reimbursement for federal expenditures.

As part of the agency's SF-270 review process, some expenditures are determined to be more appropriately requested from a different grant or in the future when federal funds are available for a category of expenditures for which funding is not currently available. Those expenditures are held back

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from the request for future inclusion on an appropriate SF-270 or when the federal funds become available.

We reviewed a random sample of 37 SF-270 reports for state fiscal year 2021. We found that for 18 reports, we were unable to agree the amounts reported for cumulative federal and/or non-federal expenditures to the accounting records. Further inquiry and analysis determined the department does not consistently document and track expenditures held back to be included on a future SF-270. If changes in the included expenditures for a particular request are not adequately documented and tracked, expenditures could remain unreimbursed or be reimbursed inappropriately.

We recommend department management establish controls and procedures to sufficiently document and track changes in expenditures requested for reimbursement on SF-270 reports.

MANAGEMENT RESPONSE:

The Oregon Military Department concurs with the finding and recommendation.

The Financial Administration Division has created a refined tracking tool that will be used uniformly across all Master Cooperative Agreement appendices. The tracking tool will be a useful tool in preparing and reconciling SF-270's, and will also serve as a primary documentation source for future auditing purposes. This document will specifically identify individual expenditures and tie those expenditures to the appropriate SF-270. It will also identify which expenditures were excluded from each particular SF-270. This will provide a robust tracking tool to ensure the Financial Administration Division is able to identify and bill for all associated expenditures, while also ensuring double billing does not occur.

Anticipated Completion Date: July 31, 2022

2021-031 Oregon Department of Fish and Wildlife

Perform consistent inventory and monitoring of capital assets, including real property

Federal Awarding Agency:	U.S. Department of Interior
Assistance Listing Number and Name:	15.605, 15.611, 15.626 Fish and Wildlife Cluster
Federal Award Numbers and Years:	Various; Multiple Years
Compliance Requirement:	Equipment and Real Property Management
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	2020-040
Questioned Costs:	N/A

Criteria: 50 CFR 80.90 (f)

Federal regulations require the department to maintain control of all assets acquired under the Wildlife and Sportfish Restoration (WSFR) grants to ensure they serve the purpose for which acquired throughout their useful life.

In December 2019, the Office of the Inspector General (OIG) issued an audit report on the department's Wildlife and Sport Fish Restoration Program. The audit recommended the department develop and

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implement procedures to ensure supervisors are aware of lands under their supervision and establish a monitoring process to inspect lands regularly for compliance with program requirements.

In response, the department developed a Land Asset Inventory and Monitoring procedure. The new procedure requires an annual land inventory, including a visual inventory of land assets to be performed by the facility or area manager responsible. The department also acquired web-based asset management software (Asset Panda®) to replace the previous system used. Although the agency established the policy and procedure in June 2021 and began converting data into Asset Panda®, we found they have not completed the inventory of capital assets, specifically land and land improvements, and have not begun the visual monitoring of land assets. Additionally, we tested the capital asset inventory process at 11 field locations and found the inventory was not performed in two field locations during FY21.

The department has a decentralized organizational structure where various assets are located across the state. The process of recording all capital assets into Asset Panda® is taking longer than anticipated. The delay is primarily because many of the land assets were acquired many years ago, requiring time-consuming research to find the original documentation needed. This delay led to an incomplete inventory of assets at the end of FY21.

The lack of a complete inventory listing and irregular monitoring of assets could result in assets purchased with WSFR funds being used for purposes other than those for which they were acquired.

We recommend department management ensure the configuration and implementation of the asset management software is completed and an annual physical inventory of all capital assets, including an annual visual inspection (either physically or through the use of satellite imagery) of all land and land improvements is performed.

MANAGEMENT RESPONSE:

The department agrees with the finding.

The Department will ensure a full and comprehensive inventory of all fixed assets and real property are recorded within the asset management system. Any missing land records are to be added using original source documentation and reconciled against available land databases maintained by state and federal entities.

As part of the annual asset inventory, staff will be required to visually inspect any land parcels or acreage owned by the Department. The land inventory may be conducted either in person or through periodic reviews of satellite images.

Anticipated Completion Date: June 30, 2024

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2021-032 Department of Administrative Services

Ensure costs submitted for reimbursement are allowable

Federal Awarding Agency:	U.S. Department of the Treasury
Assistance Listing Number and Name:	21.019 Coronavirus Relief Fund
Federal Award Numbers and Years:	Unknown; 2021
Compliance Requirement:	Activities Allowed or Unallowed
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$3,917,490 (known)

Criteria: Social Security Act Title VI section 601(d)

Federal regulations state that Coronavirus Relief Fund (program) monies are to be used for necessary expenditures incurred due to the public health emergency caused by COVID-19. Federal regulations also allow program monies to be used to cover costs not accounted for in the government's most recently approved budget as of March 27, 2020.

During fiscal year 2021, we reviewed a random sample of 40 program expenditures. We also reviewed six expenditures considered individually significant to the population. The department purchased Microsoft 365 (M365) licenses for state employees totaling \$11.1 million. The department's 2019-2021 budget designated for M365 license purchases was \$5.5 million. License costs totaling \$9.5 million, comprised of two individually significant items, were subsequently reimbursed by the program. Although the expenditures were generally allowable, federal regulations specify the department could only be reimbursed for up to \$5.6 million, which is the difference between total license costs and the amount budgeted. This resulted in known questioned costs for fiscal year 2021 of \$3.9 million.

Department staff stated the accelerated and sudden execution of the license purchases was unplanned and seemingly eligible for reimbursement. However, management did not consider that already budgeted expenditures were not allowable.

We recommend program management strengthen its review process to include consideration of all requirements related to the allowability of expenditures and reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:

We partially agree with this recommendation.

Our plan is to work with the Legislature to shift the questioned expenses off of CRF and onto another revenue source. We would like to point out that this reimbursement process has concluded, and no further reimbursements will occur. In addition, the \$3.9 million will not be sent back to the US Treasury pursuant to US Treasury Office of Inspector General ("US Treasury OIG") FAQ 86b, which allows prime recipients to demonstrate that other eligible expenses incurred qualify as allowable rather than returning CRF initially charged to ineligible expenses. DAS has identified a pool of eligible expenses as

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part of the closeout of CRF, significantly exceeding this \$3.9 million, and after further engagement with the Legislature will apply this \$3.9 million to eligible expenses. The FAQs are dated March 2, 2021 and are publicly available on US Treasury OIG's website.

Anticipated Completion Date: September, 2022

2021-033 Oregon Business Development Department
Strengthen controls to ensure subawards are used for authorized purposes

Federal Awarding Agency: U.S. Department of the Treasury
Assistance Listing Number and Name: 21.019 Coronavirus Relief Fund
Federal Award Numbers and Years: Unknown; 2021
Compliance Requirement: Allowable Costs/Cost Principles; Subrecipient Monitoring
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Finding: N/A
Questioned Costs: \$24,573 (known); \$61,782 (likely)

Criteria: 2 CFR 200.332(d); Federal Register Doc #2021-00827

Federal regulations require pass-through entities ensure subawards are used for authorized purposes. The department provided funding to regional cultural coalitions who made subgrants to affected partners in their respective communities. The department required each entity to submit a final report at the subgrantee level, detailing how funds were spent. Of 34 coalitions, we selected eight for testing, seven by random sample selection and one judgmentally determined to be a significant item.

Of the seven sampled entities, we found all returned complete final reports showing costs were allowable and any unspent funds were returned. The judgmentally selected entity made 179 subgrants, of which 178 subgrantees submitted final reports showing costs were allowable and any unspent funds were returned. The remaining subgrantee did not return a final report and failed to respond to department requests. All funds provided to this subgrantee are questioned costs totaling \$19,291.

The department also made emergency business assistance forgivable loans to 44 cities, counties, and other entities (subrecipients) that in turn made subgrants to eligible businesses. The funds were provided under interim guidance from U.S. Treasury which was not finalized in the Federal Register until January 15, 2021. Per the department's forgivable loan contracts, subrecipients were required to independently verify applications for eligibility requirements, retain documentation, and submit final reports to the department. We randomly selected seven subrecipients to verify businesses met the eligibility requirement of having 25 or fewer employees and that subgrant awards did not exceed the established limits per number of employees. After review of final reports, we requested additional documentation from three subrecipients who could not provide support for the amount of payments to four subgrantees, resulting in known questioned costs of \$5,282. Per department management, due to the volume of the activity and required speed of funding, the department did not have the resources to review final reports for compliance with loan contracts.

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We recommend department management strengthen controls to ensure subawards are used for authorized purposes. We also recommend department management reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:

We generally agree with this recommendation.

Between June 2020 and January 2021, OBDD was allocated \$152M in CRF funds to distribute to small businesses, arts and culture venues, broadband providers, and hospitals in response to the COVID-19 pandemic. Due to the immediate and immense impact the pandemic had on Oregon's businesses and communities, the Legislature required OBDD (and many other state agencies) to deploy multiple new programs in a very limited timeframe, with no additional FTE. In addition, the guidance from the United States Treasury on use of CRF funds was not finalized until January 2022.

Despite these challenges, OBDD staff created new programs, guidelines, and processes to deploy these funds in a timely fashion. A total of \$147M was distributed within 18 months. After the initial influx of CRF dollars were spent, OBDD staff held debriefing sessions with personnel involved in the development and implementation of the programs to identify processes that worked well and identified opportunities for improvement and processing efficiencies that could be incorporated into future programs.

Some of the actions already taken by the agency as we received additional emergency assistance funding, specifically for Commercial Rent Relief (CRF) and Live Venues Support (ARPA), include:

- Requested and secured administrative funding for new programs so appropriate staff could be added to support both the initial deployment of funds, and associated monitoring*
- Requested and secured a more reasonable time line to deploy new program funding to better establish processes for developing program guidelines, processes, and documentation standards*
- OBDD directly administered Round 5 of the COVID-19 Emergency Small Business Assistance funds, Commercial Rent Relief funds, and Live Venue funds, as we recognized many sub-recipients did not have the same capacity or resources of a state agency*
- Delayed distribution of funds until United States Treasury guidance was final (ARPA funded Live Venues program)*
- Made investments in FormAssembly and other technology resources to improve application completeness, and application accuracy, that resulted in streamlining the application review, documentation review, and contracting of awards*
- Created new program development and implementation checklists*

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In addition, OBDD will carefully consider the utilization of forgivable loans vs. grants to sub-recipients with requirements for deliverables, such as final reports, as conditions of forgiveness to ensure funds are spent appropriately.

OBDD will continue to utilize the above strategies as future federal awards are received to ensure adherence to all federal requirements.

OBDD will provide documentation that \$24,573 in questioned costs were allowable or repay the \$24,573 of questioned costs on or before May 31, 2022.

Efforts are underway to work with subrecipients to receive requested documentation. In the case of the Affiliated Tribes of Northwest Indians, their community was disproportionately impacted by COVID-19 and the ice storms of early 2021. Many of their staff were absent due to illness or death in their families. As we have begun to recover from the impacts of COVID-19, OBDD staff is hopeful we will receive the requested documentation.

Anticipated Completion Date: May 31, 2022

2021-034 Oregon Health Authority

Strengthen controls to ensure appropriate subrecipient monitoring is performed timely

Federal Awarding Agency:	U.S. Department of the Treasury
Assistance Listing Number and Name:	21.019 Coronavirus Relief Fund
Federal Award Numbers and Years:	Unknown; 2021
Compliance Requirement:	Allowable Costs/Cost Principles; Subrecipient Monitoring
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$372,002 (known); \$4,222,558 (likely)

Criteria: 2 CFR 200.332(d); Social Security Act Title VI section 601(d); Federal Register, Volume 86, No. 10

Federal regulations state that Coronavirus Relief Fund (program) monies are to be used for necessary expenditures incurred due to the public health emergency caused by COVID-19. Federal regulations require pass-through entities to ensure subawards are used for authorized purposes in compliance with those regulations.

During fiscal year 2021, the department provided program monies to over 400 subrecipients consisting of both government and non-government organizations. We selected a random sample of 25 subrecipients for testing. We also tested one additional subrecipient that we determined was individually significant to the population.

We found the department's monitoring of seven subrecipients did not provide reasonable assurance over program compliance. Program monies were distributed to subrecipients in advance and subrecipients were required to provide the department with periodic expenditure reports. Evidence of

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monitoring was not retained for two of the seven subrecipients in our sample; but after our request the department obtained expenditure documentation from both subrecipients. For six of the seven subrecipients, the expenditure reports included either unallowable indirect costs, unspent subaward monies, or both. At the time of our audit, the department had not requested reimbursement of these costs, resulting in known questioned costs of \$372,002 and likely questioned costs of \$4,222,558 in fiscal year 2021. Although staff monitored subrecipients, testing demonstrated the monitoring did not provide reasonable assurance of program compliance and was not performed timely.

We recommend management strengthen internal controls to ensure appropriate subrecipient monitoring is performed. Specifically, monitoring procedures should be performed timely and should be designed to ensure subrecipients use program monies for allowable purposes. **We also recommend** management seek reimbursement of program monies that were not spent by subrecipients or were used for indirect costs and reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:

OHA agrees with the audit findings.

Finding: Evidence of monitoring not retained

Health Systems Division (HSD) – Behavioral Health Response:

- *HSD is already in the process of developing a more robust grant compliance monitoring process and is currently in the pilot phase. We are currently planning for widespread training and socialization Summer 2022 with continued compliance monitoring on all grants quarterly thereafter. However, the internal compliance team (Governance & Process Improvement – GPI unit) is attempting to acquire dedicated staff for grant monitoring as this team has not grown at the rate of the Behavioral Health teams.*

Finding: Indirect Costs/Unspent monies not reimbursed

HSD – Behavioral Health Response:

- *As of the writing of this response, OHA has received final expenditure reports and recovered \$99,613 in unspent funds from one entity. Since completion of the audit, HSD – Behavioral health, has also confirmed through expenditure reports that the other two entities expended all their funding appropriately*
- *Behavioral health is working statewide to ensure that all county-based CRF reports are submitted, and any unspent funds will be returned to OHA by August 1, 2022. Additionally, OHA will ensure that any unspent funds will be returned to the US Department of Treasury promptly.*

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Public Health Division (PHD) Response:

- *PHD will complete a full analysis of all CRF contracts and posted payments for any errors or miscoding during adjustment requests. PHD has issued settlement letters to CBOs owing funds to OHA during Fall 2021. OHA will ensure that any unspent funds will be returned to the US Department of Treasury promptly*

Anticipated Completion Date: January 2024

2021-035 Oregon Health Authority

Strengthen controls to ensure subaward information is accurately communicated and subrecipient risk is assessed

Federal Awarding Agency:	U.S. Department of the Treasury
Assistance Listing Number and Name:	21.019 Coronavirus Relief Fund
Federal Award Numbers and Years:	Unknown; 2021
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.332(a)(b)

Federal regulations require pass-through entities to communicate subaward information and evaluate each subrecipient's risk of noncompliance with federal statutes and regulations.

During fiscal year 2021, the department provided program monies to over 400 subrecipients consisting of both government and non-government organizations. We selected a random sample of 25 subrecipients for testing. We also tested one additional subrecipient that we determined was individually significant to the population.

We found the department had not communicated all required subaward information to seven of the selected subrecipients. Subaward information is communicated in one of two ways; directly within the subaward, or through inclusion of a link within the subaward directing the subrecipient to the department's website where the required information is documented. However, required information included within the subaward was not always accurate, and provided links did not always direct the subrecipient to the correct website. For example, three subawards reported the Awarding Agency and Assistance Listing Name incorrectly. Department staff stated they were not provided the required information to communicate to the subrecipients. In three additional subawards, a link directed the subrecipient to one of the department's websites, which was not for communicating subaward information. Additionally, one subaward included a link to the correct website but the subaward information was missing from the website. Department staff did not verify that the link included in the subawards was working properly or that all contracts were included on its website.

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Finally, the department did not complete a risk assessment for one of the subrecipients included in our test sample. Management stated this was an oversight.

We recommend management strengthen internal controls to ensure subaward information is accurately communicated to all subrecipients. **We also recommend** management ensure a risk assessment is completed for each subrecipient.

MANAGEMENT RESPONSE:

OHA agrees with the audit findings.

Finding: Inaccurate/incomplete subaward information communicated

HSD – Behavioral Health Response:

- *Corrected the link to subaward information website; created an internal tracking sheet for subrecipients of federal funds and to verify that all required subaward information has been accurately posted.*

Public Health Division Response:

- *The Public Health Division will ensure that subrecipient designations are reviewed and validated as a part of the contract amendment process. Should funds that operate like CRF come to the Public Health Division in the future, necessary grant documentation such as Project Officer name will be collected from DAS in the grant set-up process.*

Health Equity Response:

- *Future awards related for these purposes that have federal funds will provide all appropriate subaward information in communication.*

Finding: Lack of risk assessment

Health Equity Response:

- *Future awards for these purposes that have federal funds will assure that risk assessments are completed as required.*

Anticipated Completion Date: May 1, 2022

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2021-036 Oregon Housing and Community Services

Strengthen controls to ensure subaward information is communicated

Federal Awarding Agency:	U.S. Department of the Treasury
Assistance Listing Number and Name:	21.019 Coronavirus Relief Fund
Federal Award Numbers and Years:	Unknown; 2021
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.332(a)

Federal regulations require pass-through entities ensure every subaward is clearly identified and communicated as a subaward at the time of the subaward and that the communication includes certain required information.

The department uses a master grant agreement federal award exhibit for the purpose of identifying and communicating required subaward information to its subrecipients for most federal programs. The department attaches the federal award exhibits to new master grant agreements, but not to later amendments. We judgmentally selected eight of 18 subrecipients for review and found the department did not utilize this exhibit for any of its 18 Coronavirus Relief Fund subrecipients, as Coronavirus Relief Funds were added to existing agreements through amendments. As a result, the department did not communicate the following to subrecipients: name of federal awarding agency, assistance listing name, federal requirements to be followed identified by code of federal regulation number, subrecipient's unique entity identifier, name of pass-through entity contact, and indicator if award is for research and development.

Subrecipients need complete award information at the time of award to help ensure the federal award is used in accordance with federal statutes and regulations, to assess their need for a single audit, and to prepare and submit an accurate schedule of expenditures of federal awards.

We recommend department management strengthen its existing controls over communications to subrecipients to ensure all required information is communicated.

MANAGEMENT RESPONSE:

The agency agrees with this finding.

OHCS typically receives consistent federal funding throughout the Agreement period and the initial notice of federal award is captured at execution of the Master Grant Agreement. OHCS received unprecedented federal resources and disbursed it within emergency protocols and policies of OHCS.

Although a Notice of Allocation is issued, which states the assistance listing name and identified code of federal regulation number, it does not provide any additional information required. Effective

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immediately, OHCS will strengthen its controls during the Agreement amendment process to ensure federal grant information is communicated as required.

Anticipated Completion Date: May 10, 2022

2021-037 Oregon Housing and Community Services
Discontinue federal subawards to noncompliant subrecipients

Federal Awarding Agency:	U.S. Department of the Treasury
Assistance Listing Number and Name:	21.019 Coronavirus Relief Fund
Federal Award Numbers and Years:	Unknown; 2021
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$4,426 (known); \$415,997 (likely)

Criteria: 2 CFR 200.332(b)(d)

Federal regulations require pass-through entities to evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining appropriate subrecipient monitoring, which includes ensuring subawards are used for authorized purposes in compliance with those regulations.

The department passed-through Coronavirus Relief Funds (CRF) for rental assistance, energy assistance, and safe shelter alternatives to 18 subrecipients. We found that for one of the eight subrecipients judgmentally selected for testing, the department's monitoring efforts would not provide reasonable assurance over program compliance. The subrecipient did not meet the department's expectations in its annual risk assessment, receiving the lowest score, indicating questionable or inadequate program administration. Results of prior fiscal monitoring visits conducted in March 2019 and March 2020 through July 2020 also indicated the subrecipient could not provide adequate documentation to demonstrate program compliance. Regardless, the department continued to follow its monitoring procedures by extending the fiscal period under review and increasing the sample size in the subsequent fiscal review. A summary of the June 2021 fiscal monitoring visit showed the subrecipient had sustained repeat compliance issues since fiscal year 2017 monitoring, including:

- Failure to provide documentation or inadequate documentation
- Failure to cooperate with monitoring activities
- Failure to respond to required actions
- Disallowed costs, including prior year questioned costs that remain past due

The June 2021 monitoring procedures identified known questioned costs of \$4,436 and likely questioned costs of \$415,997 in fiscal year 2021 CRF expenditures. According to department management, Oregon Revised Statute 458.505 states the department shall fully integrate this entity

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into the antipoverty delivery system and provide a minimum level of services and funding for low-income migrant and seasonal workers from the antipoverty programs administered by the department. However, the statute does not dictate the funding source for the services. As the only approved provider for these types of services, the department continued to provide funding to this entity. Department management indicated they have initiated the process to open the network to other subrecipients to serve migrant workers with Oregon House Bill 2100.

We recommend department management continue working with the Oregon legislature to find alternate entities to serve migrant workers, consider non-federal funds for service delivery until the identified subrecipient is compliant with program and monitoring requirements, and reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:

The agency agrees with this finding.

We are currently in the process of addressing next steps with the subrecipient in question and have begun to execute a corrective action plan that is endorsed by our Agency leadership team. This plan includes:

- a. Requesting financial compliance expert and OHCS contractor to provide additional, direct training to the Subgrantee who is noncompliant as a condition of the current awards they receive from OHCS,*
- b. Requesting OHCS local financial auditing and fiscal monitoring firm to review non-compliance findings from past monitoring reports of Subgrantee and determine action taken to date by Subgrantee to remedy the noncompliance issues. The firm will also finalize the draft monitoring report that OHCS completed in 2021 to ensure consistent and clear processes are in place.*
- c. Not releasing additional funding for services to Subgrantee in question until a) and b) have been addressed and corrective action validated, and*
- d. OHCS will impose a prohibition on Subrecipients for this Subgrantee as a condition of the grant agreement to ensure a subrecipient monitoring program is operational until Subgrantee complies with a) and b) above. Subrecipient monitoring has been identified as a significant area of noncompliance for this Subgrantee.*

Anticipated Completion Date: August 31, 2022

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Federal Awards
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June 30, 2021**

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
Department of Agriculture					
10.001	Agricultural Research Basic and Applied Research		\$ -	\$ 140,257	\$ 140,257
10.025	Plant and Animal Disease, Pest Control, and Animal Care		6,250	2,437,965	
	Pass Through From: Oregon State University	4575900000000		6,711	
	<i>Total 10.025</i>				2,450,926
10.069	Conservation Reserve Program		441,000	-	441,000
10.093	Voluntary Public Access and Habitat Incentive Program		-	71,638	71,638
10.156	Federal-State Marketing Improvement Program		56,470	-	56,470
10.170	Specialty Crop Block Grant Program - Farm Bill		1,689,272	256,675	1,945,947
10.171	Organic Certification Cost Share Programs		-	81,494	81,494
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds		380,000	-	380,000
10.290	Agricultural Market and Economic Research		-	-	
	Pass Through From: University of Idaho	1826000945000		6,811	
	<i>Total 10.290</i>				6,811
10.534	CACFP Meal Service Training Grants		-	16,920	16,920
10.541	Child Nutrition - Technology Innovation Grant		-	36,966	36,966
10.545	Farmers' Market Supplemental Nutrition Assistance Program Support Grants		-	43,221	43,221
10.557	COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants,		-	1,005,009	1,005,009
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		16,546,295	34,682,314	51,228,609
10.558	COVID-19 Child and Adult Care Food Program		1,765,802	-	1,765,802
10.558	Child and Adult Care Food Program		31,859,990	527,430	32,387,420
10.560	State Administrative Expenses for Child Nutrition		-	3,768,148	3,768,148
10.575	Farm to School Grant Program		1,787	-	1,787
10.576	Senior Farmers Market Nutrition Program		-	714,153	714,153
10.578	WIC Grants to States (WGS)		-	372,451	372,451
10.582	Fresh Fruit and Vegetable Program		1,916,600	32,737	1,949,337
10.649	COVID-19 Pandemic EBT Administrative Costs		-	8,630	8,630
10.664	Cooperative Forestry Assistance		130,609	4,568,300	4,698,909
10.674	Wood Utilization Assistance		-	84,161	84,161
10.676	Forest Legacy Program		-	139,112	139,112
10.678	Forest Stewardship Program		-	22,080	22,080

The accompanying notes are an integral part of this schedule.

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
10.680	Forest Health Protection		-	952,650	952,650
10.691	Good Neighbor Authority		-	866,934	866,934
10.697	State & Private Forestry Hazardous Fuel Reduction Program		-	151,195	151,195
10.902	Soil and Water Conservation		-	779,784	
	Pass Through From: American Forest Foundation	15212351240		317,355	
	<i>Total 10.902</i>			<u>317,355</u>	1,097,139
10.912	Environmental Quality Incentives Program		650,381	226,612	876,993
10.U01	17GN11061600024		-	8,264	8,264
10.U02	20GN11061800033		-	15,952	15,952
10.U03	NR200436XXXXC008		-	274,384	274,384
10.U04	WRP66043617015		-	1,260	1,260
SNAP Cluster					
10.551	COVID-19 Supplemental Nutrition Assistance Program		\$ -	\$ 255,726,282	\$ 255,726,282
10.551	Supplemental Nutrition Assistance Program		-	1,520,181,060	1,520,181,060
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance		7,363,628	123,056,230	130,419,858
Total SNAP Cluster			<u>\$ 7,363,628</u>	<u>\$ 1,898,963,572</u>	<u>\$ 1,906,327,200</u>
Child Nutrition Cluster					
10.553	COVID-19 School Breakfast Program		\$ 72,641	\$ -	\$ 72,641
10.553	School Breakfast Program		10,871,812	294,087	11,165,899
10.555	COVID-19 National School Lunch Program		108,643	-	108,643
10.555	National School Lunch Program		35,430,490	654,908	36,085,398
10.556	COVID-19 Special Milk Program for Children		243	-	243
10.556	Special Milk Program for Children		5,199	-	5,199
10.559	COVID-19 Summer Food Service Program for Children		7,973,300	-	7,973,300
10.559	Summer Food Service Program for Children		127,107,444	403,092	127,510,536
10.579	Child Nutrition Discretionary Grants Limited Availability		121,084	9,405	130,489
Total Child Nutrition Cluster			<u>\$ 181,690,856</u>	<u>\$ 1,361,492</u>	<u>\$ 183,052,348</u>

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State of Oregon
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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
Food Distribution Cluster					
10.565	Commodity Supplemental Food Program		\$ 815,308	\$ -	\$ 815,308
10.568	COVID-19 Emergency Food Assistance Program (Administrative Costs)		3,218,577	-	3,218,577
10.568	Emergency Food Assistance Program (Administrative Costs)		2,835,934	1,241	2,837,175
10.569	Emergency Food Assistance Program (Food Commodities)		13,605,819	-	13,605,819
Total Food Distribution Cluster			\$ 20,475,638	\$ 1,241	\$ 20,476,879
Total Department of Agriculture			\$ 264,974,578	\$ 1,952,943,878	\$ 2,217,918,456
Department of Commerce					
11.012	Integrated Ocean Observing System (IOOS) Pass Through From: University of Washington <i>Total 11.012</i>	1916001537	\$ -	\$ 15,356 62,883	\$ 78,239
11.407	Interjurisdictional Fisheries Act of 1986 Pass Through From: Pacific States Marine Fish Com <i>Total 11.407</i>	936002376	-	41,901 218,668	260,569
11.419	Coastal Zone Management Administration Awards Pass Through From: University of Oregon <i>Total 11.419</i>	1464727800	6,000	1,879,795 1,798	1,887,593
11.420	Coastal Zone Management Estuarine Research Reserves		-	954,221	954,221
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program		-	(3,303)	(3,303)
11.436	Columbia River Fisheries Development Program		-	6,991,184	6,991,184
11.437	Pacific Fisheries Data Program Pass Through From: Pacific States Marine Fish Com <i>Total 11.437</i>	936002376	-	305,530 1,140,387	1,445,917
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program Pass Through From: Pacific Salmon Commission <i>Total 11.438</i>	9909840528	9,423,840	11,360,702 30,349	20,814,891

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
11.439	Marine Mammal Data Program		-	38,239	
	Pass Through From: Pacific States Marine Fish Com	936002376		130,167	
	<i>Total 11.439</i>				168,406
11.441	Regional Fishery Management Councils		-	79,605	
	Pass Through From: North Pacific Fishery Mgmt Con	920060367		268,452	
	Pass Through From: Pacific Fishery Mgmt Council	910982918		34,913	
	<i>Total 11.441</i>				382,970
11.467	Meteorologic and Hydrologic Modernization Development		-	453,505	453,505
11.472	Unallied Science Program		-	84,104	84,104
11.473	Office for Coastal Management		5,150	160,364	165,514
11.478	Center for Sponsored Coastal Ocean Research Coastal Ocean Program		-	97,510	97,510
11.999	Marine Debris Program		-	34,789	34,789
11.U01	1305M318PNFFS0231		-	(2,493)	(2,493)
Economic Development Cluster					
11.307	COVID-19 Economic Adjustment Assistance		\$ 528,350	\$ 98,899	\$ 627,249
11.307	Economic Adjustment Assistance		-	9,047,495	9,047,495
Total Economic Development Cluster			\$ 528,350	\$ 9,146,394	\$ 9,674,744
Total Department of Commerce			\$ 9,963,340	\$ 33,525,020	\$ 43,488,360
Department of Defense					
12.106	Flood Control Projects		\$ 23,570	-	\$ 23,570
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services		-	25,560	25,560
12.400	Military Construction, National Guard		-	12,340,091	12,340,091
12.401	National Guard Military Operations and Maintenance (O&M) Projects		-	60,834,034	60,834,034
12.404	National Guard ChalleNGe Program		-	6,789,383	6,789,383
12.610	Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies		-	50,143	50,143
12.U01	1000		-	646,105	646,105
12.U02	1000		-	(646,105)	(646,105)

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12.U03	21130P Pass Through From: Pacific States Marine Fish Com <i>Total 12.U03</i>	936002376	-	15,592 344,667	360,259
12.U04	W911SR1320002		-	171	171
12.U05	W9127N1320002		-	(5,338)	(5,338)
12.U06	W9127N14200090005		-	(11,154)	(11,154)
Total Department of Defense			\$ 23,570	\$ 80,383,149	\$ 80,406,719
Department of Housing and Urban Development					
14.228	COVID-19 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		\$ 2,362	\$ 9,719	\$ 12,081
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		15,101,992	301,465	15,403,457
14.231	COVID-19 Emergency Solutions Grant Program		6,270,596	677,702	6,948,298
14.231	Emergency Solutions Grant Program		1,546,237	97,853	1,644,090
14.239	Home Investment Partnerships Program		1,683,943	6,972,607	8,656,550
14.241	COVID-19 Housing Opportunities for Persons with AIDS		-	162,857	162,857
14.241	Housing Opportunities for Persons with AIDS		-	1,601,236	1,601,236
14.256	ARRA - Neighborhood Stabilization Program		-	11,850	11,850
14.275	Housing Trust Fund		-	6,078,634	6,078,634
14.326	Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities		-	44,369	44,369
14.U01	B08DN410001		37,650	20,002	57,652
Total Department of Housing and Urban Development			\$ 24,642,780	\$ 15,978,294	\$ 40,621,074
Department of the Interior					
15.035	Forestry on Indian Lands		\$ -	\$ 40,736	\$ 40,736
15.214	Non-Sale Disposals of Mineral Material		45,911	-	45,911
15.223	Recreation and Visitor Services		-	352,827	352,827
15.227	Distribution of Receipts to State and Local Governments Pass Through From: Benton County <i>Total 15.227</i>	1936002285	-	-	(133)
15.228	BLM Fuels Management and Community Fire Assistance Program Activities		-	31,566	31,566

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
15.230	Invasive and Noxious Plant Management		-	168,476	168,476
15.231	Fish, Wildlife and Plant Conservation Resource Management		-	158,877	158,877
15.233	Forests and Woodlands Resource Management		-	8,330	8,330
15.234	Secure Rural Schools and Community Self-Determination		-	1,768	
	Pass Through From: Josephine County	1936002300		<u>31,720</u>	
	<i>Total 15.234</i>				33,488
15.244	Fisheries and Aquatic Resources Management		156,312	123,481	279,793
15.245	Plant Conservation and Restoration Management		-	22,474	22,474
15.247	Wildlife Resource Management		-	635,958	635,958
15.517	Fish and Wildlife Coordination Act		16,670	28,468	45,138
15.608	Fish and Wildlife Management Assistance		-	4,500	4,500
15.614	Coastal Wetlands Planning, Protection and Restoration		54,285	3,887	58,172
15.615	Cooperative Endangered Species Conservation Fund		-	1,403,117	1,403,117
15.616	Clean Vessel Act		327,937	57,492	385,429
15.622	Sportfishing and Boating Safety Act		371,056	-	371,056
15.630	Coastal		-	977	977
15.634	State Wildlife Grants		-	1,577,627	
	Pass Through From: Center for Natural Lands Management	680233573		<u>10,240</u>	
	<i>Total 15.634</i>				1,587,867
15.653	National Outreach and Communication		-	-	
	Pass Through From: Recreational Boating and Fishing Foundation	541915490		<u>8,250</u>	
	<i>Total 15.653</i>				8,250
15.657	Endangered Species Conservation - Recovery Implementation Funds		56,334	516,741	573,075
15.661	Lower Snake River Compensation Plan		-	4,097,771	4,097,771
15.666	Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention		146,538	-	146,538
15.807	Earthquake Hazards Program Assistance		-	(441)	
	Pass Through From: University of Oregon	1464727800		<u>9,333</u>	
	<i>Total 15.807</i>				8,892

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
15.808	U.S. Geological Survey Research and Data Collection		-	93,751	93,751
15.810	National Cooperative Geologic Mapping		-	163,175	163,175
15.814	National Geological and Geophysical Data Preservation		-	4,012	4,012
15.817	National Geospatial Program: Building the National Map		-	751,111	751,111
15.904	Historic Preservation Fund Grants-In-Aid		327,993	1,011,170	1,339,163
15.916	Outdoor Recreation Acquisition, Development and Planning		285,192	665,173	950,365
15.U01	4012020		-	2,277	2,277
15.U02	632171909		-	(15,966)	(15,966)
15.U03	BANGSIPA		-	15,244	15,244
15.U04	F19AC00282		-	34,049	34,049
15.U05	FHWA110120		-	(2,045)	(2,045)
15.U06	FHWA110120 001275		-	2,045	2,045
15.U07	L09AC16024L14AC00034		-	49,390	49,390
15.U08	R18AP00012		-	169,336	169,336
15.U09	R18AP00041		-	33,316	33,316
15.U10	R20AP00308		-	5,661	5,661
Fish and Wildlife Cluster					
15.605	Sport Fish Restoration		\$ 128,532	\$ 7,792,271	\$ 7,920,803
15.611	Wildlife Restoration and Basic Hunter Education		-	17,191,767	17,191,767
15.626	Enhanced Hunter Education and Safety		6,430	20,657	27,087
Total Fish and Wildlife Cluster			\$ 134,962	\$ 25,004,695	\$ 25,139,657
Total Department of the Interior			\$ 1,923,190	\$ 37,280,436	\$ 39,203,626
Department of Justice					
16.017	Sexual Assault Services Formula Program		\$ 433,690	\$ 26,563	\$ 460,253
16.034	COVID-19 Coronavirus Emergency Supplemental Funding Program		5,820,261	672,529	6,492,790
16.034	Coronavirus Emergency Supplemental Funding Program		-	22,728	22,728
16.320	Services for Trafficking Victims		67,104	123,123	190,227
16.540	Juvenile Justice and Delinquency Prevention		68,252	316,184	384,436
16.543	Missing Children's Assistance		-	491,993	491,993
16.550	State Justice Statistics Program for Statistical Analysis Centers		-	246,027	246,027
16.575	Crime Victim Assistance		26,976,399	1,310,102	28,286,501
16.576	Crime Victim Compensation		-	1,095,361	1,095,361

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16.582	Crime Victim Assistance/Discretionary Grants		157,497	11,412	168,909
16.585	Drug Court Discretionary Grant Program		-	95,001	
	Pass Through From: Harney County	1023		8,756	
	Pass Through From: Josephine County	1018		35,681	
	<i>Total 16.585</i>				139,438
16.588	Violence Against Women Formula Grants		1,624,629	260,175	1,884,804
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		-	-	
	Pass Through From: Clackamas Women's Services	1045		75,629	
	<i>Total 16.590</i>				75,629
16.593	Residential Substance Abuse Treatment for State Prisoners		-	23	23
16.595	Community Capacity Development Office		-	113,125	113,125
16.735	PREA Program: Strategic Support for PREA Implementation		-	23,565	23,565
16.738	Edward Byrne Memorial Justice Assistance Grant Program		251,339	58,300	
	Pass Through From: Multnomah County	1020		77,629	
	<i>Total 16.738</i>				387,268
16.741	DNA Backlog Reduction Program		-	727,698	727,698
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		-	27,618	27,618
16.750	Support for Adam Walsh Act Implementation Grant Program		-	118,986	118,986
16.754	Harold Rogers Prescription Drug Monitoring Program		-	110,715	110,715
16.813	NICS Act Record Improvement Program		-	1,330,052	1,330,052
16.816	John R. Justice Prosecutors and Defenders Incentive Act		-	2,931	2,931
16.827	Justice Reinvestment Initiative		234,631	8,802	243,433
16.922	Equitable Sharing Program		-	65	65
16.U01	2018IGBX0005		-	217,206	217,206
Total Department of Justice			\$ 35,633,802	\$ 7,607,979	\$ 43,241,781
Department of Labor					
17.002	Labor Force Statistics		\$ -	\$ 1,381,110	\$ 1,381,110

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
17.005	Compensation and Working Conditions		79	163,101	163,180
17.225	ARRA - Unemployment Insurance		-	(384,549)	(384,549)
17.225	COVID-19 Unemployment Insurance		-	3,989,273,484	3,989,273,484
17.225	Unemployment Insurance		-	1,447,722,945	1,447,722,945
17.235	Senior Community Service Employment Program		1,209,174	31,508	1,240,682
17.245	Trade Adjustment Assistance		-	12,323,053	12,323,053
17.268	H-1B Job Training Grants		238,419	176,253	414,672
17.271	Work Opportunity Tax Credit Program (WOTC)		-	421,931	421,931
17.273	Temporary Labor Certification for Foreign Workers		-	300,610	300,610
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants		4,558,062	82,212	
	Pass Through From: Chemeketa Community College	13000		44,202	
	<i>Total 17.277</i>				4,684,476
17.285	Apprenticeship USA Grants		386,917	676,421	1,063,338
17.503	Occupational Safety and Health State Program		-	6,791,069	6,791,069
Employment Service Cluster					
17.207	Employment Service/Wagner-Peyser Funded Activities		\$ -	\$ 999,442	\$ 999,442
17.801	Disabled Veterans' Outreach Program (DVOP)		-	3,030,977	3,030,977
Total Employment Service Cluster			\$ -	\$ 4,030,419	\$ 4,030,419
WIOA Cluster					
17.258	WIOA Adult Program		\$ 7,304,059	\$ 1,677,637	
	Pass Through From: Worksystems Inc	37000		203,162	
	<i>Total 17.258</i>				9,184,858
17.259	WIOA Youth Activities		8,845,986	1,011,920	9,857,906
17.278	WIOA Dislocated Worker Formula Grants		9,055,657	2,682,263	
	Pass Through From: Worksystems Inc	37000		257,167	
	<i>Total 17.278</i>				11,995,087
Total WIOA Cluster			\$ 25,205,702	\$ 5,832,149	\$ 31,037,851
Total Department of Labor			\$ 31,598,353	\$ 5,468,865,918	\$ 5,500,464,271

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Department of Transportation					
20.106	Airport Improvement Program		\$ -	\$ 1,950,874	\$ 1,950,874
20.200	Highway Research and Development Program		212,353	-	212,353
20.301	Railroad Safety		-	1,808	1,808
20.319	ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants		4,836	103,349	108,185
20.321	Railroad Safety Technology Grants		-	215,981	215,981
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research		20,750	15,535	36,285
20.509	COVID-19 Formula Grants for Rural Areas and Tribal Transit Program		12,957,249	462,103	13,419,352
20.509	Formula Grants for Rural Areas and Tribal Transit Program		9,700,144	4,713,658	14,413,802
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program		-	18,876	18,876
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		179,505	546,385	725,890
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements		-	363,482	363,482
20.700	Pipeline Safety Program State Base Grant		-	675,050	675,050
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		100,615	14,490	115,105
Highway Planning and Construction Cluster					
20.205	Highway Planning and Construction		\$ 42,816,216	\$ 418,165,145	
	Pass Through From: Oregon State University	1611730890		125	
	Total 20.205			<u>125</u>	460,981,486
20.219	Recreational Trails Program		961,265	123,662	1,084,927
20.224	Federal Lands Access Program		-	65,422	65,422
Total Highway Planning and Construction Cluster			\$ 43,777,481	\$ 418,354,354	\$ 462,131,835
Federal Transit Cluster					
20.526	Bus and Bus Facilities Formula Program		\$ 1,355,650	\$ 45,718	\$ 1,401,368
Total Federal Transit Cluster			\$ 1,355,650	\$ 45,718	\$ 1,401,368
FMCSA Cluster					
20.218	National Motor Carrier Safety Assistance		\$ -	\$ 1,667,984	\$ 1,667,984
Total FMCSA Cluster			\$ -	\$ 1,667,984	\$ 1,667,984

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Highway Safety Cluster					
20.600	State and Community Highway Safety		\$ 756,639	\$ 1,689,335	\$ 2,445,974
20.611	Incentive Grant Program to Prohibit Racial Profiling		440,758	440,758	881,516
20.616	National Priority Safety Programs		1,242,171	3,147,117	4,389,288
Total Highway Safety Cluster			\$ 2,439,568	\$ 5,277,210	\$ 7,716,778
Transit Services Programs Cluster					
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities		\$ 12,368,056	\$ 3,432,019	\$ 15,800,075
Total Transit Services Programs Cluster			\$ 12,368,056	\$ 3,432,019	\$ 15,800,075
Total Department of Transportation			\$ 83,116,207	\$ 437,858,876	\$ 520,975,083
Department of the Treasury					
21.016	Equitable Sharing		\$ -	\$ 34,017	\$ 34,017
21.019	COVID-19 Coronavirus Relief Fund		666,531,645	472,921,424	1,139,453,069
21.023	COVID-19 Emergency Rental Assistance Program		5,384,272	1,251,948	6,636,220
21.026	Homeowner Assistance Fund		-	64,105	64,105
21.U01	ASSET FORFEITURE		-	65	65
Total Department of the Treasury			\$ 671,915,917	\$ 474,271,559	\$ 1,146,187,476
Equal Employment Opportunity Commission					
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964		\$ -	\$ 577,967	\$ 577,967
Total Equal Employment Opportunity Commission			\$ -	\$ 577,967	\$ 577,967
General Services Administration					
39.002	Disposal of Federal Surplus Real Property		\$ 45,626	\$ -	\$ 45,626
39.003	Donation of Federal Surplus Personal Property		1,206,971	246,254	1,453,225
Total General Services Administration			\$ 1,252,597	\$ 246,254	\$ 1,498,851
National Endowment for the Arts					
45.025	COVID-19 Promotion of the Arts Partnership Agreements		\$ 156,757	\$ 50,000	\$ 206,757
45.025	Promotion of the Arts Partnership Agreements		737,360	28,072	765,432
Total National Endowment for the Arts			\$ 894,117	\$ 78,072	\$ 972,189

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Institute of Museum and Library Services					
45.310	COVID-19 Grants to States		\$ 368,708	\$ 73,900	\$ 442,608
45.310	Grants to States		1,022,960	1,554,235	2,577,195
Total Institute of Museum and Library Services			\$ 1,391,668	\$ 1,628,135	\$ 3,019,803
Small Business Administration					
59.061	State Trade Expansion		\$ 88,564	\$ 8,795	\$ 97,359
Total Small Business Administration			\$ 88,564	\$ 8,795	\$ 97,359
Department of Veterans Affairs					
64.005	Grants to States for Construction of State Home Facilities		\$ -	\$ 2,564,064	\$ 2,564,064
64.015	COVID-19 Veterans State Nursing Home Care		-	1,059,481	1,059,481
64.015	Veterans State Nursing Home Care		-	21,954,816	21,954,816
64.035	Veterans Transportation Program		465,125	51,707	516,832
Total Department of Veterans Affairs			\$ 465,125	\$ 25,630,068	\$ 26,095,193
Environmental Protection Agency					
66.032	State Indoor Radon Grants		\$ -	\$ 54,862	\$ 54,862
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		44,141	1,037,202	1,081,343
66.040	State Clean Diesel Grant Program		399,580	204,030	603,610
66.204	Multipurpose Grants to States and Tribes		54,639	5,463	60,102
66.432	State Public Water System Supervision		-	2,298,280	2,298,280
66.444	Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))		-	1,888	1,888
66.454	Water Quality Management Planning		-	181,737	181,737
66.460	Nonpoint Source Implementation Grants		306,117	7,137	313,254
66.461	Regional Wetland Program Development Grants		-	48,790	48,790
66.472	Beach Monitoring and Notification Program Implementation Grants		-	232,178	232,178
66.605	Performance Partnership Grants		-	6,420,530	6,420,530
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		-	111,669	111,669
66.700	Consolidated Pesticide Enforcement Cooperative Agreements		-	495,842	495,842
66.708	Pollution Prevention Grants Program		112,186	109,687	221,873

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		-	506,297	506,297
66.804	Underground Storage Tank Prevention, Detection and Compliance Program		-	408,089	408,089
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program		-	987,902	987,902
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements		-	109,527	109,527
66.817	State and Tribal Response Program Grants		-	901,426	901,426
66.818	Brownfields Assessment and Cleanup Cooperative Agreements		200,000	21,221	221,221
Clean Water State Revolving Fund Cluster					
66.458	Capitalization Grants for Clean Water State Revolving Funds		\$ 17,233,920	\$ -	\$ 17,233,920
Total Clean Water State Revolving Fund Cluster			\$ 17,233,920	\$ -	\$ 17,233,920
Drinking Water State Revolving Fund Cluster					
66.468	Capitalization Grants for Drinking Water State Revolving Funds		\$ 9,827,570	\$ 4,695,943	\$ 14,523,513
Total Drinking Water State Revolving Fund Cluster			\$ 9,827,570	\$ 4,695,943	\$ 14,523,513
Total Environmental Protection Agency			\$ 28,178,153	\$ 18,839,700	\$ 47,017,853
Department of Energy					
81.041	State Energy Program		\$ -	\$ 759,192	\$ 759,192
81.042	Weatherization Assistance for Low-Income Persons		2,211,044	410,044	2,621,088
81.104	Environmental Remediation and Waste Processing and Disposal		-	4,079	4,079
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions		-	-	
	Pass Through From: Western Governor's Alliance	45		75,496	
	<i>Total 81.106</i>				75,496
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance		153,375	513,927	
	Pass Through From: Washington State University	103		1,521	
	Pass Through From: WA State Dept of Commerce	6000		6,000	
	<i>Total 81.117</i>				674,823
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis		16,800	944,431	961,231

The accompanying notes are an integral part of this schedule.

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81.U01	83358		1,193,135	210,295	1,403,430
81.U02	20120068576		-	461	
	Pass Through From: National Fish and Wildlife Foundation	521384139		1,647	
	<i>Total 81.U02</i>				2,108
81.U03	19136G		-	265	
	Pass Through From: Pacific States Marine Fish Com	936002376		324	
	<i>Total 81.U03</i>				589
81.U04	2021G		-	83,232	
	Pass Through From: Pacific States Marine Fish Com	936002376		297,245	
	<i>Total 81.U06</i>				380,477
81.U05	21084G		-	18,196	
	Pass Through From: Pacific States Marine Fish Com	936002376		80,170	
	<i>Total 81.U04</i>				98,366
81.U06	21085G		-	4,605	
	Pass Through From: Pacific States Marine Fish Com	936002376		16,446	
	<i>Total 81.U06</i>				21,051
81.U07	21104G		-	6,448	
	Pass Through From: Pacific States Marine Fish Com	936002376		23,029	
	<i>Total 81.U07</i>				29,477
81.U08	21121G		-	38,146	
	Pass Through From: Pacific States Marine Fish Com	936002376		197,624	
	<i>Total 81.U08</i>				235,770
81.U09	21126G		-	79,546	
	Pass Through From: Pacific States Marine Fish Com	936002376		310,887	
	<i>Total 81.U09</i>				390,433

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81.U10	21136G Pass Through From: Pacific States Marine Fish Com <i>Total 81.U10</i>	936002376	-	186,403 <hr/> 668,423	 854,826
81.U11	4020002021 Pass Through From: Confed Tribes Umatilla Indian <i>Total 81.U11</i>	930624734	-	1,345 <hr/> 4,928	 6,273
81.U12	74313REL47		-	16,832	16,832
81.U13	74313REL67		-	1,251,387	1,251,387
81.U14	74313REL78		-	63,871	63,871
81.U15	74313REL79		-	93,508	93,508
81.U16	74313REL80		-	1,041,745	1,041,745
81.U17	74313REL81		-	1,328,830	1,328,830
81.U18	74313REL82		-	1,048,581	1,048,581
81.U19	74313REL83		-	155,187	155,187
81.U20	74313REL84		-	167,966	167,966
81.U21	74313REL85		-	379,039	379,039
81.U22	74313REL86		-	143,962	143,962
81.U23	74313REL87		-	531,458	531,458
81.U24	74313REL88		-	637,939	637,939
81.U25	74313REL90		-	1,262,345	1,262,345
81.U26	74313REL91		-	1,195,000	1,195,000
81.U27	74313REL92		-	505,917	505,917
81.U28	74313REL93		-	77,796	77,796
81.U29	74313REL94		-	923,706	923,706
81.U30	74313REL95		-	527,132	527,132
81.U31	74313REL96		-	161,027	161,027
81.U32	74313REL97		-	549,509	549,509
81.U33	74313REL98		-	130,918	130,918
81.U34	74313REL99		-	1,136,001	1,136,001

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81.U35	T1940120 Pass Through From: Confed Tribes Umatilla Indian <i>Total 81.U35</i>	930624734	-	5,317 <u>26,743</u>	32,060
Total Department of Energy			\$ 3,574,354	\$ 18,306,071	\$ 21,880,425
Department of Education					
84.002	Adult Education - Basic Grants to States		\$ 5,353,302	\$ 1,041,298	\$ 6,394,600
84.010	Title I Grants to Local Educational Agencies		135,651,245	1,982,951	137,634,196
84.011	Migrant Education State Grant Program		18,959,138	2,132,564	21,091,702
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth		1,820,557	-	1,820,557
84.048	COVID-19 Career and Technical Education -- Basic Grants to States		-	9,742	9,742
84.048	Career and Technical Education -- Basic Grants to States		13,292,749	1,749,135	15,041,884
84.051	Career and Technical Education -- National Programs		52,526	39,475	92,001
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States		1,314,006	48,242,690	49,556,696
84.144	Migrant Education Coordination Program		-	18,500	18,500
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind		-	489,841	489,841
84.181	Special Education-Grants for Infants and Families		6,273,076	346,295	6,619,371
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs		-	831,910	831,910
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities		-	258,810	258,810
84.196	Education for Homeless Children and Youth		552,936	134,735	687,671
84.282	Charter Schools		1,209,278	-	1,209,278
84.287	Twenty-First Century Community Learning Centers		7,368,559	248,700	7,617,259
84.323	Special Education - State Personnel Development		1,027,315	136,442	1,163,757
84.358	Rural Education		816,782	36,740	853,522
84.365	English Language Acquisition State Grants		5,435,337	304,935	5,740,272
84.367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)		16,921,198	290,206	17,211,404
84.369	Grants for State Assessments and Related Activities		-	6,092,383	6,092,383
84.377	School Improvement Grants		2,297,834	14,066	2,311,900
84.424	Student Support and Academic Enrichment Program		9,145,395	226,242	9,371,637
84.426	Randolph-Sheppard - Financial Relief and Restoration Payments		-	181,303	181,303
84.U01	83621		-	6,658	6,658

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84.U02	86155		-	46,111	46,111
84.U03	91990020C0021		-	178,973	178,973
84.U04	EDIES14C0097		-	(45)	(45)
Education Stabilization Fund (ESF)					
84.425C	COVID-19 Governor's Emergency Education Relief (GEER) Fund		\$ 19,544,940	\$ 613,153	\$ 20,158,093
84.425D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund		160,384,077	1,705,211	162,089,288
84.425R	COVID-19 Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS) program			2,856,653	2,856,653
84.425U	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)		4,845,373		4,845,373
Total Education Stabilization Fund (ESF)			\$ 184,774,390	\$ 5,175,017	\$ 189,949,407
Special Education Cluster (IDEA)					
84.027	Special Education Grants to States		\$ 120,786,637	\$ 5,843,396	\$ 126,630,033
84.173	Special Education Preschool Grants		3,087,401	333,703	3,421,104
Total Special Education Cluster (IDEA)			\$ 123,874,038	\$ 6,177,099	\$ 130,051,137
Total Department of Education			\$ 536,139,661	\$ 76,392,776	\$ 612,532,437
Elections Assistance Commission					
90.401	Help America Vote Act Requirements Payments		\$ -	\$ 1,220,855	\$ 1,220,855
90.404	2018 HAVA Election Security Grants		685,262	-	685,262
Total Elections Assistance Commission			\$ 685,262	\$ 1,220,855	\$ 1,906,117
Department of Health and Human Services					
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		\$ 47,880	\$ -	\$ 47,880
93.042	COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		-	195,006	195,006
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		-	204,352	204,352
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		291,946	-	291,946
93.048	COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		-	338,603	338,603
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		204,519	698,848	903,367

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.051	Alzheimer's Disease Demonstration Grants to States		(17,605)	5,566	(12,039)
93.052	COVID-19 National Family Caregiver Support, Title III, Part E		719,766	3	719,769
93.052	National Family Caregiver Support, Title III, Part E		1,963,266	155,519	2,118,785
93.066	State Vital Statistics Improvement Program		-	394,245	394,245
93.069	Public Health Emergency Preparedness		3,007,910	2,655,431	5,663,341
93.070	Environmental Public Health and Emergency Response		(317)	1,308,737	1,308,420
93.071	Medicare Enrollment Assistance Program		303,057	8,713	311,770
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance		47,268	51,844	99,112
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance		-	1,949	
	Pass Through From: Multnomah County	40000000010		(17)	
	<i>Total 93.079</i>				1,932
93.082	Sodium Reduction in Communities		-	399,811	399,811
93.090	COVID-19 Guardianship Assistance		-	1,081,409	1,081,409
93.090	Guardianship Assistance		-	9,174,887	9,174,887
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		170,000	222,023	392,023
93.103	Food and Drug Administration Research		37,500	628,149	665,649
93.110	Maternal and Child Health Federal Consolidated Programs		-	92,563	92,563
93.113	Environmental Health		-	-	
	Pass Through From: Oregon State University	1000000000000		6,270	
	<i>Total 93.113</i>				6,270
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		-	618,950	618,950
93.127	Emergency Medical Services for Children		-	130,415	130,415
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		-	169,810	169,810
93.136	COVID-19 Injury Prevention and Control Research and State and Community Based Programs		43,861	141,593	185,454
93.136	Injury Prevention and Control Research and State and Community Based Programs		637,062	3,518,673	
	Pass Through From: Oregon Health & Science University	237083114		31,212	
	<i>Total 93.136</i>				4,186,947

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93.150	Projects for Assistance in Transition from Homelessness (PATH)		503,984	27,052	531,036
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		-	270,712	270,712
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program		-	569,009	569,009
93.236	Grants to States to Support Oral Health Workforce Activities		-	336,139	336,139
93.240	COVID-19 State Capacity Building		-	8,088	8,088
93.240	State Capacity Building		-	421,678	421,678
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance		2,952,278	390,149	
	Pass Through From: Benton County	1025		24,065	
	<i>Total 93.243</i>			<u> </u>	3,366,492
93.251	Universal Newborn Hearing Screening		6,315	213,095	219,410
93.262	Occupational Safety and Health Program		312,139	173,646	485,785
93.268	COVID-19 Immunization Cooperative Agreements		19,153,002	2,816,600	21,969,602
93.268	Immunization Cooperative Agreements		1,085,760	48,362,388	49,448,148
93.270	Viral Hepatitis Prevention and Control		44,684	396,559	441,243
93.279	Drug Abuse and Addiction Research Programs		-	-	
	Pass Through From: Oregon Health Sciences University	20000000011		20,545	
	<i>Total 93.279</i>			<u> </u>	20,545
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance		-	122,313	122,313
93.305	PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)		-	11,726	11,726
93.317	COVID-19 Emerging Infections Programs		483,562	822,598	1,306,160
93.317	Emerging Infections Programs		132,983	2,198,970	2,331,953
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		87,883,100	19,796,601	107,679,701
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		1,208,347	4,731,222	5,939,569
93.324	State Health Insurance Assistance Program		218,084	268,918	487,002
93.336	Behavioral Risk Factor Surveillance System		-	368,688	368,688

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93.354	COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		963,981	532,260	1,496,241
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		(27)	-	(27)
93.369	ACL Independent Living State Grants		-	296,377	296,377
93.378	Integrated Care for Kids Model		(181,573)	1,193,316	1,011,743
93.380	Public Health Cancer Genomics Program		-	287,315	287,315
93.387	National and State Tobacco Control Program		-	1,387,436	1,387,436
93.391	COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises		7,484,169	7,630	7,491,799
93.413	The State Flexibility to Stabilize the Market Grant Program		-	18,533	18,533
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health		-	-	
	Pass Through From: Natl Assoc Chronic Dis Direct	40000000015	67,002	167,500	
	<i>Total 93.421</i>				234,502
93.423	State Innovation Waivers		-	54,411,583	54,411,583
93.424	NON-ACA/PPHF--Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations		-	-	
	Pass Through From: Cncl of St & Terr Epd (CSTE)	40000000027		35,000	
	<i>Total 93.424</i>				35,000
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		162,037	2,044,029	2,206,066
93.434	Every Student Succeeds Act/Preschool Development Grants		912,514	986,318	1,898,832
93.464	ACL Assistive Technology		373,407	5,000	378,407
93.498	COVID-19 Provider Relief Fund		-	4,108,208	4,108,208
93.500	Pregnancy Assistance Fund Program		328,448	111,156	439,604
93.556	Promoting Safe and Stable Families		1,905,747	3,354,573	5,260,320
93.558	Temporary Assistance for Needy Families		2,157,251	94,048,830	96,206,081
93.563	Child Support Enforcement		11,657,404	57,555,430	69,212,834
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs		-	2,349,511	2,349,511
93.568	COVID-19 Low-Income Home Energy Assistance		6,978,945	226,746	7,205,691
93.568	Low-Income Home Energy Assistance		33,278,363	991,514	34,269,877

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93.569	COVID-19 Community Services Block Grant		3,443,318	21,830	3,465,148
93.569	Community Services Block Grant		5,216,710	357,580	5,574,290
93.579	U.S. Repatriation		-	506	506
93.586	State Court Improvement Program		-	334,088	334,088
93.590	Community-Based Child Abuse Prevention Grants		-	250,974	250,974
93.597	Grants to States for Access and Visitation Programs		83,756	18,501	102,257
93.599	COVID-19 Chafee Education and Training Vouchers Program (ETV)		-	88,054	88,054
93.599	Chafee Education and Training Vouchers Program (ETV)		-	1,349,193	1,349,193
93.603	Adoption and Legal Guardianship Incentive Payments		-	461,777	461,777
93.630	Developmental Disabilities Basic Support and Advocacy Grants		-	666,151	666,151
93.643	Children's Justice Grants to States		154,308	62,402	216,710
93.645	COVID-19 Stephanie Tubbs Jones Child Welfare Services Program		-	294,354	294,354
93.645	Stephanie Tubbs Jones Child Welfare Services Program		227,829	2,584,035	2,811,864
93.658	COVID-19 Foster Care Title IV-E		-	1,366,692	1,366,692
93.658	Foster Care Title IV-E		2,341,622	115,627,132	117,968,754
93.659	COVID-19 Adoption Assistance		-	3,871,612	3,871,612
93.659	Adoption Assistance		-	43,887,184	43,887,184
93.665	COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19		543,000	75,278	618,278
93.667	Social Services Block Grant		4,891,529	9,197,645	14,089,174
93.669	Child Abuse and Neglect State Grants		-	239,626	239,626
93.671	COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		440,184	5,665	445,849
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		1,583,506	-	1,583,506
93.674	COVID-19 John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood		-	17,074	17,074
93.674	John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood		-	1,299,459	1,299,459
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)		-	23,940	23,940
93.738	PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds		-	-	
	Pass Through From: Multnomah County	40000000010		26,554	
	<i>Total 93.738</i>			<u>26,554</u>	26,554

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93.767	COVID-19 Children's Health Insurance Program		-	17,931,020	17,931,020
93.767	Children's Health Insurance Program		-	259,832,174	259,832,174
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		77,099	83,059	160,158
93.788	Opioid STR		12,013,396	2,066,704	14,080,100
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid		-	3,304,210	3,304,210
93.800	Organized Approaches to Increase Colorectal Cancer Screening		(11,912)	506,362	494,450
93.870	Maternal, Infant, and Early Childhood Home Visiting Grant		5,300,155	1,721,684	7,021,839
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens		-	(16,797)	(16,797)
93.881	The Health Insurance Enforcement and Consumer Protections Grant Program		-	215,904	215,904
93.889	COVID-19 National Bioterrorism Hospital Preparedness Program		1,012,466	191,433	1,203,899
93.889	National Bioterrorism Hospital Preparedness Program		1,015,434	1,099,055	2,114,489
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations		-	2,899,425	2,899,425
93.917	COVID-19 HIV Care Formula Grants		128,584	-	128,584
93.917	HIV Care Formula Grants		1	6,535,368	6,535,369
93.940	HIV Prevention Activities Health Department Based		867,572	1,161,383	2,028,955
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		589,081	659,175	1,248,256
93.945	Assistance Programs for Chronic Disease Prevention and Control		-	305,620	305,620
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		-	119,410	119,410
93.958	COVID-19 Block Grants for Community Mental Health Services		-	33,167	33,167
93.958	Block Grants for Community Mental Health Services		9,821,928	459,212	10,281,140
93.959	Block Grants for Prevention and Treatment of Substance Abuse		20,922,658	1,110,748	
	Pass Through From: Eagle Technologies, Inc	40000000024		422,686	
	<i>Total 93.959</i>				22,456,092
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		-	1,090,742	1,090,742
93.981	COVID-19 Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools		-	133,163	133,163
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools		57,633	211,742	269,375
93.982	Mental Health Disaster Assistance and Emergency Mental Health		1,156,496	4,305,062	5,461,558

The accompanying notes are an integral part of this schedule.

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.991	Preventive Health and Health Services Block Grant		121,383	1,005,960	1,127,343
93.994	Maternal and Child Health Services Block Grant to the States		3,739,029	1,848,097	5,587,126
Aging Cluster					
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		\$ 1,213,836	\$ 8	\$ 1,213,844
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		5,925,212	405,986	6,331,198
93.045	COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services		6,319,410	11	6,319,421
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services		8,093,780	525,800	8,619,580
93.053	Nutrition Services Incentive Program		1,974,910	(995)	1,973,915
Total Aging Cluster			\$ 23,527,148	\$ 930,810	\$ 24,457,958
CCDF Cluster					
93.575	COVID-19 Child Care and Development Block Grant		\$ -	\$ 29,316,939	\$ 29,316,939
93.575	Child Care and Development Block Grant		8,148,402	45,287,563	53,435,965
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		6,585,870	36,793,317	43,379,187
Total CCDF Cluster			\$ 14,734,272	\$ 111,397,819	\$ 126,132,091
Head Start Cluster					
93.600	Head Start		\$ -	\$ 174,064	\$ 174,064
Total Head Start Cluster			\$ -	\$ 174,064	\$ 174,064
Medicaid Cluster					
93.775	State Medicaid Fraud Control Units		\$ -	\$ 2,148,504	\$ 2,148,504
93.777	COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		-	682,300	682,300
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		-	5,138,843	5,138,843
93.778	ARRA - Medical Assistance Program		-	12,707,311	12,707,311
93.778	COVID-19 Medical Assistance Program		-	565,965,287	565,965,287
93.778	Medical Assistance Program		-	8,822,725,673	8,822,725,673
Total Medicaid Cluster			\$ -	\$ 9,409,367,918	\$ 9,409,367,918
Total Department of Health and Human Services			\$ 301,526,204	\$ 10,341,937,275	\$ 10,643,463,479

The accompanying notes are an integral part of this schedule.

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
Corporation for National and Community Service					
94.003	State Commissions		\$ 2,000	\$ 346,364	\$ 348,364
94.006	AmeriCorps		2,758,334	-	2,758,334
94.009	Training and Technical Assistance		58,105	234,083	292,188
94.013	Volunteers in Service to America		-	-	
	Pass Through From: Corp for Ntl & Comm Service	10000000007		54,723	
	<i>Total 94.013</i>				54,723
Total Corporation for National and Community Service			\$ 2,818,439	\$ 635,170	\$ 3,453,609
Office of National Drug Control Policy Reauthorization Act of 2006					
95.001	High Intensity Drug Trafficking Areas Program		-	3,285,491	3,285,491
Total Office of National Drug Control Policy Reauthorization Act of 2006			\$ -	\$ 3,285,491	\$ 3,285,491
Social Security Administration					
96.008	Social Security - Work Incentives Planning and Assistance Program		-	29,987	29,987
Disability Insurance/SSI Cluster					
96.001	Social Security Disability Insurance		-	28,152,376	28,152,376
Total Disability Insurance/SSI Cluster			\$ -	\$ 28,152,376	\$ 28,152,376
Total Social Security Administration			\$ -	\$ 28,182,363	\$ 28,182,363
Department of Homeland Security					
97.008	Non-Profit Security Program		\$ 400,605	-	\$ 400,605
97.012	Boating Safety Financial Assistance		2,033,879	94,739	2,128,618
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		-	150,464	150,464
97.029	Flood Mitigation Assistance		51,308	194	51,502
97.036	COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)		13,341,959	124,268,601	137,610,560
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		30,207,595	239,779,682	269,987,277
97.039	Hazard Mitigation Grant		1,632,205	165,954	1,798,159
97.041	National Dam Safety Program		-	217,438	217,438
97.042	Emergency Management Performance Grants		4,565,545	1,203,384	5,768,929
97.044	Assistance to Firefighters Grant		-	446,288	446,288

The accompanying notes are an integral part of this schedule.

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
97.045	Cooperating Technical Partners		-	889,485	889,485
97.046	Fire Management Assistance Grant		-	6,880,693	6,880,693
97.047	Pre-Disaster Mitigation		2,147,797	398,868	2,546,665
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs		-	405,485,456	405,485,456
97.067	Homeland Security Grant Program		3,763,051	1,125,774	4,888,825
97.082	Earthquake Consortium		-	63,874	63,874
Total Department of Homeland Security			\$ 58,143,944	\$ 781,170,894	\$ 839,314,838
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,058,949,825	\$ 19,806,854,995	\$ 21,865,804,820

The accompanying notes are an integral part of this schedule.

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the State of Oregon and is presented using the bases of accounting of the originating funds. These include both the modified accrual and accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

The financial statements of the State of Oregon include all fund types for all agencies, boards, commissions, and courts that are legally part of the State's primary government and its component units. The Oregon Health and Science University, University of Oregon, Oregon State University, Portland State University, Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, Western Oregon University, State Accident Insurance Fund, State Fair Council, and Oregon Affordable Housing Assistance Corporation are legally separate component units. For the year ended June 30, 2021, these component units have issued separate financial statements and have obtained a separate single audit as outlined in §200.514 of Uniform Guidance. Therefore, the accompanying schedule does not include the federal grant activity of these component units. Readers may obtain complete financial statements from their respective administrative offices or from the Oregon Department of Administrative Services, Chief Financial Office, 155 Cottage Street NE, Salem, Oregon 97301-3969.

Note 2. DeMinimis Cost Rate

The State of Oregon has not elected to use the 10 percent de minimis cost rates as covered in §200.414 "Indirect (F&A) costs" of Uniform Guidance.

Note 3. Programs Involving Non-Cash Assistance

Federal expenditures reported in the schedule include the following non-cash assistance programs. All values are either fair market value at the time of receipt or assessed value provided by the federal agency.

Assistance			
Listing #	Title	Type of Assistance	Value
10.555	National School Lunch Program	Food Commodities	\$15,920,176
10.559	Summer Food Service Program for Children	Food Commodities	27,864
10.565	Commodity Supplemental Food Program	Food Commodities	585,003
10.569	Emergency Food Assistance Program (Food Commodities)	Food Commodities	13,539,298
39.003	Donation of Federal Surplus Personal Property	Surplus Property	1,453,226
93.268	Immunization Cooperative Agreements	Vaccines	44,420,305
	Total		<u>\$75,945,872</u>

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2021

Note 4. Unemployment Insurance

State unemployment tax revenues and the other governmental, tribal and non-profit reimbursements in lieu of State taxes are deposited into the Unemployment Trust Fund in the U.S. Treasury. These funds may only be used to pay benefits under federally approved State unemployment law.

State unemployment insurance funds are included with federal funds in the total expenditures for Assistance Listing 17.225 (Unemployment Insurance Program). Of the \$5,436,611,881.31 reported as expenditures for the Unemployment Insurance Program, \$1,297,781,270.51 represents expenditures of State funds held in the Unemployment Trust Fund.

Note 5. Revolving Loan Fund (RLF) Grant (Assistance Listing 11.307)

The Expenditures for the Revolving Loan Fund (RLF) Grant (Assistance Listing 11.307) made during the year ended June 30, 2021 are calculated as follows:

1) Balance of RLF loans outstanding at the end of the fiscal year	\$5,873,837
2) Cash and investment balance in the RLF at the end of fiscal year	6,166,319
3) Administrative expenses paid out of RLF income during the recipient's fiscal year	23,171
4) The unpaid principal of all loans written off during the fiscal year	<u>0</u>
Total	12,063,327
5) The Federal Share of RLF (2,000,000/2,667,000)	<u>75%</u>
6) Federal Awards Expended during the fiscal year	<u>\$9,047,495</u>

Prior Year Financial Statement Findings

This section includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2020. It also includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2019, that were uncorrected at June 30, 2020.

Finding 2020-001: **Department of Revenue**

Consider historic percentages in accruals when methodology requires adjustments

Material Weakness

Recommendation: Department management consider all historical percentages used in its taxes receivable accrual methodology when unusual changes occur, such as extensions to tax return due dates, to ensure its estimate is reasonable and more accurate.

Status: Partial corrective action taken. The agency response is as follows:

Partial corrective actions taken:

- Evaluated current process and made changes necessary to streamline.
- Documented the process and methodology.
- Compiled list of recommended changes to be further analyzed and documented for future calculations.
- Reached out to another state for best practices and plan to continue conversations.
- Continued partnerships with program elements, Information Technology Services
- and the Research Section to extract necessary data and ensure all required elements are factored into our calculations.
- Developed a training plan so knowledge is transferrable.

Additional corrective actions planned:

- Implement quarterly reviews in addition to the monthly reviews already in place. The quarterly reviews would evaluate the balances at the GAAP Fund level versus the Agency Fund level allowing for review at a higher level to identify and correct potential errors prior to year-end.
- Ensure methodology changes are applied consistently to all calculations and process documentation is updated accordingly.

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- Engage consultants to assist in the development and documentation of accounting and functional requirements as it relates to GASB and OAM.

Finding 2020-002: **Department of Revenue**
Improve review of entries when implementing new accounting standards
Material Weakness

Recommendation: Department management perform sufficient review to ensure journal entries are accurate, supported, and agree with department decisions when implementing new accounting standards.

Status: Corrective action taken.

Finding 2020-003: **Department of Revenue**
Perform key reconciliations on a timely basis
Material Weakness

Recommendation: Department management design and implement a cash reconciliation between Treasury and the state accounting system (SFMS). We also recommend department management ensure revenue subsidiary account reconciliations are performed and reviewed consistently and timely.

Status: Partial corrective action taken. The agency response is as follows:

Partial corrective actions taken:

- Developed and documented Treasury to SFMS reconciliation process.
- Hired additional experienced accountants in early 2021 to resolve the recurring capacity limitations which allowed the reconciliations to be caught up.
- Review tracking sheets (checklists) weekly as a team.
- Researched possible system process automation to streamline the reconciliation process, however due to staffing and system limitations we are unable to utilize system automation at this time.

Additional corrective actions planned:

- We experienced vacancies in July of 2021 in two key positions whose duties are the reconciliation process which resulted in two reconciliations being delayed.

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- We are currently shifting workloads to complete the outstanding reconciliations as well as working to fill the vacancies as soon as possible.
- We have filled the two key vacancies as of January 10, 2022 and commit to resolving the reconciliations and documenting the processes by June 30, 2022 or earlier.
- Continue to partner with other areas within the agency to resolve reconciling items.

Finding 2020-004: **Department of Consumer and Business Services**
Strengthen controls to ensure complete implementation of new accounting standards
Material Weakness

Recommendation: Department management allocate adequate resources to implement significant financial reporting changes and ensure complete reporting of fiduciary asset activity in future years.

Status: Partial corrective action taken. The agency response is as follows:

The DCBS senior accountant created a procedure for recording the activities within the securities held in trust, specifically, the financial inflows and outflows in the securities held in trust.

All securities held in trust activities were recorded quarterly during the FY 2021 financial reporting period and completed by fiscal year-end closing.

Finding 2020-005: **Department of Human Services/Oregon Health Authority**
Strengthen review procedures
Significant Deficiency

Recommendation: Management ensure transaction review is adequate and includes examination of proper and complete coding, accounting periods, and supporting documentation.

Status: Partial corrective action taken. The agency response is as follows:

The Office of Financial Services has reviewed and updated all year-end procedures and is engaging with staff to determine the most thorough review process. For FY22, the office expects to have sufficient staffing to do a more thorough review of year-end entries. The team will also be reviewing any

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corrective findings to outline and discuss the best ways to prevent these errors in the future.

Finding 2020-006: **Department of Human Services/Oregon Health Authority**
Ensure year-end balances are properly classified
Significant Deficiency

Recommendation: Management strengthen year-end review procedures to ensure necessary system processing has occurred, and account balances are reasonable and properly classified.

Status: Corrective action taken.

Finding 2020-007: **Department of Administrative Services**
Finalize review and document policies and procedures over security access
Significant Deficiency

Recommendation: Department management develop written policies and procedures related to the monitoring control implemented on March 24, 2020. Policies and procedures should include the objectives, techniques, and all pertinent aspects of the monitoring activities. Procedures should include follow-up with agencies where inappropriate self-assignments are identified to ensure appropriate corrective action is taken to remediate risk. Additionally, we recommend department management identify any self-assigned roles made prior to March 24, 2020 and communicate with agency personnel to determine the appropriateness of such assignments. The review results and any changes made to correct access or remediate risk should be documented.

Status: Corrective action taken.

Finding 2020-008: **Oregon Employment Department**
Implement controls to ensure benefit payments do not exceed maximum weekly benefit amounts
Significant Deficiency

Recommendation: Department run and review the system generated report or develop alternate controls to ensure benefit payments do not exceed the maximum weekly benefit amount.

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Status:	<p>Partial corrective action taken. The agency response is as follows:</p> <p>The actions associated with this finding were initially completed in October 2020 when the report was turned back on and actively worked. Through the end of 2020 and throughout 2021, the report continued to run and actively worked each week. Unfortunately, the number of false positives on the report was high due to the additional payments provided by the Federal Pandemic Unemployment Compensation (FPUC), Lost Wages Assistance (LWA), and Mixed Earners Unemployment Compensation (MEUC) programs. As an ongoing part of using and improving the report, the Benefit Payment Control team started working with IT to refine the report criteria and reduce the number of false positives. While that work was underway, the report backlog continued to grow with false positives, creating a list that was too large to be worked in its entirety by staff each week.</p> <p>In August 2021, the Benefit Payment Control team had a more viable report, however as the report was reviewed and worked it was discovered that the false positives continued to be a problem. After additional refinement with IT, the report was determined to be viable on October 13, 2021. Since October 13, 2021, the Benefit Payment Control team has been able to work the new weekly reports in their entirety each week. However, the items from the old reports did not carry forward and the review of all items in the backlog is not yet complete. The agency is currently hiring additional staff and anticipates those individuals to be fully trained by the end of January 2022. With the additional resources in place, the backlog of old items is anticipated to be completed by April 30, 2022.</p>
Finding 2020-009:	<p>Oregon Employment Department <u>Strengthen reconciliation controls</u> Significant Deficiency</p>
Recommendation:	<p>Department maintain documentation to support amounts used in the reconciliation and investigate identified differences exceeding the threshold in a timely manner.</p>
Status:	<p>Corrective action taken.</p>

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Finding 2020-010:	Oregon Department of Transportation <u>Ensure TEAMS to SFMA fund reconciliation includes all SFMA funds</u> Significant Deficiency
Recommendation:	Reconciliation accountant receive email notification when new funds are established, so they can be processed in the TEAMS - SFMA fund reconciliation accordingly. Additionally, an SFMA query should be developed to identify all SFMA D23 funds with activity to ensure all active funds are included in the reconciliation.
Status:	Corrective action taken.
Finding 2020-011:	Oregon Liquor Control Commission <u>Ensure timely completion of agent inventory audits</u> Significant Deficiency
Recommendation:	Management complete agent inventory audits for all stores that haven't had one in the last 12 months as soon as possible. We also recommend management ensure control processes for agent audits are documented in formal written procedures.
Status:	Partial corrective action taken. The agency response is as follows: OLCC conducted 284 audits during FY21, an increase of 60 stores (26.8%) over FY20 with only eight stores remaining that were not audited in FY21. We will continue to audit our stores through mid-November and restart in January after the busy holiday season.
Finding 2020-012:	Oregon Liquor Control Commission <u>Strengthen controls over system access</u> Significant Deficiency
Recommendation:	Management perform regular, periodic system access reviews to ensure the continued appropriateness of assigned user access. We also recommend management update their policy to align with their decisions for meeting the control objectives.
Status:	Partial corrective action taken. The agency response is as follows: OLCC has assigned an Office Information Systems (OIS) team member to review, quarterly, access and usage to the following OLCC systems: Agent

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Revenue Management (ARM), Daily Sales, Merchandising Business, Non-Budget Vouchers (NBV), Financials, and Oregon Liquor Agent Services. The first quarterly review was performed in November 2020. During FY 2021, OLCC reviewed usage for the above-mentioned systems based on logins but did not review overall access. The quarterly reviews in the future will include both access and usage. Results of the monitoring are communicated to the Director of Finance and the CFO. OLCC will update our policy to align with this new practice.

Finding 2019-001: **Department of Human Services/Oregon Health Authority**
Ensure Accrual Methodologies are Complete
Material Weakness

Recommendation: Department management ensure year-end accrual methodologies are complete and include consideration of all relevant expenditures.

Status: Corrective action taken.

Finding 2019-005: **Department of Administrative Services**
Strengthen Controls over Security Access in Workday
Significant Deficiency

Recommendation: Department management develop and implement procedures to review access permissions granted for employees with Workday access to ensure access is appropriate for their job duties. In addition, if the ability to change their own access cannot be disabled for employees with security access to Workday, we recommend that department management implement a process to monitor activities of these employees, and specifically, determine if the two identified users made any unauthorized changes.

Status: Corrective action taken.

Finding 2019-006: **Higher Education Coordinating Commission**
Improve Year-End Closing Processes
Significant Deficiency

Recommendation: Department management develop and implement procedures to prevent, detect, and correct errors in the year-end accrual processes.

Status: Corrective action taken.

Prior Year Federal Award Findings and Questioned Costs

This section includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2020. It also includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2019 that were uncorrected at June 30, 2020.

Finding 2020-013:	<p>Department of Human Services <u>Ensure performance data reports are complete and accurate</u> Temporary Assistance for Needy Families (TANF) (93.558) Reporting Material Weakness, Material Noncompliance</p>
Initial Year:	2018
Recommendation:	Department's office of information services ensure systems used for preparing the ACF-199 and ACF-209 reports provide the coding elements necessary for accurate and complete reporting in compliance with requirements. We recommend program management ensure performance data reports submitted are complete and accurate.
Status:	<p>Partial corrective action taken. The agency response is as follows:</p> <p>The Department continues to review error reports from ACF on federal reports 199 and 209 quarterly submissions. ODHS logs system and/or report defects and continues to work with Deloitte on resolution to ensure accurate federal reporting.</p> <p>Anticipated Completion Date: December 31, 2022</p>
Finding 2020-014:	<p>Department of Human Services <u>Ensure work participation rate calculation uses verified and accurate data</u> Temporary Assistance for Needy Families (TANF) (93.558) Special Tests and Provisions Material Weakness, Material Noncompliance</p>
Initial Year:	2019
Recommendation:	TANF program management ensure the work participation rate is calculated appropriately using verified and accurate participation data in adherence with the department's Work Verification Plan. We recommend program management review their system of controls and identify where improvements are needed to ensure compliance with the work verification plan.

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Status:	<p>Partial corrective action taken. The agency response is as follows:</p> <p>The Engagement Specialist (ES) focus group began in May 2021. Work began by creating a charter and identifying scope of work. Focus group was strategically paused through October 2021. The scope of the focus group shifted priorities to include the following: review information for ES positions, the skills, knowledge, and attributes for the position, ensuring alignment of the engagement model and completing a workload study. Work was not completed to identify the specific trainings needed to allow ES' to serve as subject matter experts and provide support to Family Coaches and Case Aides. Policy will conduct follow up by completing focus groups with Engagement Specialist and provide resources so they can serve as subject matter experts at the local level for both Family Coaches and Case Aides.</p> <p>A checklist for contractors who are responsible for obtaining and entering JOBS attendance was created and technical assistance was provided on 12/17/2021.</p> <p>Anticipated Completion Date: December 31, 2022</p>
Finding 2020-015:	<p>Department of Human Services <u>Ensure appropriate information is used for determining benefit amounts and eligibility</u> Temporary Assistance for Needy Families (TANF) (93.558) Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility Material Weakness, Material Noncompliance Questioned Costs: \$4,295 (known)</p>
Initial Year:	2019
Recommendation:	<p>Program management ensure client benefit payments are correctly calculated, paid on behalf of eligible individuals, and documentation is maintained to support eligibility decisions and benefit calculations. We also recommend program management correct the identified cases and reimburse the federal agency for any amounts claimed for ineligible cases.</p>
Status:	<p>Partial corrective action taken. The agency response is as follows:</p> <p>With the implementation of the new eligibility system, ONE, the system determines eligibility and benefit calculations. Along with the implementation, SSTU provided both eligibility and system training to staff to ensure accurate information was entered into the system resulting in accurate benefit</p>

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determination. Funding adjustments have not been verified as completed for federal amounts claimed for ineligible cases.

Finding 2020-016: **Department of Human Services**
Ensure eligibility re-determinations are conducted timely
Temporary Assistance for Needy Families (TANF) (93.558)
Eligibility
Significant Deficiency, Noncompliance
Questioned Costs: \$4,158 (known)

Initial Year: 2020

Recommendation: Program management ensure eligibility re-determinations are completed timely.

Status: Corrective action taken.

Finding 2020-017: **Department of Human Services**
Subrecipient monitoring controls should be strengthened to include review of financial records
Special Programs for the Aging – Title III, Part B (93.044)
Special Programs for the Aging – Title III, Part C (93.045)
Nutrition Services Incentive Program (93.053)
Subrecipient Monitoring
Significant Deficiency, Noncompliance

Initial Year: 2020

Recommendation: Department management strengthen existing controls by implementing procedures that include review of financial records supporting expenditures submitted for reimbursement.

Status: Partial corrective action was taken. The agency response is as follows:

The Office of Aging and People with Disabilities Community Services and Supports Unit management has developed a plan and process to meet the Secretary of State requirements. We have shared that information and expectation with the Area Agencies on Aging (AAA). The new process will be used during the AAA contract and fiscal audit that occurs in November of each year. We will complete half of the AAAs each year starting in November 2021. All AAA reviews will be completed by November 2022 for this biennium.

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Finding 2020-018:	Department of Human Services/Oregon Health Authority <u>Improve documentation and controls over client eligibility</u> Medicaid Cluster (93.777, 93.778) Eligibility Significant Deficiency, Noncompliance Questioned Costs: \$16,500 (known)
Initial Year:	2017
Recommendation:	Department and authority management strengthen controls to perform timely eligibility redeterminations and provide periodic training to caseworkers to reduce the risk of administrative errors. We also recommend management implement corrections in the ONE system to address the weaknesses identified in verifying income. Management should also review the entire duration of the claim identified to determine if there are additional questioned costs from previous years. Additionally, management should reimburse the federal agency for unallowable costs.
Status:	<p>Partial corrective action was taken. The agency response is as follows:</p> <p>The agencies will address these recommendations via the corrective action plans identified in each bullet below.</p> <p>For the first two bullets:</p> <p>The Department is committed to providing timely benefits to only those individuals who are appropriately determined eligible. The Department has taken positive steps since 2016 to continuously improve and automate reporting capabilities for tracking and remediating untimely Medicaid redeterminations, including the successful implementation of the new Integrated Eligibility (IE) system, named “ONE” in February 2021. This new system provides improved client eligibility controls specifically related to timeliness of determinations, correct enrollment, automated notification of redeterminations and subsequently, actions to close eligibility if necessary, along with electronic retention of eligibility data elements such as signed applications. With implementation of ONE and as we move the rest of the cases into ONE over the next year of redeterminations., we expect the errors associated with these areas to be reduced.</p> <p>The Department has collaborated across OHA and ODHS programs to develop a combined eligibility manual that incorporates all relevant policy and process for determining eligibility for the medical benefits contained in the IE system. This allows our eligibility workers and case managers in the local offices an upgraded</p>

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tool and a singular resource that allows us to work collaboratively in our efforts to better serve and be good stewards to Oregonians. We anticipate releasing this in July 2021.

In addition, new program and system training has been developed and deployed collaboratively across OHA and ODHS programs to ensure new and existing eligibility staff are trained sufficiently in the ONE system and all programs contained therein.

For the third bullet:

The department and authority are committed to providing training and guidance to staff to ensure information related to an eligibility determination, that is not captured by the ONE system, will be included in the individual's case record. The department will review and update any existing training material as needed and send a communication to staff highlighting the importance of recording any information related to the eligibility decision, that is not already captured by ONE.

For the fourth bullet:

The authority has submitted a change request to update the logic used by the ONE system to determine whether income information received by the Federal Data Services Hub is reasonably compatible with information contained within a case record. Additionally, the authority will review the identified individual's case and reimburse the federal agency for any questioned costs for the duration of the claim.

Anticipated Completion Date: April 30, 2022

Finding 2020-019:	Department of Human Services/Oregon Health Authority <u>Improve documentation for provider eligibility determinations and revalidations</u> Medicaid Cluster (93.777, 93.778) Special Tests and Provisions Significant Deficiency, Noncompliance
Initial Year:	2017
Recommendation:	Authority management strengthen controls to ensure documentation supporting a provider's eligibility determination and revalidation is retained.

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Additionally, we recommend management review the automated processes to ensure databases are checked timely.

Status: Corrective action taken.

Finding 2020-020: **Oregon Health Authority**
Improve controls for monitoring MMIS claims edits and audits
Medicaid Cluster (93.777, 93.778)
Activities Allowed or Unallowed; Special Tests and Provisions
Significant Deficiency

Initial Year: 2018

Recommendation: Authority management continue to implement procedures to monitor potential unauthorized changes to the application, as well as continue to verify the effectiveness and completeness of the claim's edits and audits function.

Status: Corrective action taken.

Finding 2020-021: **Oregon Health Authority**
Strengthen review over costs charged to the program
Children's Health Insurance Program (CHIP) (93.767)
Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching
Significant Deficiency, Noncompliance
Questioned Costs: \$342,566 (known)

Initial Year: 2020

Recommendation: Authority management strengthen controls over review to ensure transactions are adequately supported and the federal financial participation rate is correctly applied. Additionally, we recommend the authority reimburse the federal agency for unallowable costs.

Status: Partial corrective action taken. The agency response is as follows:

The internal policy has been updated to claim at the effective rate based on the date vaccines are administered rather than date of purchase. Claiming at the appropriate rate has occurred from that point in time forward. Upon further review an additional \$77,213.28 was identified that still needs to be refunded from claiming at the higher, incorrect, rate. Once completed, all questioned costs will have been corrected.

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Finding 2020-022:	<p>Oregon Health Authority <u>Improve documentation and controls over client eligibility</u> Children’s Health Insurance Program (CHIP) (93.767) Activities Allowed or Unallowed; Eligibility Significant Deficiency, Noncompliance Questioned Costs: \$25,429 (known)</p>
Initial Year:	2020
Recommendation:	<p>Authority management strengthen controls by providing periodic training to eligibility staff to reduce the risk of administrative errors. This training should ensure eligibility staff know how to verify and document income support. In addition, management should review benefits and program eligibility related to cases identified with questioned costs to ensure proper funding within CHIP and other applicable federal programs and should reimburse the federal agency for unallowable costs.</p>
Status:	<p>Partial Corrective action taken. The agency response is as follows:</p> <p>The ODHS and OHA are committed to providing training and guidance to ensure staff know how to verify and document income support. The ODHS and OHA will review and update any existing training material and eligibility manuals and send communications to staff with this information. Additionally, the authority will work with the federal agency to reimburse for the unallowable costs.</p> <p>Related to the final bullet point OHA requested technical guidance from the Center for Medicare and Medicaid Services (CMS) on March 23, 2021. As 42 CFR 435.956(e), Oregon Administrative Rule, and Oregon’s State Verification Plan all indicate that the state will accept self-attestation for this eligibility criteria, and not require proof, either pre- or post-eligibility, unless questionable, OHA is seeking CMS’ position on whether this should be a an audit finding of non-compliance resulting in the return of FMAP. At the time that the individual attested that she was pregnant, it was not questionable, staff followed procedure, and appropriate regulations, rules, and the State Verification Plan were followed. If CMS deems it a valid finding, OHA will work with the CMS to reimburse for the unallowable costs.</p> <p>Anticipated Completion Date: December 31, 2021</p>

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Finding 2020-023:	Oregon Health Authority <u>Improve documentation for provider eligibility determinations and revalidations</u> Children's Health Insurance Program (CHIP) (93.767) Special Tests and Provisions Significant Deficiency
Initial Year:	2020
Recommendation:	Authority management strengthen controls over provider eligibility determinations and revalidations to ensure maintenance of updated agreements and disclosure statements in accordance with federal regulations and ensure all databases are checked timely.
Status:	<p>Partial Corrective action taken. The agency response is as follows:</p> <p>For the first item noted in this finding the validation box was missed due to staff error and as of February 2021, OHA obtained an updated disclosure statement and verified the death master file for the managing employee. The ongoing corrective action plan is already in place but was implemented after this provider was enrolled. To ensure current and future required validations are completed accurately and timely, the State pulls the missed validation report monthly seeking validations which were missed by enrollment staff. Validations which were missed are remediated. The missed validation reports have been pulled and worked monthly since April 2019 and will continue.</p> <p>For the second item noted in this finding OHA contacted both providers to obtain the missing documentation. As of March 1, 2021, OHA obtained a completed disclosure statement with required managing employee details from one of these providers. The second provider must complete the revalidation process by submitting a managing employee. This provider requested and was granted an extension. The Provider Enrollment Unit anticipates receiving information and completing revalidation by April 30, 2021. Should the provider fail to revalidate by the deadline, they will be inactivated as a Medicaid provider.</p> <p>For the third item noted in this finding OHA obtained a signed provider enrollment agreement and completed disclosure statement from one of these providers as of March 1, 2021. While the second provider failed to comply and is in the process of having their Medicaid participation inactivated.</p> <p>For the fourth item noted in this finding OHA obtained a completed disclosure statement for this provider as of March 1, 2021. The provider submitted the</p>

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information prior to the close of the audit and prior to the March 31, 2021 revalidation deadline.

For the fifth item noted in this finding OHA obtained signed provider enrollment agreements and disclosure statements from five of the six providers as of March 1, 2021. The remaining provider failed to comply and is in the process of having their Medicaid participation inactivated. These providers are also currently going through the revalidation process and will all be required to provide updated enrollment agreement and disclosure forms.

The State is in the process of revalidating these providers but has been delayed due to the federal COVID-19 Disaster Relief 1135 waiver. The waiver allows revalidation to be delayed for providers that were due during the public health emergency. Federal guidelines state these revalidations must be completed within six months after the end of the public health emergency for compliance. To meet these requirements, OHA has begun revalidations and is on track to complete this work by August 31, 2021. The ongoing corrective action plan is already in place. Since 2019, the provider revalidation process mirrored the provider enrollment process by requiring the submission of an enrollment agreement and disclosure statements. Providers will not be enrolled or revalidated without the managing employee information, signed provider enrollment agreements or disclosure statements.

All missing provider documents were received and one provider was end dated because they failed to respond by August 31, 2020.

Finding 2020-024:	<p>Department of Human Services <u>Complete system modifications to ensure proper reporting of program expenditures</u> Foster Care – Title IV-E (93.658), Non-Major Program Temporary Assistance for Needy Families (TANF) (93.558) Allowable Costs/Cost Principles Noncompliance Questioned Costs: \$127,654 (Foster Care known); \$4,404 (TANF known)</p>
Initial Year:	2017
Recommendation:	Department management review OR-Kids transaction processing and complete system modifications as appropriate to ensure proper financial reporting of program expenditures. We also recommend department management review

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prior year and current year transactions and reimburse the federal agency for grant expenditures claimed inappropriately.

Status: Corrective action taken.

Finding 2020-025: **Department of Human Services**
Improve controls over copay and child care hour calculations and multiple provider copays

Child Care Development Fund Cluster (93.575, 93.596)

Allowable Costs/Cost Principles

Significant Deficiency, Noncompliance

Questioned Costs: \$10,241 (known); \$1,354,980 (likely)

Initial Year: 2017

Recommendation: Department management ensure a client's monthly copay and childcare hours are correctly calculated, and provider addresses are updated timely. In addition, in situations with multiple providers, the department should seek reimbursement from a client when the client copay is not met as the primary provider did not provide care. We also recommend department management reimburse the federal agency for unallowable costs.

Status: Partial corrective action was taken. The agency response is as follows:

ODHS agrees with this recommendation and plans on the following corrective actions.

- Child Care Program will issue a policy transmittal to all staff determining ERDC eligibility providing information on the importance of calculating both child care hours and copay correctly based on current Family Service Guide's instruction.
- Direct Pay Unit (DPU) manager and lead will provide a refresher training to DPU representatives to update provider address information correctly.
- DPU will review the uncollected copay report monthly to ensure processes are in place for copays to be collected each month. In addition, a refresher training for DPU representatives to issue billing forms with copays correctly.
- Child Care Program will provide case findings information to the Office of Payment and Accuracy and Recovery (OPAR) for recoupment purposes.
- Questioned costs of \$10,241 was corrected with document BT195015 on May 11, 2021. Since the correction was backfilled with other qualifying

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expenditures of the same amount, the agency's federal reports remain unchanged and ACF will not see an actual refund.

Anticipated Completion Date: August 3, 2021

Finding 2020-026:

Department of Human Services
Improve controls over incentive payments
Child Care Development Fund Cluster (93.575, 93.596)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: \$12,250 (known); \$619,121 (likely)

Initial Year:

2020

Recommendation:

Department management extend its retention policies for a sufficient length of time to ensure the department and auditors can verify federal awards are necessary and reasonable. In addition, the department should review all incentive payments made to providers to ensure duplicate payments have been identified and reimburse the federal agency for all improper costs.

Status:

Corrective action was taken.

Finding 2020-027:

Department of Human Services
Investigate fraud referral cases and conduct other fraud detection activities
Child Care Development Fund Cluster (93.575, 93.596)
Special Tests and Provisions
Significant Deficiency, Noncompliance

Initial Year:

2020

Recommendation:

Department management implement controls to ensure actions listed in Oregon's CCDF State Plan are accurate and occurring. We also recommend department management timely investigate its fraud referral cases in order to recover improper payments.

Status:

Partial corrective action was taken. The agency response is as follows:

Implement controls to ensure actions listed in Oregon's CCDF State Plan are accurate and occurring (school age children monthly audit)

- The last report processed was 2/2020. Reports from 3/2020 through the 2020/2021 school year were not processed due to home schooling and

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distance learning due to the pandemic. Intent is to start processing the report beginning with September 2021 and forward.

- OPAR is working with the Office of Information Systems to be able to pull reports directly. This will streamline processing of the reports and reduce wait times as well as allow the work to follow an established schedule.
- Processing the School Age report will resume during March 2022.

Timely investigate fraud referral cases in- order to recover improper payments

- A two- year plan is in place to eliminate backlogs of work (anything over one year old). Effective March 7, 2022, we are completing the last milestone of the backlogged cases and moving into the following:
- the controls that we have put into place are performance standards where staff are required to triage all assigned cases within 7 days of assignment,
- complete 75% of assigned cases within 140 days of assignment, and complete 100% of assigned cases within one-year of assignment.
- any cases exceeding one year are required to be staffed with the unit manager monthly. We are working on that report template now and expect it to be in place shortly. Additionally, staff are required to work with lead workers anytime that they get stuck and are not able to move forward with a case timely.
- staff also receive a monthly report with all- of their pending cases and an aging graph that reflects whether they are meeting the standards or not and how they compare to the unit average.
- the unit manager is meeting with staff periodically, to including the newly implemented quarterly check-ins for all managers to have with their staff. these check in's include discussion around meeting performance standards or not.
- modified our Shared services division service level agreement for program areas to completing cases timely (within one-year) of assignment.

Anticipated Completion Date: April 1, 2022

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Finding 2020-028:	<p>Department of Education <u>Improve controls to ensure expenditures are liquidated by federally mandated date</u> Child Care Development Fund Cluster (93.575, 93.596) Period of Performance Significant Deficiency, Noncompliance Questioned Costs: \$1,452,166 (known)</p>
Initial Year:	2020
Recommendation:	Department management review and revise how it relies on the accounting system coding to ensure payments are liquidated by federally mandated dates. We also recommend department management reimburse the 2018 grant award.
Status:	<p>Partial corrective action was taken. The agency response is as follows:</p> <p>ODE has engaged with program and grants teams and will continue to hold meetings to ensure understanding of obligation and liquidation dates of federal funds. A draft procedure for Period of Availability and Liquidation Procedure is under review by ELD leadership. Existing agreements were reviewed and new agreements were updated to ensure obligation/liquidation dates of grants were met.</p>
Finding 2020-029:	<p>Department of Education <u>Improve controls over expenditures</u> Child Care Development Fund Cluster (93.575, 93.596) Allowable Costs/Cost Principles Significant Deficiency, Noncompliance Questioned Costs: \$40,282 (known); \$688,610 (likely)</p>
Initial Year:	2020
Recommendation:	Department management improve its review of timesheets, ensure position descriptions are completed and retained, and strengthen its review of data entry. We also recommend department management reimburse the federal agency for unallowable costs.
Status:	<p>Partial corrective action was taken. The agency response is as follows:</p> <p>ODE Human Resources Team has assessed position description information in Workday and is in process of working with managers to get missing PD information updated. Regular communication from the HR Director at Executive Team meetings instructs leadership to ensure their Directors are electronically</p>

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signing timesheets. Timesheet approval information is emailed and published on the intranet. HR Payroll office pulls a monthly list of any missing signatures, and the HR Director sends follow-up emails for compliance if necessary. If an electronic signature is missing, HR Team follows up with the Director to obtain manual signature on timesheets and retains for documentation. A new procedure for use of cost centers, particularly default cost centers for federal funds, is currently in process.

Finding 2020-030:	<p>Oregon Military Department <u>Strengthen controls to ensure financial reports are accurate and adequately supported by accounting records</u> National Guard Military Operations and Maintenance Projects (12.401) Reporting Material Weakness, Noncompliance</p>
Initial Year:	2019
Recommendation:	Department management ensure corrections are made in the accounting records as errors are identified and consider implementing the use of additional data fields within the accounting system to promote accurate federal reporting. Finally, we recommend the department separately account for non-federal expenditures by federal award.
Status:	<p>Partial corrective action was taken. The agency response is as follows:</p> <ul style="list-style-type: none">• OMD strengthened our review and approval processes prior to payments being made in order to minimize errors associated with fiscal years, vendors, duplicate payments etc.• OMD implemented a process where the Cooperative Agreement Accountant, the AGI Budget Analyst and the Federal Finance person ensure each SF-270 matches the State Financial Management System, the program subsidiary system iEMS and the federal financial system GFIBS.• OMD is continuing to review how to implement modifications to the SFMA to more fully utilize the system, but those actions were materially affected by the impacts of the COVID-19 pandemic. The Finance Division and our Installations Division have developed a bi-weekly status meeting as a group to work on implementing changes and it is still our intention to have a corrective action in place prior to the October 1, 2021, start of Federal Fiscal Year 2022.• OMD is working toward implementing a reconciliation process, but those actions were materially affected by the impacts of the COVID-19 pandemic.

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We have developed a bi-weekly status meeting met as a group to work on implementing changes and it is still our intention to have a corrective action in place prior to the October 1, 2021 start of Federal Fiscal Year 2022.

- The Senior Master Cooperative Agreement Accountant is still finalizing a three-way reconciliation form that will be used by the Financial Administration Division, the AGI Budget Analyst and the Federal Finance person. The reconciliation will occur on a monthly basis and be based on the actual expenses incurred and reimbursements processed during the preceding month. To date there have been some partial reconciliations that have occurred, and we have implemented a new Year to Date Tracker for this program that is used with other Cooperative Agreements within the agency.
- Starting with Federal Fiscal Year 2021 OMD has developed multiple single year General Fund PCA's to match our Federal Funds PCA's. OMD is still planning to tie federal grant numbers and phases to our non-federal PCA.

Finding 2020-031: **Oregon Military Department**
Strengthen controls to ensure expenditures are not obligated beyond the period of performance
National Guard Military Operations and Maintenance Projects (12.401)
Period of Performance
Significant Deficiency, Noncompliance
Questioned Costs: \$25,682 (known)

Initial Year: 2020

Recommendation: Department management implement control procedures to ensure payroll is coded to the correct federal grant awards and identify and correct all errors noted.

Status: Corrective action was taken.

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Finding 2020-032: **Oregon Military Department**
Strengthen controls to ensure level of federal support for expenditures is adequately documented
National Guard Military Operations and Maintenance Projects (12.401)
Allowable Costs/Cost Principles; Matching
Significant Deficiency, Noncompliance
Questioned Costs: \$372 (known), \$122,465 (likely)

Initial Year: 2020

Recommendation: Department management ensure that adequate documentation is retained to support the expenditures and the matching rates charged to the federal award.

Status: Corrective action was taken.

Finding 2020-033: **Oregon Military Department**
Fully implement subrecipient risk assessments
Disaster Grants – Public Assistance (Presidentially Declared) (97.036)
Subrecipient Monitoring
Significant Deficiency, Noncompliance

Initial Year: 2020

Recommendation: Department management continue to implement and document its risk assessments process for each subrecipient.

Status: Partial corrective action was taken. The agency response is as follows:

Management of the Mitigation and Recovery Services Section within the Office of Emergency Management has begun discussions regarding corrections needed to the current policy and procedures associated with the Risk Assessment process. As these conversations progress the Office is planning to create a workgroup comprised of program and accounting staff focusing on revising and implementing a new policy and procedures. This item was also referenced in a monitoring visit conducted by the Federal Emergency Management Agency.

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Finding 2020-034:	Oregon Military Department <u>Improve accuracy of quarterly performance reporting</u> Disaster Grants – Public Assistance (Presidentially Declared) (97.036) Reporting Significant Deficiency, Noncompliance
Initial Year:	2020
Recommendation:	Department management improve existing controls to ensure quarterly performance reports are complete and accurate prior to report submission.
Status:	Partial corrective action was taken. The agency response is as follows: During a review of the quarterly report ending 6/30/2021, it was discovered that OEM had incorrectly reported the State Management Cost (SMC). The Applicant Expenditures to date amount had been reported correctly, however, the data regarding federal funds drawn had been updated. OEM will correct this quarter ending 6/30/2022, which should close out this finding. The Finance Manager will closely review the amounts reported for OEM SMC and compare the data to the monthly reconciliations that are completed by the Public Assistance Grant Accountant.
Finding 2020-035:	Oregon Employment Department <u>The department should ensure identity verifications occur to reduce improper payments</u> Unemployment Insurance (17.225) Eligibility Significant Deficiency, Noncompliance Questioned Costs: \$198,913 (known), \$65,756 (likely)
Initial Year:	2020
Recommendation:	Department management complete the review of claims where identity verification has not been resolved; and establish overpayment recoveries for all known improper payments.
Status:	Corrective action taken.

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Finding 2020-036:	<p>Oregon Commission for the Blind <u>Implement controls to ensure the accuracy of federal financial reporting</u> Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126) Reporting Significant Deficiency, Noncompliance</p>
Initial Year:	2017
Recommendation:	Commission management implement an effective review of its federal financial reports prior to filing. This will ensure reports contain accurate information, are supported by accounting records, and follow federal reporting guidelines. We also recommend that the final versions of the erroneous reports be corrected and resubmitted.
Status:	Corrective action taken.
Finding 2020-037:	<p>Oregon Commission for the Blind <u>Improve documentation of management review of program costs</u> Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126) Activities Allowed or Unallowed; Allowable Costs/Cost Principles Significant Deficiency</p>
Initial Year:	2020
Recommendation:	Commission management provide staff with additional training and develop procedures for timesheet and expenditure review and retain electronic copies of any paper documentation to support the review or revision of the timesheets.
Status:	Corrective action taken.
Finding 2020-038:	<p>Department of Human Services <u>Strengthen controls over program expenditures</u> Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126) Activities Allowed or Unallowed; Allowable Costs/Cost Principles Significant Deficiency</p>
Initial Year:	2020
Recommendation:	Department management review policies and procedures surrounding documentation and approval of transactions, and provide additional staff

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training on processes involved, including verification of signature authority during the invoice review process.

Status: Partial corrective action was taken. The agency response is as follows:

Vocational Rehabilitation (VR) Management agrees with the finding and will take the following corrective actions:

- Reviewing Delegated Signature Authority forms and delegation for all VR staff.
- Restructuring sub-delegations and updating form MSC 0286 for all VR staff.
- Train VR employees on policy and procedure related to Delegated Signature Authority.

Anticipated Completion Date: October 1, 2022

Finding 2020-039: **Oregon Business Development Department**
Document review of the annual performance and evaluation reports
Community Development Block Grant (CDBG) (14.228)
Reporting
Significant Deficiency

Initial Year: 2020

Recommendation: Department management document review procedures that are sufficient to ensure accurate reports are submitted. We also recommend department management maintain evidence of reviews performed.

Status: Partial corrective action was taken. The agency response is as follows:

In January 2021, staff created a PER Development Checklist. The checklist clearly documents our procedure, and demonstrates, through two signatures, that the Performance and Evaluation Reports have been reviewed by staff in addition to the preparer prior to submitting the reports to HUD. The checklist will be retained with our program files. We have implemented the use of the checklist.

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Finding 2020-040:	Oregon Department of Fish and Wildlife <u>Implement monitoring and maintenance of Real Property</u> Fish and Wildlife Cluster (15.605, 15.611), Non-Major Program Equipment and Real Property Management Significant Deficiency, Noncompliance
Initial Year:	2017
Recommendation:	Department management finalize and implement procedures to ensure compliance with real property federal requirements. We also recommend the department complete the acquisition and implementation of real estate management software.
Status:	Corrective action taken.
Finding 2019-008:	Department of Human Services <u>Improve Accuracy of Performance Data Reports</u> Temporary Assistance for Needy Families (TANF) (93.558) Reporting Material Weakness, Material Noncompliance
Initial Year:	2010
Recommendation:	Department management provide additional coding elements related to expenditure data to allow for identification of federal expenditures within the dataset; and implement processes and procedures to ensure data reports accurately reflect case status and activity of the reporting period.
Status:	Partial corrective action taken. The agency response is as follows: Business Change Request was approved, and additional coding elements added to the expenditure data for the 2021 audit. The department will continue working with Deloitte on federal reports to ensure data reports accurately reflect case status and activity of reporting period. Anticipated Completion Date: December 31, 2022

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Finding 2019-009:	Department of Human Services <u>Improve Compliance with Work Verification Plan Requirements</u> Temporary Assistance for Needy Families (TANF) (93.558) Special Tests and Provisions Material Weakness, Material Noncompliance
Initial Year:	2019
Recommendation:	Department management strengthen controls to ensure adherence to the department's work verification plan documentation of participation and projection of hours of participation, and to ensure data entered into the automated data processing system is accurate and complete.
Status:	<p>Partial corrective action taken. The agency response is as follows:</p> <p>TANF Policy in partnership with the training unit created materials and conducted training for field staff on July 21st, 2020. TANF Policy in partnership with Employment and Training conducted technical assistance with contractors on July 28th and 29th, 2020.</p> <p>Targeted communication with field staff who are responsible for retention of attendance documentation is scheduled for September 2020. Targeted reviews are scheduled to begin in August 2020.</p> <p>Targeted reviews began in August 2020 and continue to be conducted monthly. TANF Policy created materials and conducted training for field staff on November 17th, 2020, to review errors identified during the JOBS targeted reviews. In addition to the statewide trainings, analysts attended local staff meetings to answer additional questions and discuss area specific trends with Family Coaches, Engagement Specialists, and managers. Communication regarding the requirement to retain documents in the electronic or hard file has been communicated with various groups within ODHS, including contractors.</p> <p>The department will continue to train staff on attendance reporting requirements, in alignment with finding 2020-014.</p> <p>Anticipated Completion Date: December 31, 2022</p>

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Finding 2019-010:	Department of Human Services <u>Ensure Appropriate Information is Used for Determining Benefit Amounts</u> Temporary Assistance for Needy Families (TANF) (93.558) Allowable Costs/Cost Principles Significant Deficiency, Noncompliance Questioned Costs: \$412 (known); \$577,056 (likely)
Initial Year:	2019
Recommendation:	Department management strengthen controls to ensure clients benefit payments are appropriately determined.
Status:	Corrective action taken.
Finding 2019-011:	Department of Human Services <u>Maintain Documentation to Support Client Eligibility</u> Temporary Assistance for Needy Families (TANF) (93.558) Eligibility Significant Deficiency
Initial Year:	2019
Recommendation:	Department management coordinate resources to better maintain and more readily provide sufficient eligibility documentation.
Status:	Corrective action taken.
Finding 2019-013:	Oregon Health Authority <u>Improve Controls for Monitoring MMIS Claims Edits and Audits</u> Medicaid Cluster (93.777, 93.778) Activities Allowed or Unallowed; Special Tests and Provisions Material Weakness
Initial Year:	2018
Recommendation:	Authority management implement procedures to monitor user access and potential unauthorized changes to the application, as well as continue to implement processes to verify the effectiveness and completeness of the claims edits and audits function.
Status:	Corrective action taken.

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Finding 2019-014:	Oregon Health Authority <u>Ensure MMIS Data Tables are Accurate and Updated Timely</u> Medicaid Cluster (93.777, 93.778) Activities Allowed or Unallowed; Allowable Costs/Cost Principles Material Weakness
Initial Year:	2019
Recommendation:	Authority management continue their analysis and correct all incorrect provider payments. We also recommend authority management ensure tables are updated timely and accurately when CMS provides updates.
Status:	Partial corrective action taken. The agency response is as follows: A correction was made in MMIS to change the incorrect table rate and rule so that future claims will be processed at the proper rate. A total of six System Mass Adjustment Processes (SMAP's) were conducted to pay at the lower rate. The final total amount to be recovered or recouped by the state would be \$348,079. Decision was made on February 24, 2021, by Medicaid Policy not to reprocess these claims as originally pursued, but instead to let them remain because they will be corrected when they go through the settlement process.
Finding 2019-015:	Oregon Health Authority <u>Improve Documentation for Provider Eligibility</u> Medicaid Cluster (93.777, 93.778) Special Tests and Provisions Significant Deficiency
Initial Year:	2012
Recommendation:	Authority management strengthen controls to ensure documentation supporting a provider's eligibility determination is retained.
Status:	Corrective action taken.

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Finding 2019-016:	Department of Human Services/Oregon Health Authority <u>Improve Documentation and Controls for Client Eligibility Determinations</u> Medicaid Cluster (93.777, 93.778) Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility Significant Deficiency, Noncompliance Questioned Costs: \$48,472 (known)
Initial Year:	2010
Recommendation:	Department and authority management strengthen controls to perform timely eligibility redeterminations and verification of client income and ensure eligible clients are appropriately enrolled in both Medicare and Medicaid. Additionally, we recommend management provide periodic training to caseworkers to reduce the risk of administrative errors. We also recommend management correct all identified issues and reimburse the federal agency for unallowable costs.
Status:	<p>Partial corrective action taken. The agency response is as follows:</p> <p>The ONE system was implemented statewide on February 1, 2021. The ONE system requires that fields and screens be completed before an eligibility worker can advance in the system. Verifications are automated via interfaces when possible and must be reviewed. In addition, the ONE system contains a robust rule engine, and checks for correct program enrollment prior to the authorization of benefits. These systematic actions will support accurate and timely eligibility determinations now and into the future.</p> <p>Additionally, the IE system implementation includes cross policy, system and advanced policy training to support staff, eligibility workers and case managers statewide. We believe this training will also assist in ensuring we are building and developing an informed workforce with consistent knowledge of federal and state eligibility policies.</p> <p>All questioned costs have been adjusted as of December 31, 2020 for this finding. The department will redetermine the client's eligibility based upon CMS clarification and guidance to the department on the FFCRA Section 6008(b) continuous enrollment requirement during the Public Health Emergency and will update the SOS with this information on our next steps once received.</p>

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Finding 2019-017:	Department of Human Services <u>Complete System Modifications to Ensure Proper Reporting of Program Expenditures</u> Foster Care – Title IV-E (93.658), Non-Major Program Medicaid Cluster (93.777, 93.778) Allowable Costs/Cost Principles Noncompliance Questioned Costs: Foster Care \$50,811 (known), Medicaid \$10,577 (known)
Initial Year:	2012
Recommendation:	Department management review OR-Kids transaction processing and complete system modifications as appropriate to ensure proper financial reporting of program expenditures. We also recommend department management review prior year and current year transactions and reimburse the federal agency for grant expenditures claimed inappropriately.
Status:	Corrective action taken.
Finding 2019-018:	Department of Human Services <u>Strengthen Controls to Ensure the Accuracy and Completeness of “Applicable Child” Data</u> Adoption Assistance – Title IV-E (93.659) Level of Effort Significant Deficiency
Initial Year:	2014
Recommendation:	Department management continue to correct known applicable child eligibility data issues in OR-Kids to ensure data used to estimate the savings in state expenditures is complete and accurate.
Status:	Corrective action taken.
Finding 2019-019:	Oregon Health Authority <u>Comply with Subrecipient Monitoring Requirements</u> Opioid STR (CFDA 93.788) Subrecipient Monitoring Significant Deficiency, Noncompliance
Initial Year:	2019
Recommendation:	Authority management comply with subrecipient monitoring requirements, develop and implement internal controls to ensure risk assessments are

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performed and documented for each subrecipient, and monitoring activities are completed and documented in conformance with risk assessment results.

Status: Partial corrective action taken. The agency response is as follows:

There is now a documented process and standardized tools to perform risk assessments of subrecipients to determine appropriate monitoring policies. There is also a documented formal process to ensure subrecipients comply with federal regulations, terms, and conditions of the subrecipient performance. However, we are currently piloting this process and tools within a small workgroup, the Grant Management Process Improvement Team, in anticipation of conducting division wide training and implementation in Summer of 2022.

Anticipated Completion Date: October 1, 2022

Finding 2019-020: **Oregon Health Authority**
Improve Controls over Federal Performance Reporting
Opioid STR (CFDA 93.788)
Reporting
Significant Deficiency

Initial Year: 2019

Recommendation: Authority management develop and implement controls to ensure performance progress reports are complete and accurate prior to report submission.

Status: Partial corrective action taken. The agency response is as follows:

There is now a documented process and internal control tool to ensure that performance reports are accurate and complete. However, this tool is in draft form; we are currently piloting this internal control tool, in anticipation for conducting division wide training and implementation in Summer of 2022.

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Finding 2019-021:	Oregon Military Department <u>Strengthen Controls to Ensure Financial Reports are Accurate and Adequately Supported by Accounting Records</u> National Guard Military Operations and Maintenance Projects (12.401) Reporting Material Weakness, Noncompliance
Initial Year:	2019
Recommendation:	Department management ensure corrections are made in the accounting records as errors are identified. Additionally, we recommend department management ensure monthly reconciliations occur between its subsidiary system and accounting records and consider implementing the use of additional data fields within the accounting system to promote accurate federal reporting. Finally, we recommend the department separately account for non-federal expenditures by federal award.
Status:	Partial corrective action taken. The agency response is as follows: <ul style="list-style-type: none">• OMD strengthened our review and approval processes prior to payments being made in order to minimize errors associated with fiscal years, vendors, duplicate payments etc.• OMD implemented a process where the Cooperative Agreement Accountant, the AGI Budget Analyst and the Federal Finance person ensure each SF-270 matches the State Financial Management System, the program subsidiary system iEMS and the federal financial system GFIBS.• OMD is continuing to review how to implement modifications to the SFMA to more fully utilize the system, but those actions were materially affected by the impacts of the COVID-19 pandemic. The Finance Division and our Installations Division have developed a bi-weekly status meeting as a group to work on implementing changes and it is still our intention to have a corrective action in place prior to the October 1, 2021 start of Federal Fiscal Year 2022.• OMD is working toward implementing a reconciliation process, but those actions were materially affected by the impacts of the COVID-19 pandemic. We have developed a bi-weekly status meeting met as a group to work on implementing changes and it is still our intention to have a corrective action in place prior to the October 1, 2021 start of Federal Fiscal Year 2022.• The Senior Master Cooperative Agreement Accountant is still finalizing a three-way reconciliation form that will be used by the Financial

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Administration Division, the AGI Budget Analyst and the Federal Finance person. The reconciliation will occur on a monthly basis and be based on the actual expenses incurred and reimbursements processed during the preceding month. To date there have been some partial reconciliations that have occurred, and we have implemented a new Year to Date Tracker for this program that is used with other Cooperative Agreements within the agency.

- Starting with Federal Fiscal Year 2021 OMD has developed multiple single year General Fund PCA's to match our Federal Funds PCA's. OMD is still planning to tie federal grant numbers and phases to our non-federal PCA.

Finding 2019-022: **Oregon Military Department**
Strengthen Controls to Ensure Expenditures Do Not Exceed Obligated Amounts
National Guard Military Operations and Maintenance Projects (12.401)
Period of Performance
Significant Deficiency, Noncompliance
Questioned Costs: \$230,656 (known)

Initial Year: 2019

Recommendation: Department management ensure construction tracking sheets are appropriately reconciled to the accounting records to ensure payments do not exceed budgeted amounts.

Status: Partial corrective action taken. The agency response is as follows:

OMD is still working toward implementing these processes, but those actions were materially affected by the impacts of the COVID-19 pandemic and the ongoing impacts of our State Active Duty missions. The Finance Division and the Installations Division have developed a bi-weekly status meeting as a group to work on implementing changes and it is still our intention to have a corrective action in place prior to the October 1, 2021, start of Federal Fiscal Year 2022. OMD's Senior Debt Accountant and Budget & Policy Analyst have reengaged with virtual and limited in-person meetings with the Military Construction Team to ensure we are tracking and reporting on all construction projects appropriately.

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Finding 2019-023: **Department of Human Services**
 Improve Documentation of Monitoring of Administrative Costs
 Food Distribution Cluster (10.565, 10.568)
 Activities Allowed or Unallowed, Allowable Costs/Cost Principles
 Significant Deficiency, Noncompliance

Initial Year: 2019

Recommendation: Department management review adequate support for administrative charges
 and revise the monitoring checklist to demonstrate that on-site monitoring of
 invoices is done.

Status: Corrective action taken.

Summaries of Related Audit Reports Issued by the Oregon Secretary of State Audits Division

Summaries of selected performance and information technology audit reports issued during 2021 are included here for informational purposes as subjects may relate to federal programs administered in Oregon.

REPORT TITLE AND NUMBER: Developmental Disabilities Leadership is Proactively Addressing Program Challenges to Ensure Optimal Service Delivery; Report 2021-24

REPORT DATE: August 2021

RESULTS IN BRIEF: In the last 50 years, there has been a significant shift in providing services to people with intellectual and developmental disabilities, away from housing individuals in institutions and towards people with intellectual and developmental disabilities living independently in their own homes and in community settings. Personalized supports and services are delivered based on the needs of the individual receiving them. In Oregon, the delivery of publicly funded personalized services is coordinated by the Office of Developmental Disability Services (ODDS). ODDS is a division within the Oregon Department of Human Services (ODHS), which serves some of Oregon’s most vulnerable residents, including children, families in poverty, and people with intellectual and developmental disabilities.

The publicly funded developmental disabilities services system in Oregon is complex. The system includes multiple partners, stakeholders, advocates, and individuals receiving services and their families. This complexity results in challenges for everyone involved in the system, notably those receiving services. ODDS has spent a great amount of effort to learn about the concerns, challenges, and areas of improvement and prioritized its strategies to address these challenges in an effort to improve and enhance services to Oregonians with disabilities.

This report describes the proactive efforts ODDS has in place, while also highlighting areas that still need improvement. ODDS has a vision and strategies in place to make the developmental disability system easy to access, navigate, and support self-determination and personal choice for individuals receiving services.

While much progress has been made, we identified two areas in need of improvement. The ODDS complaint process is not streamlined, is being used to for multiple purposes outside of its purpose and is not promoted as a communication and feedback tool for individuals receiving services. Additionally, ODDS has not effectively reached out to historically underserved population in the state. Current methods, such as email subscriptions and virtual meetings, are not reaching those who do not have access to or the ability to use the required technology.

What We Found

1. ODDS is proactively identifying challenges and implementing strategies to address the complexity of service delivery created by significant changes to the program over the years.

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Leadership has a vision, goals, and strategies in place to ensure people who need support and service can easily access and navigate the state's developmental disability system

2. The ODDS complaint process needs improvement. The process is not streamlined; relies on professional but untrained staff to address complaints; is being used for multiple purposes other than complaint handling; and is not apparent to the individuals receiving services from ODDS.
3. ODDS is actively engaging with many stakeholders and is pursuing strategies to better engage historically underserved populations in the state. However, current methods, such as email subscriptions and virtual meetings, are not reaching those who do not have access to the required technology. Some individuals with developmental disabilities reported they need additional resources to be able to actively participate in meetings or workgroups within ODDS.

What We Recommend

To enhance current efforts to identify and address program challenges while waiting for a statewide case management system, ODDS should streamline the complaint process by taking the following steps:

1. Assign staff, either through staff re-assignment or a request from the Legislature, that would be dedicated to complaint handling.
2. Create written policies and procedures to address:
 - a. Formal complaints as defined by administrative rules.
 - b. All other inquiries that do not fall under the administrative rules definitions but are received by complaint staff.
3. Train and make users aware of the complaint process and its purpose and value during the required case management contacts with individuals receiving services.

To ensure effective outreach and communication with all members of I/DD community:

4. Educate care providers about, and require case managers to discuss, ad hoc service hour increases with individuals during the annual review of rights and during the case management contacts with individuals to remind them of the opportunity to participate in meetings and advisory groups.
5. Increase participation by individuals with I/DD and their families in advisory groups or agency meetings by providing consistent resources to improve accessibility for participating in process improvement such as:
 - a. Accessibility for individuals to attend meetings such as transportation,
 - b. Live streaming meetings with video recordings and captions,
 - c. Increasing notification requirements,
 - d. Varying times of day for meetings, and
 - e. Providing support staff to help individuals ask questions and repeat information.
6. Engage directly with organizations dedicated to a diverse group of people to invite members to participate in ODDS committees and workgroups or when gathering input for process improvements.

REPORT TITLE AND NUMBER: **Opportunities Exist to Improve Web Application Security and Tracking of Website Accessibility Remediation Efforts; Report 2021-32**

REPORT DATE: November 2021

RESULTS IN BRIEF: Robust web application security requires a multi-faceted information and cybersecurity control system. We found the Oregon Department of Education (ODE) has designed multiple controls to protect the confidentiality, integrity, and availability of data submitted through web applications, including both application-level and network-level controls. However, several of the controls we identified were not fully or appropriately implemented. Moreover, we identified some opportunities for the agency to improve the design of its control system to better safeguard its web application security environment.

We also found ODE has developed a policy and procedures to ensure web content is accessible to people with disabilities. This includes ongoing review of information on the agency's website to ensure common barriers to accessibility are identified and remediated. However, we found this important work could be improved by ensuring policy and procedural documentation is up to date and remediation work is tracked more consistently. Though the agency has requested additional funding to support this effort, the request was not approved by the legislature.

What We Found

1. ODE has multiple controls in place to ensure the security of the agency's web applications. However, opportunities exist for ODE to strengthen web application security by improving network and application development security processes.
2. ODE should develop a more robust security program, including prioritizing and remediating identified deficiencies; ensuring policies and procedures are documented and up to date; and providing security training to key personnel.
3. ODE has implemented a policy and procedures to ensure the accessibility of online content to people with disabilities. This includes processes to leverage automated solutions and manual review to remove accessibility barriers. However, there are opportunities to better track and document these efforts.

What We Recommend

To improve web application and network security processes, we recommend ODE:

1. Document and implement code review processes to ensure that only approved changes are made during application development.
2. Ensure all web applications are scanned at least annually. Where barriers exist to the annual performance of application vulnerability scans, document a plan of action to address those barriers so scans can be performed.
3. Work with CSS to determine if it is appropriate to extend the allowable time for user inactivity before disabling Central Login accounts. If both parties agree to an extended inactive period, document the deviation, and indicate the compensating controls put in place. In alignment with

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statewide standards, ensure the documentation is signed by the ODE director and approved by EIS.

4. Document baseline configurations for all network devices. Review and update baseline configurations periodically, as defined by Statewide Information and Cyber Security Standards. Ensure subsequent changes are managed in accordance with statewide standards.
5. Develop a risk-rating process to prioritize the remediation of vulnerabilities discovered in network scans and compare the results of back-to-back scans to verify vulnerabilities have been remediated in a timely manner.
6. Periodically review anti-malware software to ensure each of the agency's servers remain protected.
7. Document authorization for all privileged access users. Review privileged access accounts at least semi-annually for continued appropriateness, including service accounts with elevated privileges.
8. Implement multifactor authentication at the system level for access to privileged accounts.
9. Implement recommendations associated with separately communicated confidential findings.

To improve ODE's security management program:

10. Develop a documented plan of action and milestones to correct weaknesses identified in this audit, as well as outstanding deficiencies identified in other audits and assessments.
11. Ensure policies and procedures governing web application and network security are documented and up to date.
12. Provide role-based, security-related training for software developers, privileged access users, data owners approving access to agency systems, and district security administrators.

To enhance efforts to ensure the accessibility of website content:

13. Update policies and procedures governing website accessibility, including processes to incorporate feedback from members of the disability community, to ensure they reflect current program objectives and address key roles and responsibilities.
14. Periodically review website remediation tracking to ensure documentation is complete and effective in achieving the agency's objectives related to website accessibility remediation.

REPORT TITLE AND NUMBER: Timely Notification of Inpatient Hospital Stays Could Help Reduce Improper Medicaid Payments; Report 2021-37

REPORT DATE: December 2021

RESULTS IN BRIEF: As the state Medicaid agency, the Oregon Health Authority (OHA) is responsible for all aspects of Oregon's Medicaid program. OHA has the difficult task of managing service delivery for vulnerable populations while balancing the need to be prudent and efficient with state resources.

We found OHA lacks timely notification of inpatient hospital stays, which results in some claims being paid when services were not provided because the Medicaid client was in the hospital.

What We Found

1. OHA lacks timely notification of inpatient hospital stays. This results in some claims being paid when services were not provided because the Medicaid client was in the hospital.
2. Testing of 25 hospital inpatient stays identified \$52,344 in improper payments made to providers not associated with the hospital who likely did not provide services. Approximately \$1.6 million in additional payments were identified as high risk of being deemed improper. The testing focused on three areas generally not allowed during a hospital stay: in-home services, non-emergency medical transportation (NEMT), and private duty nursing.
3. Various information systems, complex program rules, and multiple agencies pose challenges to preventing and detecting improper payments, however, OHA has access to tools that could help contribute to a solution.

What We Recommend

1. Reimburse the federal government for the federal portion of the identified improper payment amount.
2. Develop and implement cost-effective controls that would prevent or detect improper payments for unallowable services while a Medicaid client is inpatient. Consider ways timely notification of hospital admissions could be integrated efficiently into claims processing.

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About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.



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This report is intended to promote the best possible management of public resources.
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