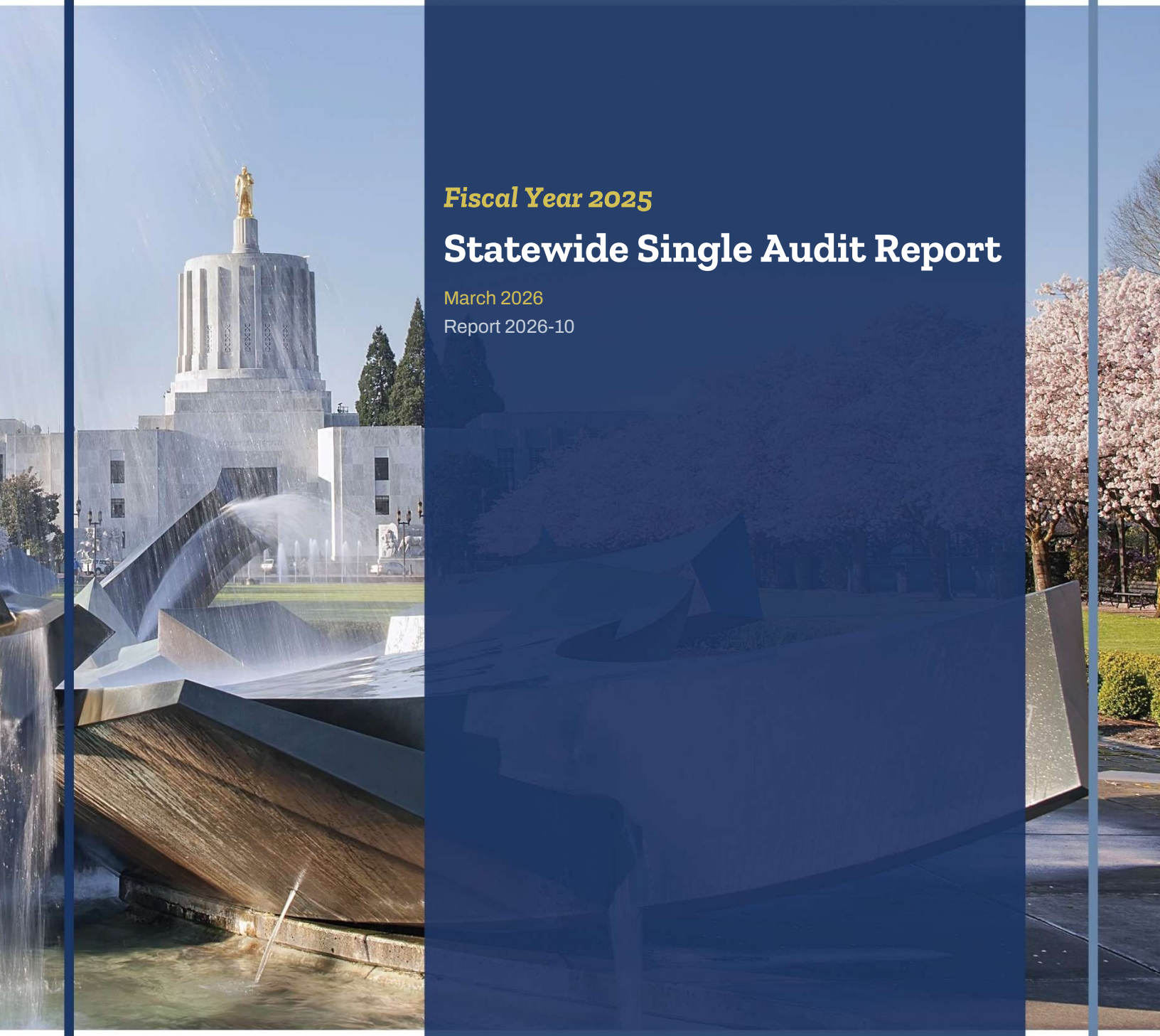

Fiscal Year 2025

Statewide Single Audit Report

March 2026

Report 2026-10

Oregon Secretary of State

Oregon Secretary of State

Steve Bergmann
Division Director

The Honorable Tina Kotek
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, 2025, and is required for the State to continue receiving federal financial assistance, which, as shown in this report, totals approximately $21.1 billion.

As required by the Single Audit Act, we issued a report dated January 28, 2026, 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, 2025.

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, 2025.

- *Schedule of Findings and Questioned Costs.* This schedule lists 14 current year audit findings regarding internal control related to financial reporting. It also lists 17 current year audit findings regarding compliance with the requirements of 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, 2025. 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.

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Tobias Read
Oregon Secretary of State

Michael Kaplan
Deputy Secretary of State

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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, 2025, 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 2024.

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 an adverse opinion on the Basic Health Program and a disclaimer of opinion on the Highway Planning and Construction Program. We issued 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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Oregon Secretary of State

Steve Bergmann
Division Director

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 Tina Kotek
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, 2025, 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 28, 2026.

Our report includes a reference to other auditors who audited the financial statements of the Common School Fund, the Public Employees Retirement System, the Oregon Short Term Fund (OSTF), and the Oregon Local Government Intermediate Fund (OLGIF) 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 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.

Our report includes a reference to other auditors who audited the financial statements of the following discretely presented component units: SAIF Corporation, University of Oregon, Oregon State University, Portland State 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 and compliance and other matters that are reported on separately by those auditors.

Report on 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.

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Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-003 through 2025-014 to be significant deficiencies.

Report on 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

Government Auditing Standards requires the auditor to perform limited procedures on the State of Oregon's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The State of Oregon's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 28, 2026

Oregon Secretary of State

Steve Bergmann
Division Director

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 Tina Kotek
Governor of Oregon

Report on Compliance for Each Major Federal Program

Adverse, Unmodified, and Disclaimer of Opinions

We have audited the State of Oregon's (State) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2025; and we were engaged to audit the State's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Assistance Listing Number (ALN) 20.205 Highway Planning and Construction for the year ended June 30, 2025. The State's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Disclaimer of Opinion on Highway Planning and Construction (ALN 20.205)

We do not express an opinion on the State's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Highway Planning and Construction Program. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the Highway Planning and Construction Program section of our report, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion on compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the Highway Planning and Construction Program.

Adverse Opinion on the Basic Health Program (Affordable Care Act) (ALN 93.640)

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the State did not comply, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Basic Health Program (Affordable Care Act) for the year ended June 30, 2025.

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Oregon Secretary of State

Michael Kaplan
Deputy Secretary of State

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Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the 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, 2025.

Basis for Disclaimer of Opinion on the Highway Planning and Construction Program (ALN 20.205)

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain audit evidence supporting the State's compliance with the Activities Allowed and Unallowed; Allowable Costs/Cost Principles; Matching; Procurement and Suspension and Debarment; and Special Tests and Provisions compliance requirements applicable to the Highway Planning and Construction Program as described in finding 2025-017. As a result of these matters, we were unable to determine whether the State complied with the requirements applicable to the Highway Planning and Construction Program.

Basis for Adverse and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State's compliance with the compliance requirements referred to above.

Matters Giving Rise to Adverse Opinions on the Basic Health Program (Affordable Care Act) (ALN 93.640)

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

Assistance Listing #	Program Name	Finding #	Compliance Requirement
93.640	Basic Health Program (Affordable Care Act)	2025-015	Eligibility
93.640	Basic Health Program (Affordable Care Act)	2025-016	Eligibility

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The State's basic financial statements include the operations of the major component units in the table below, which expended $1.6 billion in federal awards which is not included in the State's schedule of expenditures of federal awards during the year ended June 30, 2025. Our compliance audit does not include the operations of the component units below because they engaged other auditors to perform an audit of compliance.

Component Unit	Federal Expenditures
Oregon Health & Science University	$ 494,160,263
Oregon State University	581,535,002
University of Oregon	350,662,728
Portland State University	169,790,555
Total	**$1,596,148,548**

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the State's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Auditor's Responsibilities for the Audit of Compliance for the Highway Planning and Construction Program (ALN 20.205)

Our responsibility is to conduct an audit of compliance in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion on the Highway Planning and Construction Program section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on compliance.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditor's Responsibilities for the Audit of Compliance for all other Major Programs

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance on the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a

test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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 the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2025-018 through 2025-025 and 2025-029 through 2025-030. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Uniform Guidance requires auditing procedures to follow up on prior year findings, including programs that are not audited as major programs. Finding 2025-031, as described in the accompanying schedule of findings and questioned costs, identified noncompliance or internal control deficiencies for the Child Care Development Fund Cluster (ALN 93.575, 93.596). We express no opinion on this program.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not 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 2025-015 through 2025-017 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 2025-018 through 2025-030 to be significant deficiencies.

Our audit of the State's major programs (excluding the Highway Planning and Construction program) was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated January 28, 2026, 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
March 23, 2026, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is January 28, 2026

State of Oregon

Schedule of Findings and Questioned Costs
For the Year ended June 30, 2025

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	Disclaimer: 20.205 Highway Planning and Construction Adverse: 93.640 Basic Health Program (Affordable Care Act) 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
10.734	Inflation Reduction Act – Forest Legacy Program
11.438	Pacific Coast Salmon Recovery/Pacific Salmon Treaty Program
14.275	Housing Trust Fund
20.205	Highway Planning and Construction
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds
84.367	Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)
93.268	Immunization Cooperative Agreements
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases
93.640	Basic Health Program (Affordable Care Act)
93.659	Adoption Assistance
93.958	Block Grants for Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse
Cluster	Fish and Wildlife Cluster
Cluster	Disability Insurance/SSI Cluster
Cluster	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs:	$31,607,388	
Auditee qualified as low-risk auditee?	☐ yes	☒ no

Section II – Financial Statement Findings

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

2025-001 Department of Revenue

Establish a procedure to ensure that all kicker amounts are captured

Material Weakness

Criteria: The Oregon Accounting Manual requires agencies to have controls in place to ensure the proper recognition of liabilities and revenues. (OAM 10.30.00.PO.101; 15.35.00.101; 15.40.00.101)

Condition: The Oregon kicker is a tax refund mechanism that returns surplus state revenue to taxpayers when actual revenues received exceed projections by more than 2%. This surplus is estimated each year by the Office of Economic Analysis. At the end of a biennium, if the surplus is more than 2 percent, the revenue surplus is refunded to taxpayers via a tax credit.

For accounting purposes, the kicker refund liability has two parts: known kickers outstanding for prior bienniums and forecasted kicker for current biennium (2023-2025). At the end of fiscal year 2024, the Department of Administrative Services Statewide Accounting and Reporting Services (SARS) communicated that SARS would obtain and record, if probable, the kicker estimate associated with the fiscal year from the Office of Economic Analysis for the current biennium. However, the Department of Revenue (department) was still responsible for estimating and recording a liability for prior biennium kickers still owed to taxpayers that may be eligible but have not filed a tax return.

Cause: The department misunderstood who was responsible for recording the liability outstanding for prior biennium's kickers. The department assumed SARS was recording all kicker amounts. However, SARS was only recording the estimate for the current 2023-2025 biennium.

Effect: The estimated payable still owed related to kickers for the 2017 to 2023 tax years was not recorded causing a $183.5 million understatement to accounts payable and an overstatement to personal income tax.

Recommendation: We recommend department management establish a procedure to ensure that the prior year's kicker amounts get recorded at fiscal year-end.

MANAGEMENT RESPONSE:

We agree with this recommendation.

We have taken the following corrective action:

Met with the Department of Administrative Services Statewide Accounting and Reporting Services so that there is an agreed understanding of DOR's role in year-end reporting.

Updated our procedures to estimate and record a liability for prior biennium kickers still owed to taxpayers that may be eligible but have not filed a tax return.

Updated our schedules so that our calculations reflect our revised procedures.

Anticipated Completion Date: October 31, 2025

2025-002 Legislative Administration Committee
Dedicate time and resources to provide reliable financial reporting
Material Weakness

Criteria: Agency management is responsible for establishing and maintaining a system of internal control which is designed to provide reasonable assurance of the reliability of financial reporting. OAM 10.10.00.PO.102

Condition: Discrepancies were identified between amounts recorded in the accounting system and the agency's supporting documentation for the State Capitol building and related accumulated depreciation.

The Oregon State Capitol building, originally constructed in 1938, has undergone several capital improvement projects since then, including the current Capital Accessibility, Maintenance and Safety (CAMS) project, which is scheduled for completion in 2026.

Given the significant improvement costs to the capital, we performed audit procedures related to the capital building asset account along with related accounts; construction in progress, accumulated depreciation, and annual depreciation expense. The Legislative Administration Committee (department) provided initial supporting documentation showing the building asset amount as $174.5 million but the balance in the state accounting system was $131.2 million. The department was aware that the initial support did not reconcile to the balance in the state accounting system but had not determined the accuracy of either number or identified why there was a discrepancy.

In addition, according to initial supporting documentation, accumulated depreciation was $57.8 million but the balance in the accounting system was $42.2 million. The accumulated depreciation was based on incorrect useful life calculations and were also based on the incorrect, higher asset value. Finally, according to the accounting system, annual depreciation expense was not recorded in 2023.

Cause: Agency management did not dedicate sufficient time and resources to support reasonable assurance of the reliability of financial reporting. In addition, the agency didn't have sufficient policies and procedures in place to ensure the building and accumulated depreciation amounts are supported, accurate, consistently recorded and reviewed.

Effect: Due to auditor inquiries, the agency reassessed and recalculated the asset and related accounts based on available data and calculated the building balance at $131.0 million. After department recalculation, the accumulated depreciation amount was overstated by $19.1 million, and the current year depreciation expense was overstated by $3.6 million.

Recommendation: We recommend department management dedicate sufficient time and resources to operations related to financial reporting. We also recommend department management update policies and procedures to ensure depreciation and building balances are accurately calculated, reviewed and reported.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Financial Services has reclassed a position to dedicate an additional 0.50 FTE to the existing 2.0 FTE in accounting services. It will take a bit of time to train this role (expected to take about 6 months) but will ease the duties of the Senior Accountant to accommodate more time for financial reporting and maintaining procedures. We will also review the distribution of duties within accounting services to ensure duties are distributed effectively.

Financial Services will work to update or document procedures to ensure depreciation and building balances are accurately calculated, reviewed and reported.

Anticipated Completion Date: June 1, 2026

2025-003 Oregon Business Development Department
Management should ensure accuracy of year-end entries
Significant Deficiency

Criteria: State policy requires that department management ensure department accounting records are in accordance with Generally Accepted Accounting Principles (GAAP). (Oregon Accounting Manual 15.05.00.PO)

Condition: In recording year-end entries, the department incorrectly posted a transaction in fiscal year 2025 to reverse an item recorded in fiscal year 2026.

Cause: Department review procedures did not identify that entries were not necessary and were not in accordance with accounting standards.

Effect: The error created overstatements of $5.1 million to the loans receivable and due to other governments accounts.

Recommendation: We recommend department management ensure that year-end entries are appropriate and in accordance with accounting standards.

MANAGEMENT RESPONSE:
We agree with this recommendation.

During the 2025 fiscal year-end closing, errors occurred under the existing procedures for accruing loan disbursements and repayments, resulting in an overstatement of the loan receivable balance by $5.1 million. Following this audit finding discussion, a new procedure in our year-end checklist was established for loan receivable- related accounting entries. Senior accountants and Managers assigned to review accrual entries will perform more detailed evaluation of accounting entries made by staff to ensure that year-end entries are appropriate and in accordance with accounting standards. For the 2026 fiscal year-end process, an updated year-end checklist has been completed to reflect monitoring for accrual entries on specific comptroller objects for loan receivables. Additionally, a new reporting tool was created in September 2025, Loans Receivable Clearing Report to monitor weekly the Expenditure and Revenue

Comptroller Objects and General Ledger Accounts affecting Loans Receivable of all programs. This same reporting tool can be used for monitoring loan receivable balances during the year-end process.

Anticipated Completion Date: June 30, 2026

2025-004 Oregon Business Development Department
Management should ensure accuracy of financial disclosures
Significant Deficiency

Criteria: Accounting disclosures used to prepare financial statements and disclosures should be complete and accurate. (Oregon Accounting Manual 15.10.00. section .108)

Condition: As part of the year-end procedures, the department prepared disclosures for the Department of Administrative Services to be used in preparing the state's financial statements. The submission regarding restrictions on cash was incomplete.

Cause: Queries used in identifying the restrictions were not updated from prior years and did not include all of the applicable new cash funds.

Effect: The disclosures failed to include approximately $148 million of cash restrictions due to new debt service.

Recommendation: We recommend department management verify queries are accurate and ensure that year-end disclosures to the Department of Administrative Services are complete and accurate.

MANAGEMENT RESPONSE:
We agree with this recommendation.

During the 2025 fiscal year-end disclosure process, outdated queries were used to identify D23 Funds that have cash restrictions and did not capture all applicable new D23 Funds created during the fiscal year. As a result, approximately $148 million of cash restrictions related to new debt service were omitted. A revised FY25 Restricted Cash Disclosure was submitted to DAS SARS accounting unit in October 2025. For the 2026 Fiscal Year End process, an updated year-end checklist has been completed to reflect inclusion of new D23 Funds created during the fiscal year and implement more detailed review on filters created in datamart queries that are built for year-end disclosures reporting.

Anticipated Completion Date: June 30, 2026

2025-005 Oregon Business Development Department
Management should ensure cash handling procedures are properly segregated
Significant Deficiency

Criteria: State policy outlines expected controls related to cash/checks including that collections, deposits, bank reconciliations, and recording of cash receipts should be segregated to the extent possible. (Oregon Accounting Manual 10.20.00.PR)

Condition: In March 2025, the department revised the cash handling process. After the revisions, cash handling duties were not properly segregated and one employee is responsible for opening the mail, endorsing, depositing, and recording the cash receipts.

Cause: In developing the new process, the department did not recognize that cash receipts duties were not adequately segregated.

Effect: Failure to properly segregate duties in cash handling procedures increases the risk of error or misappropriation.

Recommendation: We recommend department management update the current cash handling procedures to ensure duties are properly segregated and the procedures are in accordance with the Oregon Accounting Manual.

MANAGEMENT RESPONSE:
We agree with this recommendation.

After meeting with auditors on 11/04/25 and becoming aware of this cash handling vulnerability, our management team implemented immediate change based on the auditor's recommendations. The primary change has been the separation of the staff opening our mail and depositing checks. In the previous fiscal years, the mail opening and check depositing were done and logged by the same accounting technician. Starting November 2025, our checks are opened and logged independently by different staff. This creates and demonstrates separation between the four primary steps of a physical deposit's lifecycle:

1. *Receiving/opening of mail and recording check information on Reception Logbook is done by reception staff.*
2. *Recording the check information on deposit log, depositing of check in USBank Online System, and recording deposits on SFMA is done by Accounting Technician #1.*
3. *Reviewing SFMA accounting entries, which includes check and deposit information, and approving deposit batch is done by Accounting Manager.*
4. *Reconciling of Treasury Statement with the SFMA deposit transactions is done by Accounting Technician #2.*

Anticipated Completion Date: November 2025

2025-006 Department of Justice
Strengthen controls over lease accounting processes
Significant Deficiency

Criteria: In accordance with state policy, the department is responsible to ensure proper accounting and reporting of its leases in accordance with Government Accounting Standards Board (GASB) statement 87, which prescribes the proper accounting of department leases. (Oregon Accounting Manual (OAM) 15.05.00 paragraph .101, GASB statement 87).

Condition: During state fiscal year 2025, the department revised its lease valuations and amortization schedules to address a prior year finding (2022-006) and to ensure the leased assets were accounted for in accordance with GASB statement 87 requirements. However, accounting entries were not made before year end close to reflect the department's updated calculations. During our review of the revised amortization schedules, we identified the following errors which the department applied retroactively back to fiscal year 2022.

- Operating expenses and taxes were capitalized, which should have been expensed.
- Lease payments did not accurately reflect the required monthly payments per the agreement.
- Nominal rates for most leases were changed and applied retroactively to state fiscal year 2022.
- Due to an oversight, extension periods for two leases were not reflected on the respective schedules.

Cause: Department management has not developed policies and procedures for calculating lease balances. Staff did not fully understand or interpret the GASB statement 87 lease reporting requirements.

Effect: The Leased Building and noncurrent Lease Obligation account balances were misstated by $5.9 million and $17.9 million, respectively. Without established policies and procedures, management cannot ensure the consistent application of lease calculations.

Recommendation: We recommend management develop policies and procedures, to ensure consistent application of lease calculation methodologies. We also recommend management work with the Department of Administrative Services State Accounting and Reporting Services to determine the entries needed to ensure the department's leases are accurately reflected in the state accounting system.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The agency recognizes the importance of having comprehensive, standardized, and documented procedures in place to ensure consistency, accuracy, and compliance with both internal DOJ and applicable state, federal, and industry regulations in our lease accounting processing. The absence of documented procedures can lead to inconsistencies in processing, potential errors, and an increased risk of non-compliance. To address this finding, the agency will perform the following actions:

Corrective action plan:

- *Policy and Procedure Update:*
  - *Develop and update internal procedures to align with OAM 45.17.00 requirements, including documentation standards and timeliness to ensure consistent application of lease calculation methodologies.*
  - *Update agency financial policies to explicitly reference OAM 15.05.00 and GASB statements 87 requirements.*
- *Training and Controls:*
  - *Deliver training to accounting staff using GASB statements 87 training materials.*
  - *Institute quarterly lease reviews and a checklist ensuring agency's leases are accurately reflected in the state accounting system.*
  - *Provide updated guidance and training on GASB statements 87 lease requirements in consultation with the Department of Administrative Services' State Accounting and Reporting Services to specifically include:*

- *Guidance on operating expenses and taxes.*
- *Guidance on extension period and properly documenting in respective schedules.*

Anticipated Completion Date: June 30, 2026

2025-007 Department of Justice
Payroll data integrity controls should be strengthened
Significant Deficiency

Criteria: State policy requires the department to reconcile the payroll system to the state accounting system. (OAM 45.17.00 paragraph .101 and 10.60.00 PR paragraph .120)

Condition: The department uses Workday reports as a basis to calculate projected salaries for budgeting purposes. After each month closes, the salary projections are compared to actual payroll in the state's accounting system for purposes of analyzing differences between projected and actual payroll. However, the department does not currently reconcile payroll data between Workday and the state accounting system.

Cause: The department has not developed or implemented a process to reconcile Workday payroll data to the state's accounting system.

Effect: Without adequately designed and implemented controls to ensure Workday payroll data interfaces properly with the state's accounting system, the integrity of the department's payroll data could be compromised. Additionally, the department is not in compliance with state accounting policies and procedures, and there is a risk the payroll balances reported in the state's accounting system could be misstated.

Recommendation: We recommend department management comply with state accounting policies and procedures by designing and implementing controls to ensure the integrity of its payroll data. At a minimum, management should ensure payroll data is periodically reconciled between Workday and the state's accounting system.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Management agrees with the finding "Payroll data integrity controls should be strengthened." The agency acknowledges that payroll reconciliation was not consistently documented in accordance with OAM 10.60.00 PR paragraph 120. Contributing factors included staffing turnover, changes in the statewide Workday Payroll application, and manual processes that did not provide adequate review. The agency recognizes the importance of strong oversight and controls for reconciling the payroll system to the state accounting system. Identifying, understanding, developing, and implementing policy, procedures, and controls for the oversight and management for Payroll data integrity is critical to the success of Financial Services Division and the Oregon Department of Justice. To address this finding, the agency will perform the following actions:

Corrective action plan:

- *Develop and implement formal procedures that:*
    - *Define the requirements outlined in OAM 45.17.00 paragraph .101 and OAM 10.60.00 PR paragraph .120 for payroll reconciliation and internal controls.*

- *Establish a standardized reconciliation process, including a checklist, step-by-step procedure, and documentation protocol, to ensure the accuracy, completeness, and integrity of payroll data.*
- *Implement a monthly reconciliation of payroll reports and interface totals to SFMA/R*STARS; retain reconciliation workpapers and variance resolutions.*

- *Procedure and Training:*
  - *Providing annual training and review for staff on reconciliation procedures and documentation standards.*

Anticipated Completion Date: June 30, 2026

2025-008 Oregon Judicial Department
Account for county match funds in accordance with GAAP
Significant Deficiency

Criteria: State agencies are expected to maintain accurate accounting records in accordance with generally accepted accounting principles (GAAP). (OAM 01.05.00.117)

Condition: The Oregon Legislature established the Oregon Courthouse Capital Construction and Improvement Fund to assist counties with costs of improving the courthouses through matching funds. The department enters into intergovernmental agreements with the counties that outline the State's contributions and terms around the county's matching funds. The agreement requires counties to deposit their share with the State as a direct transfer of funds, and within 2 business days, the department transfers the money to the county's Treasury account.

For several projects, the department recorded the receipt of the county's deposit as revenue and the return of the deposits as expenditure. This treatment is not in accordance with GAAP, as an exchange of goods or services had not occurred for revenue recognition. Upon receipt, the department should have recorded a liability as it owed the county's deposit to the county.

Cause: According to the department, it receives revenue and expenditure budget limitations for county match funds. The department indicated the Legislative Fiscal Office intends to manage the flow of funds in this program in this manner.

Effect: Department's revenues and expenditures were overstated by $20.7 million.

Recommendation: We recommend management establish a methodology related to county matching funds to ensure appropriate year-end adjustments are made so accounting records are in accordance with GAAP.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The Oregon Judicial Department (OJD) agrees that the department recorded the receipt of county deposits as revenue and the return of those deposits as expenditures to comply with expectations that were set for budgeting purposes. OJD agrees that this accounting treatment does not comply with Generally Accepted Accounting Principles (GAAP).

OJD has implemented a revised methodology to coordinate with the Department of Administrative Services' Statewide Accounting and Reporting Services unit to establish appropriate year-end adjusting entries that will effectively reverse these transactions. OJD has updated internal procedures to align with GAAP requirements.

Anticipated Completion Date: June 30, 2026

2025-009 Department of Emergency Management
Strengthen controls over year-end distribution accruals
Significant Deficiency

Criteria: The Oregon Accounting Manual (15.40.00 paragraph .103) directs most expenditures to be recognized when the related liability is incurred.

Condition: As part of year-end financial reporting, the department did not record all accruals to recognize expenditures when the related liabilities were incurred. The department recently took over its accounting duties from the Department of Administrative Services Shared Client Services (DAS SCS). As a result, management and staff are working through various accounting issues, including year-end accruals. Staff reached out to DAS SCS for guidance on the accrual process; however, the department did not make year-end accruals for certain distribution accounts (i.e., Distribution to Non-Governments, Distributions to Counties, Distributions to Cities, etc.).

Cause: The department has not developed an accrual methodology for its distribution accounts.

Effect: Identified distribution accounts were understated by a combined $7.9 million. In addition, Accounts Payable, Accounts Receivable and Federal Revenue were also understated by $7.9 million each.

Recommendation: We recommend department management establish a methodology to ensure appropriate year-end accruals are made for all distribution accounts. We further recommend management ensure staff are properly trained on year-end closing procedures.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The Oregon Department of Emergency Management (OEM) respectfully responds to the recent audit performed by the Secretary of State regarding the agency's ability to strengthen controls over year-end distribution accruals.

Based on your recommendations, we respond as follows:

Department management establish a methodology to ensure appropriate year-end accruals are made for all distribution accounts.

- *OEM agrees with the findings.*
- *The CFO and Controller will prepare and finalize a methodology to ensure year-end accruals are recognized, managed and documented for submittal to the Department of Administrative Services, Statewide Accounting & Reporting Services (DAS SARS). This may include an*

internal policy, process and procedure that is vetted through the finance team, management and DAS, as appropriate.

Management ensures staff are properly trained on year-end closing procedures.

- *OEM agrees with the findings.*
- *OEM has reached out to Rob Hamilton, State Controller, Department of Administrative Services regarding specific training for agency Controller's and the year-end process. DAS offers a wide range of training for agency staff for all accounting services, to include year-end processes to include topics such as Agency Guide to Year-end Close and Year-end specific training offered in-person or virtual.*
- *OEM will ensure that our Controller participates in all training sessions and refreshes themselves at each year-end process.*
- *The CFO and Controller will collaborate with other state agencies regarding mentorship opportunities to assist the Controller in year-end processes.*
- *OEM will develop a document that will identify each accrual, its sources, actions taken and the resolution, throughout the process.*

Anticipated Completion Date: June 30, 2027

2025-010 Higher Education Coordinating Commission
Management should ensure accounting balances with state universities are complete and accurate
Significant Deficiency

Criteria: The Oregon Accounting Manual (15.51.00) outlines processes and entries to be used in recording receivable and payable balances with the state universities.

Condition: The state issue bonds under the authority of section XI-F of the Oregon Constitution, which allows the state to issue the bonds in the state's name. For XI-F debt, the Higher Education Coordinating Commission (HECC) enters into a loan agreement with state universities. The loan agreements outline responsibility of HECC to distribute the bond proceeds and the universities' responsibility to reimburse HECC based on the bond's debt service requirements. Under this relationship, specific entries are required for HECC to record both a liability for proceeds owed to the university and a receivable for the principal payments outstanding from the university. At year-end, HECC confirms the receivable and payable balances with each university to ensure the accuracy of financial reporting for both parties.

During the year, HECC issued new XI-F debt and refunded previously issued XI-F debt. This resulted in a change to the amounts due from the universities and new bond proceeds due to a university. HECC did not properly record the receivables and payables with the universities. In one instance, a component unit confirmed a $25.9 million receivable and HECC did not record the corresponding payable.

In addition, HECC did not recognize that its accounting records had a noncurrent payable of $19.9 million for a university. The university confirmed $0 as noncurrent but HECC did not adjust its accounting records. This error was identified and corrected by the Department of Administrative Services during its review in preparation of the State's financial statements.

Cause: Although the department has its own accounting procedures for transactions with the state universities, they are incomplete and do not include all of the required accounting entries necessary for the XI-F bonds.

Effect: Due to these errors, HECC understated its noncurrent receivables by $20.1 million. In addition, for one university it understated its noncurrent liability by $26 million and overstated intergovernmental expenditures to multiple universities by $5.6 million, collectively. Finally, for a different university, HECC overstated its noncurrent liability and expenditures by $19.8 million.

Recommendation: We recommend department management ensure that agency procedures are in accordance with the guidance described in the Oregon Accounting Manual for XI-F bonds.

MANAGEMENT RESPONSE:
We agree with this recommendation.

In response to Oregon Audits Division Annual Audit Report of the State of Oregon's financial statements, the Higher Education Coordination Commission (HECC) agrees with the finding that the HECC did not include all the required accounting entries necessary for the XI-F bonds. Due to these errors, HECC understated its noncurrent receivables by $20.1 million. In addition, for one university it understated its noncurrent liability by $26 million and overstated intergovernmental expenditures to multiple universities by $5.6 million, collectively. Finally, for a different university, HECC overstated its noncurrent liability and expenditure by $19.8 million.

To ensure accurate reporting of future XI-F Bond transactions, the HECC has the following corrective action plan:

1. *Review and update of the procedures and entries to record receivables and payables with universities.*
2. *Further training of the accounting staff to ensure those responsible for F-Bond transactions are aware of the Oregon Accounting Manual requirements.*
3. *Ensuring there is the necessary communication between HECC's Internal Programs (Postsecondary Finance & Capital Division, Procurement, and Accounting Staff) regarding these agreements.*
4. *Review and update of the processes for reconciling with each university at Year-End Closing to ensure they align with HECC's.*
5. *The HECC will be working with the Department of Administrative Services Statewide Accounting and Reporting Section for any material post-closing entries for FY2025 ACFR.*

Anticipated Completion Date: April 17, 2026

2025-011 Department of Education
Management should ensure account coding is accurate
Significant Deficiency

Criteria: Accounting standards require that intergovernmental expenditures be reported separately from programmatic expenditures. [GASB Cod 1800.137]

Condition: Debt service payments on behalf of local school districts were recorded in the state's financial system using incorrect account coding.

Cause: The department's input documentation had the correct coding. However, an error was made when entering it into the accounting system. The department's review and approval procedures did not identify the error.

Effect: Intergovernmental expenditures were understated by approximately $31.7 million and Services and Supplies expenditures were overstated by the same amount.

Recommendation: We recommend department management ensure that review procedures are effective in detecting and correcting coding errors.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action Planned: In addition to regular transaction entry review by a senior accountant on all accounting entries, ODE will take the following steps:

- *Update the State School Fund process to add a monthly payment query and coding review by accounting staff.*
- *Monthly review of program expenditures will be conducted by budget staff, and they will advise accounting staff if any unexpected coding is identified.*

Anticipated Completion Date: January 31, 2026

2025-012 Department of Early Learning and Care
Management should ensure year-end accruals are recorded
Significant Deficiency

Criteria: As part of the year-end financial reporting, the department should record accruals to recognize expenditures when they occur rather than when cash is paid. (Oregon Accounting Manual 15.40.00.103)

Condition: As part of its year-end financial reporting process, the department did not record year-end accruals to ensure expenditures are reported to the proper reporting period.

Cause: Although reported to management in the prior audit, management had not developed year-end procedures to ensure expenditures were recorded to the correct accounting period.

Effect: As a result, the balances reported in the accounting system understated expenditures by $9.1 million.

Recommendation: We recommend department management develop and implement year-end procedures to identify and accrue expenditures to the correct fiscal year.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The first step in the corrective action plan is to develop a year-end accrual procedure for grant payments to ensure expenditures are recorded in the appropriate fiscal year. During fiscal year 2026 year-end close, DELC will implement this process to ensure an accurate estimate of grant payment accruals is recorded.

Anticipated Completion Date: March 31, 2026

2025-013 Department of Forestry
Improve procedures and review of year-end transactions
Significant Deficiency

Criteria: OAM 10.15.00.103; OAM 10.10.00.PR (.114) State accounting policies require management to develop control activities to ensure that transactions entered in the state's accounting system are properly calculated, classified, and recorded.

Condition: The Oregon Department of Forestry (department) records receivables, primarily resulting from timber sales and wildfire suppression activities. At fiscal year-end, the department estimates an allowance for receivables determined to be uncollectible. During our review of year-end transactions, we found amounts used to calculate the allowance for uncollectible receivables were not appropriately updated.

Cause: Procedures for calculating the allowance for uncollectible receivables were not sufficiently detailed to ensure the calculations were prepared accurately. Additionally, management's review of the calculation and related entries did not identify the errors.

Effect: The allowance for uncollectible accounts was understated by $4.5 million for fiscal year 2025.

Recommendation: We recommend department management establish sufficiently detailed procedures and improve management transaction review to ensure estimates are prepared appropriately.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The Department will review and update procedures for calculating the allowance for uncollectible receivables to ensure the procedures are sufficiently detailed to support accurate calculations. The Department will also document the calculation process and strengthen management review controls to ensure the allowance calculation and related accounting entries are reviewed and approved prior to posted.

Anticipated Completion Date: July 31, 2026

2025-014 Oregon Housing and Community Services
Improve procedures to ensure accurate reporting of project draws
Significant Deficiency

Criteria: GASB 100: Governmental accounting standards require that corrections of an error in a prior period be recorded as a restatement of the beginning fund balance.

Condition: The department discovered grant distributions reported in fiscal year 2023 should have been recorded as loan draws. Current year entries were made to decrease the grant distribution account and increase loans receivable to correct the identified errors.

Cause: The department uses a system called Prolink to track project funding information. The error resulted from the Prolink system containing incorrect information about the type of project funding as a grant or loan. Additionally, project funding agreements are meant to be saved to a shared location, allowing accounting staff access to agreements to verify the funding type. Because of a backlog in processing and saving agreements to the shared location, some agreements were not available for review, resulting in accounting staff relying on inaccurate information in the Prolink system.

Effect: Special payments for FY25 in the residential assistance fund were understated by $25.9 million. Expenditures were overstated and loans receivable were understated by the same amount in fiscal year 2023 when the draws occurred.

Recommendation: A quality control review process of all draws by program staff should exist to ensure that project draws are recorded properly as loans or grants. Additionally, controls should be designed and implemented to ensure that grant and project agreements in Prolink are categorized and recorded accurately and available for reference.

MANAGEMENT RESPONSE:
We agree with this recommendation.

OHCS Accounting and Program staff will partner to ensure a standardized and recurring training plan exists for program staff to support accurate entry into ProLink, and to ensure draws within ProLink are properly identified prior to approval. Additionally, our quality control review process of all draws will be reviewed and improved within Accounting and the Program areas. Accounting and program will also work to define when agreements will be required to support draw requests and disbursement of funds. Finally, standardized and timely electronic storage of agreements will be created to support reconciliations, efficiency, audits, and accuracy of payments.

Anticipated Completion Date: June 30, 2026

Section III – Federal Awards Findings and Questioned Costs

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

2025-015 Oregon Health Authority

Ensure ONE system correctly determines eligibility when income is below 133%

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.640 Basic Health Program
FAINs and Years:	Unknown
Compliance Requirement:	Eligibility
Type of Finding:	Material Weakness; Material Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	$8,000,000 (known)

Criteria: CFR 42 §600.305(a)(2)

To be eligible for the Basic Health Program (BHP), individuals must have a household income which exceeds 133% but does not exceed 200% of the federal poverty level.

Condition: The department implemented BHP in July 2024. BHP is also known as the Oregon Health Plan Bridge program. After implementation of BHP, the department generated a report to review the income data of the recipients. Their review of the report during the fall of 2024 showed individuals were receiving BHP benefits despite having an annual income below the BHP threshold of 133% of the federal poverty level. A service ticket to fix the ONE system to include the annual income lower limit threshold was submitted to the vendor in December 2024 and the error was corrected on June 11, 2025. As of March 2026, the department indicated it is working through a process to refund the payments related to ineligible individuals.

Cause: The lower annual income threshold of 133% was not correctly coded in the ONE system eligibility determination rules for BHP and was not identified by the department prior to the implementation of BHP. Per department management, system control testing was performed; however, the lower limit threshold was inadvertently removed from the testing protocol.

Effect: The department provided us with a report of 3,586 individuals and the related benefit months it identified as ineligible due to income being below the 133% federal poverty level threshold. Using that report along with a download of individual payment data we obtained for audit, we estimate approximately $8 million in questioned costs related to this issue as of June 30, 2025.

Recommendation: We recommend department management ensure the BHP is refunded for the payments made on behalf of ineligible individuals and ensure benefits are ended for ineligible individuals. We also recommend the department continue to monitor the ONE system to ensure it is working as intended.

MANAGEMENT RESPONSE:

We agree with this recommendation.

We concur with the recommendations, which the authority has already taken steps to implement upon identifying the defect prior to this audit. We note that authority's existing controls enabled the authority to identify the system defect that led to individuals with annual income <133% FPL being determined eligible for Oregon's Basic Health Program. Upon identifying the system defect, the authority followed procedure in federal regulation (42 CFR 600.715) to alert BHP Trustees of the defect, to initiate processes in coordination with the department to address ONE System operation, and to end BHP benefits for ineligible individuals. The department implemented system fixes to prevent new enrollment of individuals with income <133% FPL in June 2025, and the majority of affected individuals had coverage ended in, or before, July 2025. The department fully completed all necessary data fixes to end enrollment for all ineligible individuals by December 2025.

The authority has also been working with the BHP Trustees to ensure the state provides financial restitution to the Trust Fund for any non-permissible spending in compliance with federal regulatory provisions governing the manner and timeline of required restitution. Based on timelines in federal regulation, Oregon must provide financial restitution to the Trust Fund by February 28, 2027; the agency is on track to comply with this timeline.

The state has also established a proactive, continuous monitoring approach to ensure the system operates as intended and to identify and address issues early.

Our approach includes:

- *Statewide Operation Support Team access for all eligibility workers and leads to submit requests for assistance with any eligibility, process or system related questions for analysis, assistance or escalation of system issues.*
- *Ongoing weekly defect review meetings to proactively identify, track, and resolve system issues.*
- *Cross-functional design sessions with all relevant stakeholders to anticipate impacts and ensure solutions meet business needs.*
- *Structured User Acceptance Testing (UAT) to validate system changes prior to implementation.*
- *Formal go/no-go decision-making processes to assess readiness and mitigate risk before deployment.*
- *Governance board oversight to provide strategic direction, accountability, and continuous evaluation of system performance.*
- *These efforts support early detection of issues, informed decision-making, and continuous system improvement.*
- *The authority and the department will continue to refine our monitoring practices to ensure the ONE system remains stable, effective, and responsive to program needs.*

Anticipated Completion Date: February 28, 2027

2025-016 Oregon Health Authority

Correct ONE system error and manual errors resulting in incorrect eligibility determinations

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.640 Basic Health Program
FAINs and Years:	Unknown
Compliance Requirement:	Eligibility
Type of Finding:	Material Weakness; Material Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	$17,733 (known); $7,000,000 (likely)

Criteria: CFR 42 §600.305(a)(2); CFR 42 §600.305(a)(3)

To be eligible for the Basic Health Program (BHP), individuals must have a household income which exceeds 133% but does not exceed 200% of the federal poverty level. In addition, individuals with access to affordable employer sponsored insurance (ESI) are not eligible.

Condition: We randomly selected a sample of 60 BHP individuals and reviewed department documentation to test compliance with various eligibility requirements. We identified the following exceptions:

- In three cases, a request for information (RFI) was sent to the individuals to verify income. Upon receipt of documentation, the individuals were determined to be financially ineligible as their income was over the 200% threshold. According to the department, the ONE system should have closed the case and ended eligibility, but the cases were not closed. This system error resulted in known questioned costs for these three cases of $7,919.
- One case where eligibility continued even after documentation received from a RFI indicated the individual was over the income threshold of 200%. It is unclear if the RFI was incorrectly cleared by the eligibility worker or if it was a system error. The known questioned costs are $3,500.
- One case where a data entry error incorrectly included alimony income as part of the income determination. This error resulted in an incorrect eligibility determination and known questioned costs of $5,814.
- In one case, an individual reported access to ESI. In April 2025, the individual provided premium information in response to an RFI. However, the ONE system data indicates ESI affordability was unable to be determined. It appears the eligibility worker did not enter the premium information for consideration. Based on our calculations, the ESI would be considered affordable so the individual would not have been eligible resulting in known questioned costs of $500.

Cause: The ONE system did not end benefits when a response to a RFI indicated the individual was over income and ineligible. The department identified this system error in May 2025. As of August 2025, an interim business process relies on eligibility workers to manually close a case in these situations.

The other errors are attributable to human error.

Effect: A total of $17,733 in known program benefits were paid on behalf of the ineligible individuals identified in the condition above.

For the system error discussed in the first bullet of the condition, as of March 2026, the department is working to generate a report to identify the individuals impacted by the error. Using our random sample, we identified an error rate of 3.8%. We projected the likely questioned costs associated with this system error to be $7 million.

Recommendation: We recommend department management refund BHP for all errors identified. In addition, the department should identify all individuals impacted by the ONE system error and refund BHP. We also recommend the department continue to provide training to eligibility workers for errors identified. Finally, we recommend the department submit a change request to fix the ONE system.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The agencies have already taken implementation steps to correct the issue upon identifying it prior to this audit. We note that the authority's existing controls enabled the authority to identify a manual fix and training necessary to respond to correct the issue in 2025. The state does not agree with the SOS's questioned costs because those costs do not line up with the estimated number of members impacted or the length of time that payments may need to be reallocated to the trust fund. While the state understands that the extrapolation of the SOS sample might indicate a higher number of impacted individuals, the state's analysis did not align with the SOS estimates.

The agencies will continue to address these recommendations via the corrective action steps identified below.

- *The authority has identified all individuals impacted by these errors and will work with the BHP Trustees to ensure the state provides financial restitution to the Trust Fund for any non-permissible spending in compliance with federal regulatory provisions governing the manner and timeline of required restitution, as described above.*
- *The authority identified the issue identified in the first two bullets and updated necessary staff training materials in August 2025. Additionally, in February 2026, the Income Eligibility Guide was updated to provide additional clarity on this process. The revised guidance is intended to support eligibility workers in applying policy consistently and accurately. The state has also already submitted a change request to update the logic used by the ONE system to ensure coverage is ended when a response to a request for information indicates the individual is over income and ineligible. To ensure additional individuals impacted by this issue have eligibility corrected, the state will continue to work on identifying additional measures that can be performed while waiting for the change request to be implemented.*
- *The Oregon Eligibility Partnership (OEP) will continue to evaluate training needs and provide additional guidance or reinforcement, as appropriate, to ensure staff are fully equipped to carry out their responsibilities effectively.*
- *We will continue to reinforce the BHP training materials that have been utilized since June 2024, making any needed adjustments by December 31, 2026.*

Anticipated Completion Date: December 31, 2028

2025-017 Oregon Department of Transportation
Ensure program expenditures are sufficiently maintained and readily available

Federal Awarding Agency:	U.S. Department of Transportation
ALN and Program Name:	20.205 Highway Planning and Construction
FAINs and Years:	Various
Compliance Requirement(s):	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching; Procurement and Suspension and Debarment; Special Tests and Provisions
Type of Finding:	Material Weakness; Material Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR § 200.302

States must maintain records sufficient to track expenditures and ensure funds have been used in accordance with Federal statutes. Records should identify the amount and source of expenditures paid with federal funds.

Condition: During our audit of the fiscal year 2025 Highway Planning and Construction program, we requested expenditure data to perform required testing over key compliance requirements. The department provided transactions related to projects with federal draws during the fiscal year. However, the data included all expenditures to-date for the projects and could not be limited to the fiscal year under review. The department and auditors were unable to materially reconcile this data to the reported Schedule of Expenditures of Federal Awards (SEFA) totals for this program.

Cause: The department's accounting system attaches federal identifiers to revenue transactions but not the related expenditure(s). The department can manually review expenditures related to a project identified within an individual revenue draw. However, the department's accounting system cannot provide a report of related fiscal year federal program expenditures. Further, because the expenditures reflect approximately 1,700 different projects, many of which are long term contracts with expenditures in multiple fiscal periods, manually identifying this detail is not practical.

Effect: We were unable to perform control or compliance testing over five key compliance requirements. As a result, we were unable to obtain sufficient, appropriate audit evidence of the program's compliance to provide an opinion.

Recommendation: We recommend department management implement controls to track and identify expenditures by federal award to ensure compliance with federal regulations and ensure fiscal year expenditures data is available for audit purposes.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The department has already started the process of looking at options that will provide the required information. The department will implement the following:

1. *Develop an online SQL Server Reporting Services (SSRS) report for tracking and monitoring the revenues and expenditures of federal agreements, including the agreement authorized amount to determine current spending status.*
2. *Maintain an ongoing log of expenditures associated with federal agreements that have revenues in the current year.*
3. *Control check the revenues and expenditures against the amounts reported in SFMA and on the Schedule of Expenditures of Federal Awards (SEFA).*

Anticipated Completion Date: September 30, 2026

2025-018 Oregon Health Authority

Implement controls and strengthen review over costs charged to program

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.323 Epidemiology and Laboratory Capacity for Infectious Diseases 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (COVID-19)
FAINs and Years:	NU50CK000541, 2019-2025
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	$12,636 (known); $401,006 (likely)

Criteria: 2 CFR 200.303; 2 CFR 200.403

Federal regulations require recipients of federal awards establish and maintain effective internal control over the Federal award to ensure costs are necessary and reasonable for the performance of the Federal award.

Condition: In a random sample of 25 non-payroll program expenditures, two transactions were incorrectly charged to the federal program. For one exception totaling $10,326, the invoice was reviewed and approved by the appropriate manager but should have been charged to a different program.

The second exception was an invoice for telecom charges for 109 employees. It was determined the federal program was charged $2,310 for 52 employees who no longer worked on the program.

Cause: Review and approval of an invoice did not identify the coding number was for the wrong federal program.

The department does not have an existing internal control that alerts mobile service management system coordinators when employees change job duties.

Effect: A total of $12,636 was incorrectly charged to the federal program.

Recommendation: We recommend department management strengthen existing controls to ensure invoices are coded to the correct federal program. We further recommend department management implement controls to ensure invoice coding is updated as employee job duties change.

MANAGEMENT RESPONSE:
We agree with this recommendation.

We will strengthen existing controls to ensure invoices are coded to the correct federal program and ensure invoice coding is updated as employee job duties change:

- *Agency processes and procedures will be followed*
- *Administrative staff will parse cell phone charges and code invoices according to employee payroll*
- *Approving manager will review coding for accuracy prior to approval*
- *Quarterly review of cell phone charges will be completed by division management and adjustments made as indicated*

Anticipated Completion Date: August 31, 2026

2025-019 Oregon Health Authority
Implement controls to ensure subrecipients are evaluated for risk

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.323 Epidemiology and Laboratory Capacity for Infectious Diseases 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (COVID-19)
FAINs and Years:	NU50CK000541, 2019-2025; NU51CK000360, 2024
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.332(c)

Federal regulations require recipients of federal awards evaluate each subrecipient's fraud risk and risk of noncompliance with a subaward to determine the appropriate subrecipient monitoring needed.

Condition: Although the department performed fiscal monitoring, it did not perform risk assessments for many of its subrecipients. The department does have a risk assessment tool. The department's 21 subrecipients expended $3.1 million in federal funds during the fiscal year, which included some refunds of subawards. We selected four subrecipients and for two, the department could not locate a risk assessment or could not locate a current risk assessment. One of the subrecipients received $3.5 million in federal funds during the year. We selected five additional subrecipients that were not on the department's fiscal monitoring list and determined four of them also did not have a risk assessment performed.

Cause: The department's list for subrecipient monitoring is incomplete and does not track if risk assessments are completed.

Effect: The department is unable to determine appropriate monitoring of subrecipients without having assessed risk.

Recommendation: We recommend department management implement internal controls to ensure risk assessments are performed, documented, and retained for each subrecipient.

MANAGEMENT RESPONSE:
We agree with this recommendation.

OHA is implementing a process to coordinate subrecipients risk assessment monitoring throughout the division to ensure risk assessments are performed, documented, and retained for each subrecipient.

Anticipated Completion Date: August 31, 2026

2025-020 Oregon Health Authority
Implement controls to submit required and accurate FFATA reports

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.268 Immunization Cooperative Agreements; 93.268 Immunization Cooperative Agreements; (COVID-19) 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (COVID-19)
FAINs and Years:	93.268: NH23IP922626, 2019-2025 93.323: NU50CK000541, 2019-2025; NU51CK000360, 2024
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	2022-045
Questioned Costs:	N/A

Criteria: 2 CFR 170 Appendix A; 2 CFR 200.303(a)

Federal regulations require recipients of federal awards to report certain subaward information in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System 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.

Condition: We tested FFATA reports for both the Epidemiology and Immunization federal programs. The department's Office of Contracts and Procurement unit maintains a tracking spreadsheet of subrecipient contract amendments by execution date and amount for all Public Health division federal awards.

For Epidemiology we selected four subrecipients to review for the department's FFATA reporting. For Immunization we selected five subrecipients of which three were the same as Epidemiology. We found the department completed no FFATA reporting for the six subrecipients. We looked at the contract associated with each subrecipient which covered state fiscal years 2024 and 2025. Most contracts also had several amendments affecting subawards for each federal program. Of four Epidemiology contracts we reviewed, four subawards were not reported. Of five Immunization contracts we reviewed, 23 subawards were not reported. We also noted for

Epidemiology, the federal award identification number (FAIN) in the contract was sometimes incorrect.

The department's tracking sheet is incomplete and inaccurate in some instances. For example, the tracking sheet indicated FFATA reporting was completed for 15 Epidemiology and Immunization subawards in September 2025. However, based on information on the tracking sheet, we inquired and identified five Epidemiology subawards and one Immunization subaward were incorrectly identified as related to those federal programs. In addition, subrecipient contracts are listed on the department's tracking sheet but are not identified as related to Epidemiology or Immunization programs or do not contain the relevant details for additional subaward for amendments.

Cause: The department's tracking sheet does not contain all subawards, including amendments, broken down by FAIN and associated dollar amount.

Effect: When subaward information is not reported, federal agencies and the public do not have complete and accurate information on how federal funds are being used.

Recommendation: We recommend department management implement controls to ensure all subawards related to a contract are appropriately identified, tracked and reported.

MANAGEMENT RESPONSE:
We agree with this recommendation.

OHA and DHS are working with the Office of Contracts & Procurement to implement a process to ensure that all subawards related to a contract are appropriately identified, tracked, and reported throughout the division.

Anticipated Completion Date: March 6, 2026

2025-021 Oregon Health Authority

Strengthen controls to ensure subrecipients are appropriately identified and monitored

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.958 Block Grants for Community Mental Health Services 93.958 Block Grants for Community Mental Health Services (COVID-19) 93.959 Block Grants for Substance Use Prevention, Treatment, and Recovery Services 93.959 Block Grants for Substance Use Prevention, Treatment, and Recovery Services (COVID-19)
FAINs and Years:	93.958: B09SM087383, 2023; B09SM089648, 2024; B09SM085378, 2021 (COVID-19); B09SM085906, 2021 (COVID-19); B09SM089372, 2023; B09SM087314, 2023 93.959: B08TI085829, 2023; B08TI087061, 2024; B08TI083513, 2021 (COVID-19); B08TI083963, 2021 (COVID-19); B08TI084603, 2021 (COVID-19)
Compliance Requirements:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	2024-009; 2023-020; 2022-043
Questioned Costs:	N/A

Criteria: 45 CFR 75.351; 45 CFR 75.352(b); 45 CFR 75.352(d)

Federal regulations require pass-through entities to determine if the recipients of disbursements of federal funds are subrecipients or contractors. The determination impacts which federal compliance requirements recipients are subject to and how program expenditures are reported on the Schedule of Expenditures of Federal Awards (SEFA). For recipients meeting the definition of a subrecipient, 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 the purpose of determining appropriate subrecipient monitoring activities. Monitoring activities should be completed based on the results of the subrecipient's determined risk to ensure subawards are used appropriately.

Condition: We reviewed the Oregon Health Authority's (department) classification of a selection of recipient contracts with pass-through expenditures recorded during state fiscal year 2025. Based on the following inconsistencies, it is unclear if the department correctly classified recipients as subrecipients or contractors and whether the related expenditures are reported accordingly.

- One judgmentally selected recipient of Block Grants for Community Mental Health Services (MHBG) funds and one of eight randomly selected from 25 recipients of Block Grants for Prevention and Treatment of Substance Abuse (SUPTRS) funds were classified as subrecipients by the department, but it was unclear if they met the definition of a subrecipient.
- One of eight randomly selected from 25 recipients of MHBG funds was classified as a contractor; however, payments made to this recipient were recorded as pass-through expenditures. The contract terms and conditions

support the contractor classification and no subrecipient monitoring activities were performed as a result.

- Three judgmentally selected recipients of SUPTRS funds did not appear to have a contractor/subrecipient determination performed by the department or have a signed contract related to pass-through expenditures. Based on the nature of the services provided it was unclear if they met the definition of a subrecipient.

In addition, we noted five recipient contracts of MHBG funds and one recipient contract of SUPTRS funds that were identified as potentially misclassified as subrecipients during prior audits had passthrough expenditures reported in state fiscal year 2025.

Finally, post-award monitoring was not fully completed during the contract period for two of eight randomly selected from 25 recipients of MHBG funds and two of eight randomly selected from 25 recipients of SUPTRS funds.

Cause: In response to prior year findings, management designed controls to help ensure the classifications of recipients were appropriately determined, expenditures on the SEFA were consistently recorded, and post-award monitoring was performed. However, these new controls were not fully implemented during state fiscal year 2025.

Effect: The above issues do not result in questioned costs. However, a total of $2,157,934 in MHBG funds and $279,367 in SUPTRS funds may be inappropriately reported as pass-through expenditures instead of direct expenditures on the SEFA.

Recommendation: We recommend department management continue to strengthen controls to ensure recipients of federal funds are appropriately classified as subrecipients or contractors and the corresponding expenditures are appropriately reported as direct or pass-through on the SEFA. We further recommend department management ensure monitoring activities are completed and documented according to the monitoring plans.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Management agrees with the finding that inconsistencies in classifying recipients as subrecipients or contractors created uncertainty regarding whether expenditures were accurately reported and whether required post award monitoring occurred in all cases. Under Uniform Guidance, passthrough entities must make case by case determinations and document whether each agreement constitutes a subaward or a procurement contract, based on the substance of the relationship rather than the title or format of the agreement.

Consistent with the Oregon Department of Justice's September 2025 analysis, we acknowledge that Oregon's Public Contracting Code (PCC) and state procurement guidance use the term "grant" differently from federal regulations. Under ORS 279A.010, a grant is a subcategory of public contracting and may be exempt from PCC procurement requirements; assistance that federal regulations classify as a procurement contract may still be categorized as a grant under Oregon law. As a result, the same agreement may be labeled a "grant" under state law but treated as a procurement contract under federal law—or vice versa. Our processes will reflect that federal classification governs federal compliance

requirements under Subpart D of 2 CFR part 200, while state characterization governs state procedural requirements.

In alignment with 2 CFR §200.331, we will continue to determine subrecipient versus contractor status by applying federal characteristics and the substance-over-form principle. For monitoring, we will meet §200.332 requirements for passthrough entities, including risk assessments, required subaward data elements (FAIN, ALN, UEI), and ongoing financial and performance oversight. We will also apply federal definitions of "contract" and "subaward" and will treat agreements accordingly for federal purposes regardless of titles used under Oregon law.

Corrective Actions for Subrecipient Determinations

To remediate this condition, the department will strengthen and formalize existing controls through the following actions:

1. *Dual Analysis and Documentation Addendum: Complete a Dual Classification & Documentation Addendum (Federal vs. State) for every federally funded agreement, documenting:*
    a. *The federal classification (subaward vs. procurement contract) under 2 CFR §200.331 (substance-over-form).*
    b. *The state characterization under ORS 279A.010 and applicable PCC/DAS guidance.*
    c. *Any differences in naming or labeling, with an explanation of how federal and state requirements will both be met.*
2. *Required Review Points: The determination and addendum will be reviewed at the time of:*
    a. *Coding issuance*
    b. *FFATA reporting*
    c. *Payments*
    d. *SEFA reporting*
3. *Staff Training: Provide training to ensure staff can consistently complete and review the Dual Classification & Documentation Addendum.*

Corrective Actions for Monitoring

Management agrees with the recommendations related to monitoring. We acknowledge that monitoring plans were not consistently developed, documented, or completed for certain federally funded agreements, resulting in gaps in demonstrating compliance with federal subrecipient monitoring requirements. The absence of formally established monitoring plans contributed to inconsistent execution and documentation of required oversight activities.

To address this issue, the department is implementing a standardized monitoring framework aligned with federal expectations, including 2 CFR §200.332 requirements for pass-through entities. The framework includes:

1. *Monitoring plans developed at the time of award, proportionate to the assessed level of risk.*
2. *A standardized risk assessment process to determine the type and frequency of monitoring activities (performance reporting, financial review, site visits, audit reviews, etc.).*
3. *Completion and documentation of monitoring activities within the contract or award period, including supervisory review to ensure consistent documentation and closure of any findings or corrective actions.*
4. *Staff training and ongoing oversight to ensure consistent understanding and application of federal monitoring standards and expectations.*

Anticipated Completion Date: December 31, 2027

2025-022 Oregon Health Authority

Improve controls to submit required and accurate Federal Funding Accountability and Transparency Act reports

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.958 Block Grants for Community Mental Health Services 93.958 Block Grants for Community Mental Health Services (COVID-19) 93.959 Block Grants for Substance Use Prevention, Treatment, and Recovery Services 93.959 Block Grants for Substance Use Prevention, Treatment, and Recovery Services (COVID-19)
FAINs and Years:	93.958: B09SM087383, 2023; B09SM089648, 2024; B09SM085378, 2021 (COVID-19); B09SM085906, 2021 (COVID-19); B09SM089372, 2023; B09SM087314, 2023 93.959: B08TI085829, 2023; B08TI087061, 2024; B08TI083513, 2021 (COVID-19); B08TI083963, 2021 (COVID-19); B08TI084603, 2021 (COVID-19)
Compliance Requirements:	Reporting
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	2024-010; 2022-045
Questioned Costs:	N/A

Criteria: 2 CFR 170 Appendix A; 2 CFR 200.303

Federal regulations require recipients of federal awards to report certain subaward information in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System 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.

Condition: We reviewed the reporting status of a selection of subrecipients with subaward expenditures recorded during state fiscal year 2025. Based on our review of the department's FFATA reporting tracking spreadsheet, we determined the following:

- One judgmentally selected and six of eight randomly selected from 25 Block Grants for Community Mental Health Services (MHBG) subrecipient subawards reviewed met reporting thresholds but were not reported, totaling $4 million in expenditures of subaward obligations.
- Eight of eight randomly selected from 25 Block Grants for Prevention and Treatment of Substance Abuse (SUPTRS) subrecipient subawards reviewed met reporting thresholds but were not reported, totaling $1.1 million in expenditures of subaward obligations.
- Additionally, two of the eight randomly selected MHBG subawards and three of the eight randomly selected SUPTRS subawards were not included in the

tracking spreadsheet, one of which included both MHBG and SUPTRS subaward expenditures.

Cause: The department's tracking sheet does not contain all subawards, including amendments, broken down by FAIN and associated dollar amount.

Per management, the FFATA Reporting Coordinator position vacancy was filled in April 2025 and work was started to address the backlog of unsubmitted reports for fiscal years 2021-2025 including troubleshooting missing information needed for reporting.

Effect: The department is not reporting all FFATA reports per federal guidelines.

Recommendation: We recommend department management improve controls to ensure all subawards related to a contract are appropriately identified, tracked and reported.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The department acknowledges that during the audit period, not all required Federal Funding Accountability and Transparency Act (FFATA) reports were submitted in accordance with federal guidelines and that the FFATA tracking sheet did not include a complete listing of all subawards and amendments by Federal Award Identification Number (FAIN) and associated dollar amounts. This gap was due in part to a vacancy in the FFATA Reporting Coordinator position, which limited the department's ability to maintain timely reporting and ensure complete data capture. The position was filled in April 2025, enabling the department to develop and implement updated internal procedures and process improvements.

As of March 2026, the department is current on all FFATA reporting. To strengthen internal controls and prevent recurrence, the department will continue improving FFATA processes and procedures through the following actions:

1. *Update FFATA Form: The department has submitted a request to the Publications and Creative Services (PCS) team to add FAIN and Federal Reporting Amount fields to the FFATA Form, ensuring complete data collection at the outset of the process.*
2. *Update the FFATA Tracking Sheet: The tracking sheet will be revised to ensure all subawards and amendments are captured, including fields for Contract Number, Unique Entity Identifier (UEI) (formerly Data Universal Numbering System (DUNS) Number), FAIN, OregonBuys Number, Contractor, Working Title, Execution Date, Amendment Amount, Not to Exceed (NTE) amount, Federal Reporting Amount, Assistance Listing Number (ALN) (formerly Catalog of Federal Domestic Assistance (CFDA) Number), Status, Contract Administrator, Requestor, and Primary Writer.*
3. *Secure Application Programming Interface (API) Bulk Reporting Tool: The department submitted a request in 2025 to obtain an API enabling bulk FFATA submissions to SAM.gov and will continue working with the Office of Information Services to improve reporting efficiency.*
4. *Implement Verification Controls for Subrecipient Determinations: Subrecipient determinations will be reviewed and verified before entering agreements into the FFATA tracking process to ensure federally defined subawards are correctly flagged for reporting.*

This verification will include cross-checking determinations against federal definitions in the Uniform Guidance.

5. *Ensure All Uniform Guidance Required Information Is Recorded: The tracking sheet will be updated to include all FFATA and Uniform Guidance required data elements (DUNS/UEI, FAIN, CFDA/ALN, subaward amount, obligation date, and required executive compensation information). Missing elements identified during backlog cleanup will be obtained from source documentation or from subrecipients.*
6. *Ongoing Monitoring and Monthly Reconciliation: The FFATA Coordinator will conduct monthly reconciliations between the tracking sheet, subaward records, and accounting data to ensure completeness, accuracy, and compliance with federal reporting requirements.*
7. *Cross Training for Continuity: Staff will be cross trained to ensure continuity of FFATA operations and prevent reporting lapses during periods of staff turnover or absence.*

The department anticipates completing remediation of the tracking sheet and fully implementing the new verification and coding controls by December 31, 2027. Progress will be monitored and documented through reconciliation logs and periodic supervisory review.

Anticipated Completion Date: December 31, 2027

2025-023 Oregon Department of Human Services/Oregon Health Authority
Continue to strengthen internal controls over the ONE system

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.777 and 93.778 Medicaid Cluster
FAINs and Years:	2405OR5MAP, 2024; 2405OR5ADM, 2024; 2505OR5MAP, 2025; 2505OR5ADM, 2025
Compliance Requirement(s):	Activities Allowed or Unallowed; Eligibility; Special Tests and Provisions – ADP Risk Analysis and System Security Review
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	2024-017
Questioned Costs:	N/A

Criteria: 2 CFR 200.303(a); 42 CFR 95.621; Oregon Accounting Manual 10.60.00.PR

Condition: As in the prior year's audit, we noted the agency had not obtained a System and Organization Controls (SOC) 2 Type II report over the Oregon Eligibility System (ONE system). The ONE system determines and verifies the eligibility of Medicaid clients in Oregon, which leads to over $13.2 billion in Medicaid federal expenditures each year. The ONE system is owned by the department but administered by an external service provider.

Cause: Because the ONE system is administered by an external vendor, best practices would include procedures to verify the internal controls at the external service provider are adequate to meet the business needs of the department. Such assurances are typically provided through a SOC 2 Type II report. A Type II report provides assurance about

whether the controls are functioning and effective. The department is in the process of securing a contract for the performance of a SOC 2 Type II review over the external vendor administering the ONE system.

Effect: The department does not have assurance over the operating effectiveness of controls at the external service provider, which may affect the eligibility and allowability of Medicaid expenditures.

Recommendation: We recommend department management obtain an annual SOC 2 Type II report over the service organization's internal controls for the ONE application or perform other alternative procedures to ensure internal controls over the ONE system at the external service provider are sufficient to meet the business needs of the Medicaid program.

MANAGEMENT RESPONSE:
We agree with this recommendation.

ODHS agrees with the recommendation but requires additional funding to implement the additional audits of the Vendor. ODHS has done SOC audits for our processes but are requesting the vendor to have an external entity do SOC audits and provide them to us. The language and deliverables have been added to our contract with the vendor and we expect federal approval of these updates in the next couple of months. Once approved, the agency can authorize, if funded, for these additional reviews.

Anticipated Completion Date: June 30, 2027

2025-024 Oregon Department of Human Services/Oregon Health Authority
Continue to strengthen Medicaid fraud hotline reporting mechanisms

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.777 and 93.778 Medicaid Cluster
FAINs and Years:	2405OR5MAP, 2024; 2405OR5ADM, 2024; 2505OR5MAP, 2025; 2505OR5ADM, 2025
Compliance Requirement(s):	Special Tests and Provisions – Medicaid Fraud Control Unit
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	2024-018
Questioned Costs:	N/A

Criteria: 42 CFR 455.13(a); 42 CFR 455.14; 2 CFR 200.514 (c)(4); 2 CFR 200.303(a)

Condition: The state is required to have a method and criteria for identifying suspected fraud. For all suspected fraud reported, the state must complete a preliminary investigation to determine whether there is sufficient basis to warrant a full investigation. The state is also required to maintain internal controls effective in preventing and/or detecting noncompliance. To ensure adequate compliance with these requirements, the state uses a publicly available hotline portal to collect suspected fraud details. The Oregon Department of Human Services (department) manages the state's online hotline portal and phone line. The department works collaboratively with the Oregon Heath Authority (authority) and Department of Justice (DOJ) to complete fraud investigations and referrals within their individual jurisdictions as required by standards. Referrals from the online hotline portal are extracted and then reviewed and tracked by the individual agency with appropriate jurisdiction.

During inquiries and testing of the online hotline portal and phone line as part of the prior year audit, we noted the following:

- The online hotline portal instructions and term definitions were vague, and not all fields were available.
- The online hotline portal does not contain any case tracking details.

Per department management, work is underway to improve the website and set up a case tracking system.

Cause: Management has not established procedures to ensure current systems operate in a manner that allows the agencies to meet compliance standards.

Effect: Vague online hotline portal instructions and definitions and unavailable fields could lead to a higher number of cases being closed for insufficient information. Additionally, without tracking details the online hotline portal does not support any reporting to assist the department in ensuring all cases have had preliminary investigations. As such, we were unable to perform testing procedures over preliminary investigations.

Recommendation: We recommend department management continue to work to ensure public access to provide fraud referrals is not limited, and that a referral tracking mechanism is created to ensure all referrals are given preliminary investigations.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The Department and the Authority continue to work on improvements to the referral processes and the Hotline. Hotline scripts have been updated. Web Portal changes have been approved and are moving forward on the three areas of focus from the audit. Web portal improvements are in process. External website changes have been completed. Updated phone script/recording is in place. Fraud referral review processes have been updated, and the new fraud referral system is being built by our OIS with an estimated completion date of 07/31/2026.

OHA/OPI is updating the external website to include the updated OHA-OPI phone line and a transcription software to record the phone messages in text form. Expected completion date is June 2026. A new CCO reporting tool for online submission of referrals in place of email reporting is in the final stages of development. Testing of the new form is currently underway with OHA Publications and Creative Services. OPI is awaiting confirmation from OIS on the security and reliability through Microsoft Forms before posting a public facing fraud referral form to the OPI website. The public can make a referral to OHA/OPI in any format, including emailing the OPI Certified Fraud Examiner at opi.referrals@oha.oregon.gov.

The OPI phone message is as follows:

> *"Thank you for contacting the Fraud, Waste and Abuse reporting hotline for the Oregon Health Authority Office of Program Integrity. If this is an emergency, please hang up and dial 9 -1 -1. This hotline is dedicated to the reporting of Oregon Medicaid providers only. If you need to report abuse or neglect involving a child or vulnerable adult, please call 1-855-503-7233. If you need to report fraud, waste, or abuse involving a Medicaid recipient please visit the Oregon Department of Human Services "How to Report Fraud" webpage to submit an online referral. If you are calling*

regarding the status of an investigation or hotline report previously submitted, please be advised that we are unable to share the status of investigations or reviews.

To report an Oregon Medicaid provider, you believe is committing fraud, waste, or abuse, please leave a detailed message, including services rendered, relevant dates, and provider names. If you would like to remain anonymous, please state your request to remain anonymous in your voicemail. If you do provide your contact information our offices may reach out if follow up is needed. Your personal contact information will remain confidential.

Please leave your message, after the tone."

Anticipated Completion Date: July 31, 2026

2025-025 Oregon Department of Human Services
Continue to ensure compliance with federal Medicaid hospital audit requirements

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.777 and 93.778 Medicaid Cluster
FAINs and Years:	2405OR5MAP, 2024; 2405OR5ADM, 2024; 2505OR5MAP, 2025; 2505OR5ADM, 2025
Compliance Requirement(s):	Special Tests and Provisions – Inpatient Hospital and Long-term Care Facility Audits
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Finding:	2023-022
Questioned Costs:	N/A

Criteria: 42 CFR 447.253(g); 2 CFR 200.303(a)

Condition: Federal regulations require management to establish and maintain effective internal controls to ensure compliance with federal program requirements. As part of its system of internal control, federal regulations require the Oregon Health Authority (authority) to conduct periodic audits of the financial and statistical records of participating hospitals. Inpatient hospitals are required to report actual costs to the authority who conducts audits of the reported costs.

During state fiscal year 2023, the authority did not conduct any cost settlement audits of the 61 hospitals that received Medicaid federal funds in the fiscal year. The auditors reported a finding (2023-022) during the audit of state fiscal year 2023 which remains uncorrected. As of March 12, 2026, the authority is working on completing 2018 cost settlements. To be timely, the authority should be working on 2022/2023 cost settlements at this time. There are currently 28 cost settlements completed that cannot be finalized while the authority waits for an updated cost settlement form from the authority's shared services Office of Financial Services.

Cause: The department experienced a restructuring and unexpected turnover from 2023 through 2025, including the loss of the program manager. New staff were hired to fill some of the vacancies, but staffing has remained problematic. Per management, training for updated requirements and updating agency tools has also caused delays in the completion of audits.

Effect: By failing to complete required audits, the authority does not have assurance that participating hospitals use program funds properly, which could lead to inappropriate payments to the hospitals.

Recommendation: We recommend management ensure compliance with federal program requirements by continuing to prioritize the completion and documentation of hospital audits.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The authority continues to work diligently to complete these settlements. While we are still behind, due to staffing constraints and federal coding changes, these settlements will always be delayed a few years because we need a finalized Medicare Cost Report (MCR) before we can complete the settlement calculations. The team has added an additional FTE to focus solely on this process and is prioritizing it.

Anticipated Completion Date: December 31, 2028

2025-026 Oregon Department of Human Services/Oregon Health Authority
Strengthen and document controls over employee timesheet review

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.777, 93.778 Medicaid Cluster; 93.268 Immunization Cooperative Agreements; 93.659 Adoption Assistance; 96.001 Disability Insurance/SSI Cluster; 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases; 93.958 Block Grants for Community Mental Health Services; 93.959 Block Grants for Substance Use Prevention, Treatment and Recovery Services; 66.468 Capitalization Grants for Drinking Water State Revolving Funds
FAINs and Years:	Multiple
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.303; 2 CFR 200.400; 2 CFR 200.430 (g)

Federal regulations require recipients of federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Personnel expenses must be supported by a system of internal control that provides reasonable assurance that the charges are accurate, allowable and properly allocated.

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

The cost allocation plans include compensation for ODHS and OHA (departments) employees whose roles provide shared benefit to multiple grants and programs.

Timesheets related to these payroll expenditures require supervisor review and approval in accordance with payroll deadlines to ensure coding is appropriate for the employee's role, cost sharing and program billing.

We reviewed the payroll expenditures processed through Workday payroll and allocated to grants through the cost allocation system based on employee cost coding during state fiscal year 2025 and found seven of sixty randomly selected timesheets where no evidence of managerial review or approval was present.

Cause: Management does not have a complete process in place to ensure timely review of timesheets and related cost coding.

Effect: Timesheets that are not appropriately reviewed and approved may result in employee time being incorrectly charged to federal programs and shared cost pools.

Recommendation: We recommend each departments' management strengthen and document controls to ensure all employee timesheets are reviewed for cost coding and accuracy and are approved timely.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The authority and department have taken initial steps to strengthen controls to ensure that all employee timesheets are reviewed for cost coding and accuracy and are approved timely. We have initiated regular time approval reminders and have added a post-approval attestation of review for those managers that missed the time approval deadlines. We have developed supplemental trainings for managers on how to appropriately review and approve time. We have posted tools on the OWL so that managers can review any employees with cost coding changes. We have asked the Department of Administrative Services about options to add an additional field on the Workday time approval screen that will show the employees default costing codes. The managers should be prepping plans (reminders on calendars, reminders to staff, delegating authority if out while due dates are scheduled for payroll processing, etc.) and sharing those plans with their managers if they missed the mark. The plans may be reviewed in quarterly PAFs, as well.

Anticipated Completion Date: December 31, 2026

2025-027 Oregon Health Authority

Strengthen existing processes and controls over employee timesheet review

Federal Awarding Agency:	U.S. Environmental Protection Agency
ALN and Program Name:	66.468 Capitalization Grants for Drinking Water State Revolving Funds
FAINs and Years:	FS-98009022, 2022; 4E-02J50601, 2022; FS-02J58701, 2023; 4D- 02J97801, 2024
Compliance Requirement(s):	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR Part 200.430

Federal regulations allow costs related to compensation for personal services (i.e., salaries and wages) associated with the federal program.

To help ensure these costs are accurately applied to the program, the state accounting policy requires managers to review and approve employee timesheets timely (Oregon Accounting Manual (OAM) 45.07.00.103). If the direct supervisor is absent or unavailable, an alternate or delegate manager should be authorized to approve the employee's timesheet (OAM 45.07.00.106).

Condition: During testing of payroll charged to the Drinking Water State Revolving Fund (DWSRF), we reviewed the timesheets of 16 employees who recorded hours worked on the program for the months of August 2024 and February 2025. We reviewed the timesheets to ensure they were appropriately reviewed and approved by management. We found management had not approved one timesheet from August 2024 and six from February 2025. Based on these results, we expanded our testing and reviewed all timesheets submitted by the 16 employees during state fiscal year 2025. We identified an additional two timesheets from September 2024, and one timesheet each from October 2024, December 2024, May 2025, and June 2025 that had not been reviewed or approved by management. Timesheets that are not approved by the payroll cutoff date in the State's payroll system are "mass approved." The mass approval enables payroll to process but does not provide assurance the timesheets are accurate or that costs charged to the DWSRF program are appropriate.

As a compensating control, fiscal staff review program payroll costs with management during the monthly management meeting. This additional review is designed to help ensure payroll costs are not incorrectly charged to the DWSRF program. However, the review is not documented unless errors are noted and corrections are required. As a result, we could not test this control for effectiveness.

Despite multiple timesheets not being reviewed, testing found no uncorrected payroll costs that were inappropriately charged to the DWSRF program.

Cause: Management does not have a complete process in place to address timesheets, and related payroll costs, that are not reviewed and approved prior to the payroll cutoff date.

Effect: If timesheets are not reviewed, there is a risk employees incorrectly charged time to the federal program and incorrect payroll in certain situations (e.g. overtime).

Recommendation: We recommend management strengthen existing processes and controls to ensure all employee timesheets are reviewed and approved timely. We also recommend management document its monthly review of payroll costs charged to the DWSRF program.

MANAGEMENT RESPONSE:
We agree with this recommendation.

In addition to our normal review and approval of OHA Drinking Water Services (OHA-DWS) staff time within the Workday application, OHA-DWS management team has added a formal agenda to our existing monthly financial review meetings, and there is now a specific agenda item for managers to review each OHA-DWS employee's time submittal, inclusive of their use of appropriate work charge codes each month. This review also includes any needed corrections for miscoded entries by OHA-DWS staff, along with any other agency staff inadvertently using OHA-DWS funding codes without authorization. Finally, we document our review and any relevant corrective actions needed in the minutes of this meeting each month.

The corrective actions were implemented in February 2026 and will continue monthly and for all subsequent financial review meetings.

Anticipated Completion Date: February 28, 2026

2025-028 Oregon Health Authority
Strengthen existing controls to ensure compliance with suspension and debarment requirements

Federal Awarding Agency:	U.S. Environmental Protection Agency
ALN and Program Name:	66.468 Drinking Water State Revolving Fund
FAINs and Years:	FS-98009021, 2021; FS-98009022, 2022; 4E-02J50601, 2022; 4D-02J27501, 2022; FS-02J58701, 2023; 4D-02J58601, 2023; 4E-02J64001, 2023; 4L-02J84701, 2023; 4D-02J97801, 2024
Compliance Requirement(s):	Procurement and Suspension and Debarment
Type of Finding:	Significant Deficiency
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR part 180.300

Federal regulations require a grant award recipient, entering into a covered transaction with another entity, to verify the entity is not suspended or debarred.

Condition: As the state's primary grant award recipient of the Drinking Water State Revolving Fund (DWSRF) federal program, the department is responsible for ensuring compliance with federal suspension and debarment program requirements. In that role, the department receives applications for DWSRF projects from other governmental entities (i.e., cities, counties, local water districts, etc.), reviews the project proposals, and verifies the entity submitting the proposal is neither suspended nor debarred.

During testing, we found the department had not verified suspension and debarment on five of 12 entities selected for testing. Upon review, we discovered the five entities had received grant agreements funded with DWSRF set aside monies. We learned the department's current process does not include verification of suspension and debarment for entities with projects funded with set aside monies. A total of 27 (23%) projects within the population were funded with set aside monies. Despite the lack of verification, testing found no instances of noncompliance with federal suspension and debarment DWSRF program requirements.

Cause: Management was not aware that suspension and debarment requirements applied to grant agreements funded by DWSRF set aside monies.

Effect: Without proper suspension and debarment verification procedures, the department may unknowingly award program monies to entities that are excluded from participation in federal programs.

Recommendation: We recommend department management strengthen existing controls to ensure recipients of grant agreements funded by set aside monies are not suspended or debarred.

MANAGEMENT RESPONSE:
We agree with this recommendation.

OHA-DWS staff routinely perform suspension and debarment checks for loan program recipients but had not been performing these checks as required for grant recipients of the source water protection program (SWP), which are funded with DWSRF set-aside monies. OHA-DWS staff had noted this deficiency at the end of the last grant award process and provided guidance to SWP program staff to implement these checks with all subsequent funding periods. Additionally, the suspension and debarment check requirement is now also incorporated within the internal SWP ranking and rating documents, so all future grant review processes will include this requirement in writing.

The corrective action was implemented in November 2025 and will continue for all subsequent DWSRF funding activities, inclusive of grants funded via DWSRF set asides. OHA-DWS staff will also verify compliance with this requirement at the end of each application review period.

Anticipated Completion Date: November 30, 2025

2025-029 Oregon Watershed Enhancement Board
Implement control to ensure complete FFATA reporting

Federal Awarding Agency:	U.S. Department of Commerce
ALN and Program Name:	11.438 Pacific Coast Salmon Recovery – Pacific Salmon Treaty
FAINs and Years:	NA20NMF4380248, 2020; NA21NMF4380455, 2021; NA22NMF4380209, 2022; NA23NMF4380389, 2023; NA24NMFX438G0048, 2024
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR §170 Appendix A; 2 CFR §200.303

Pacific Coast Salmon Recovery Funds are subject to the Federal Funding Accountability and Transparency Act (FFATA). Federal regulations require direct recipients of Federal awards to report certain subaward information in the FFATA Subaward Reporting System (FSRS) for subawards meeting criteria for reporting. Reports must be submitted no later than the end of the month following the month in which the obligation was made. Federal regulations also require recipients of Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and compliance requirements.

Condition: The Oregon Watershed Enhancement Board (department) receives federal funding from two sources, National Oceanic and Atmospheric Administration (NOAA) and Infrastructure Investment and Jobs Act (IIJA), which must be reported in SAM.gov. The department maintains subaward information and generates FFATA reports in its grant management system. Our audit procedures included testing 9 subawards totaling $18,825,012 in obligations. During our testing we noted 2 IIJA-funded subawards were not reported totaling $3,577,666, and reports for 8 of 9 subawards were not submitted timely.

Cause: According to department management, the query used to identify new subawards for FFATA reporting did not include all funding sources, leaving the IIJA funding excluded from the reporting. Additionally, department management cited a staffing shortage as the reason why the FFATA reports were untimely.

Effect: When subaward information is not reported or is not reported timely, federal agencies and the public do not have complete and accurate information on how federal funds are being used.

Recommendation: We recommend department management implement procedures and controls to ensure complete and accurate capture of subawards for FFATA reporting. We also recommend the department dedicate the necessary staffing resources to ensure timely submission of monthly FFATA reports.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Procedures have been updated to ensure that all federally funded grants (subawards) awarded are identified in our FFATA queries to ensure accurate, complete and timely reporting. Further clarification has been made in our procedures for maintaining records of the system queries and the resulting subaward reports available in the FFATA system. Procedures include the expectation that the subaward reporting will be done on a monthly basis.

Additionally, in response to the audit recommendation, additional fiscal staff have been trained in the subaward reporting procedure and system and are now designated as back-up staff for this important reporting requirement. Should OWEB have any further staffing transitions, or absences, a backup is in place to ensure continuity of reporting.

Anticipated Completion Date: March 18, 2026

2025-030 Oregon Department of Fish and Wildlife
Implement controls and follow up on incomplete inventory counts

Federal Awarding Agency:	U.S. Department of the Interior
ALN and Program Name:	15.611 Wildlife Restoration and Basic Hunter Education (Fish and Wildlife Cluster)
FAINs and Years:	F24AF02402, 2024
Compliance Requirement:	Equipment and Real Property Management
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: Per 2 CFR 200.313(d)(2), a physical inventory of the property must be conducted and the results must be reconciled with the property records at least once every two years. In addition, ODFW Policy ASD_210_PO Asset Management Policy states a physical count of all fixed assets and high-risk inventory shall be carried out once per year at the request of the Fixed Asset Accountant.

Condition: We tested the fall 2024 inventory at nine field offices. One field office did not account for three assets that were acquired prior to the inventory. Additionally, this same field office did not complete any inventory in the fall 2025 and no agency follow up has been performed.

Cause: The agency does not have a written policy requiring follow-up of non-compliant inventory for field offices.

Effect: If a physical inventory is not taken in a timely manner the agency could face significant financial and operational risks, including inaccurate financial reporting and misappropriation of assets. Additionally, failure to comply with federal regulations may result in a loss of Fish and Wildlife Cluster funding.

Recommendation: We recommend department management implement a written policy for inventory follow-up and ensure incomplete or missing inventory counts are conducted.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The department will draft and implement a written policy requiring all offices/locations/regions to conduct a comprehensive inventory of all fixed assets each year. Furthermore, the department will create/expand supplementary procedures to ensure compliance with the inventory policy.

Anticipated Completion Date: December 31, 2026

2025-031 Department of Early Learning and Care
Improve controls over payroll

Federal Awarding Agency:	U.S. Department of Health and Human Services
ALN and Program Name:	93.575, 93.596 Child Care and Development Fund Cluster (*Non-major program)*
FAINs and Years:	2402ORCCDD, 2024; 2502ORCCDD, 2025
Compliance Requirement(s):	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	2020-029, 2023-037
Questioned Costs:	$155,524 (known)

Criteria: 45 CFR 98.54; 2 CFR 200.430; 2 CFR 200.413

Federal regulations state that personal services costs are based on records that accurately reflect the work performed. The records must be accurate for costs to be allowable and properly allocated. Payroll costs directly related to a federal award are allowable costs, provided they are reasonable for the services rendered and are supported.

Condition: The department has implemented a procedure to ensure allowable payroll costs are charged to the program. Managers approve monthly timesheets submitted by the employees in the state's payroll system. If time is not reviewed by the manager by a specific date, the payroll system will approve the timesheet with the words "mass approval." Exempt employees are required to enter only leave time and other exceptions for the month, while non-exempt employees enter daily time.

We reviewed 25 employees to ensure costs were appropriately charged to the CCDF program. We found that an IT help desk employee was charging 100% of their time to the program. As this position is not directly working on the CCDF program, costs should not be directly charged to the program.

Additionally, we reviewed 25 employee timesheets and found that three had "mass approval" by the system for the month. These employees were all exempt employees.

Cause: Department management did not review all timesheets monthly. Additionally, per the agency, the help desk employee's time was set in the system to charge to the CCDF program as they are part of the CCDF 5% administrative cap.

Effect: If timesheets are not reviewed, there is a risk that unallowable program costs will be charged to the program. Questioned costs for the helpdesk employee total $155,524 encompassing all salary and benefits for state fiscal year 2025.

Recommendation: We recommend department management improve its review of timesheets. We also recommend department management ensure employees appropriately charge to the program. Finally, we recommend department management reimburse the federal agency for any unallowable costs.

MANAGEMENT RESPONSE:

We agree with this recommendation.

DELC will continue to strengthen payroll controls over CCDF funded employees, including ensuring stronger oversight over any mass-approved timesheets for CCDF-funded employees, conducting an analysis of all employees funded by CCDF to ensure appropriate position and time allocations, and educating managers on CCDF versus general costs. DELC will reimburse the federal agency for known unallowable costs.

Anticipated Completion Date: August 1, 2026

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

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		$ -	$ 52,960	$ 52,960
10.025	Plant and Animal Disease, Pest Control, and Animal Care		-	2,257,260	2,257,260
10.028	Wildlife Services		50,658	208,199	258,857
10.069	Conservation Reserve Program		-	185,403	185,403
10.093	Voluntary Public Access and Habitat Incentive Program		19,110	535,081	554,191
10.170	Specialty Crop Block Grant Program - Farm Bill		2,306,515	889,312	3,195,827
10.171	Organic Certification Cost Share Programs		-	129,772	129,772
10.182	COVID-19 Food Bank Network		355,320	-	
10.182	Food Bank Network		2,022,219	-	
	Total 10.182				2,377,539
10.185	Local Food for Schools Cooperative Agreement Program		342,070	-	342,070
10.187	The Emergency Food Assistance Program (TEFAP)		11,548,775	-	11,548,775
10.190	Resilient Food System Infrastructure Program		2,226,597	350,042	2,576,639
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection		-	209,211	209,211
10.537	Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants		320,320	8,434	328,754
10.541	Child Nutrition - Technology Innovation Grant		-	101,572	101,572
10.542	COVID-19 Pandemic EBT Food Benefits		-	1,557,886	1,557,886
10.557	COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants, and Children		-	3,060	
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		21,694,656	64,759,898	
	Total 10.557				86,457,614
10.558	Child and Adult Care Food Program		28,578,380	408,916	28,987,296
10.560	State Administrative Expenses for Child Nutrition		-	6,107,865	6,107,865
10.575	Farm to School Grant Program		-	24,995	24,995
10.576	COVID-19 Senior Farmers Market Nutrition Program		-	26,457	
10.576	Senior Farmers Market Nutrition Program		-	769,636	
	Total 10.576				796,093

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, 2025

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
10.578	WIC Grants to States (WGS)		4,984	104,379	109,363
10.579	Child Nutrition Discretionary Grants Limited Availability		214,585	68,737	283,322
10.645	COVID-19 Farm to School State Formula Grant		13,456	-	
10.645	Farm to School State Formula Grant		-	112,423	
	Total 10.645				125,879
10.646	Summer Electronic Benefit Transfer Program for Children		-	54,650,097	54,650,097
10.664	Cooperative Forestry Assistance		1,469,997	4,654,744	6,124,741
10.676	Forest Legacy Program		3,630,000	486,687	4,116,687
10.678	Forest Stewardship Program		118,426	214,789	333,215
10.680	Forest Health Protection		-	2,063,730	2,063,730
10.691	Good Neighbor Authority		-	2,293,057	2,293,057
10.697	State & Private Forestry Hazardous Fuel Reduction Program		41,680	1,132,440	1,174,120
10.698	State & Private Forestry Cooperative Fire Assistance		561,664	302,302	863,966
10.699	Partnership Agreements		30,500	534,497	564,997
10.707	Research Joint Venture and Cost Reimbursable Agreements		-	17,017	17,017
10.716	Infrastructure Investment and Jobs Act Prescribed Fire/Fire Recovery		-	1,043,567	1,043,567
10.717	Infrastructure Investment and Jobs Act Restoration/Revegetation		-	455,694	455,694
10.720	Infrastructure Investment and Jobs Act Community Wildfire Defense Grants		9,250	438,094	447,344
10.723	Community Project Funds - Congressionally Directed Spending		-	28,800	28,800
10.724	Infrastructure Investment and Jobs Act Community National Priority Large Landscapes		-	585,955	585,955
10.726	Opal Creek Wilderness Economic Grant Program		355,318	-	355,318
10.727	Inflation Reduction Act Urban & Community Forestry Program		5,565	558,382	563,947
10.729	Inflation Reduction Act - National Forest System		-	172,307	172,307
10.730	Community Project Funds - Congressionally Directed Spending		-	-	
	Pass Through from: Eugene Water & Electric Board	1936001483000	-	*77,159*	
	Total 10.730				77,159
10.732	Bipartisan Infrastructure Law State, Private & Tribal Agreements		-	20,900	20,900
10.734	Inflation Reduction Act - Forest Legacy Program		20,118,000	135,874	20,253,874

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, 2025

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
10.868	Rural Energy for America Program		-	50,628	50,628
10.902	Soil and Water Conservation		167,410	717,956	
	Pass Through from: American Forest Foundation	1521235124000	-	*(118)*	
	Total 10.902				885,248
10.912	Environmental Quality Incentives Program		98,559	95,285	193,844
10.932	Regional Conservation Partnership Program		-	156,240	156,240
10.U01	20GN11061800033		-	6,668	6,668
10.U02	NR200436XXXXC008		-	456,503	456,503
SNAP Cluster					
10.551	COVID-19 Supplemental Nutrition Assistance Program		$ -	$ 66,223	$
10.551	Supplemental Nutrition Assistance Program		-	1,848,087,086	
	Total 10.551				1,848,153,309
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		8,160,149	162,427,433	170,587,582
Total SNAP Cluster			**$ 8,160,149**	**$ 2,010,580,742**	**$ 2,018,740,891**
Child Nutrition Cluster					
10.553	School Breakfast Program		$ 52,404,793	$ 599,489	$ 53,004,282
10.555	National School Lunch Program		194,144,756	1,180,497	195,325,253
10.556	Special Milk Program for Children		51,037	-	51,037
10.559	Summer Food Service Program for Children		6,720,732	31	6,720,763
10.582	Fresh Fruit and Vegetable Program		2,514,853	44,176	2,559,029
Total Child Nutrition Cluster			**$ 255,836,171**	**$ 1,824,193**	**$ 257,660,364**
Food Distribution Cluster					
10.565	Commodity Supplemental Food Program		$ 917,887	$ -	$ 917,887
10.568	Emergency Food Assistance Program (Administrative Costs)		3,841,316	-	3,841,316
10.569	Emergency Food Assistance Program (Food Commodities)		13,072,691	-	13,072,691
Total Food Distribution Cluster			**$ 17,831,894**	**$ -**	**$ 17,831,894**
Total Department of Agriculture			**$ 378,132,228**	**$ 2,162,625,687**	**$ 2,540,757,915**

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, 2025

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 Commerce					
11.012	Integrated Ocean Observing System (IOOS)		$ -	$ -	$
	Pass Through from: University of Washington	07000000000000	-	*55,129*	
	Pass Through from: University of Washington	1916001537	-	*60,591*	
	Total 11.012				115,720
11.032	State Digital Equity Planning and Capacity Grant		-	101,093	101,093
11.035	Broadband Equity, Access, and Deployment Program		-	2,193,434	2,193,434
11.407	Interjurisdictional Fisheries Act of1986		-	50,484	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*243,817*	
	Total 11.407				294,301
11.417	Sea Grant Support		-	-	
	Pass Through from: Environmental Law Institute	2500	-	*3,399*	
	Total 11.417				3,399
11.419	Coastal Zone Management Administration Awards		-	2,245,069	
	Pass Through from: State of Florida	00000596007353	-	*15,850*	
	Pass Through from: Oregon State University	08000000000000	-	*11,324*	
	Total 11.419				2,272,243
11.420	Coastal Zone Management Estuarine Research Reserves		-	1,172,643	1,172,643
11.436	Columbia River Fisheries Development Program		-	6,317,709	6,317,709
11.437	Pacific Fisheries Data Program		-	232,167	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*1,065,935*	
	Total 11.437				1,298,102
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program		22,798,038	12,418,483	35,216,521
11.439	Marine Mammal Data Program		-	-	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*11,445*	
	Total 11.439				11,445

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, 2025

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
11.441	Regional Fishery Management Councils		-	47,313	
	Pass Through from: Pacific Fishery Mgmt Council	910982918	-	*168,714*	
	Pass Through from: North Pacific Fishery Mgmt Con	920060367	-	*44,899*	
	Total 11.441				260,926
11.463	Habitat Conservation		-	48,172	48,172
11.467	Meteorologic and Hydrologic Modernization Development		-	465,513	465,513
11.469	Congressionally Identified Awards and Projects		-	65,305	65,305
11.472	Unallied Science Program		-	82,499	82,499
11.473	Office for Coastal Management		1,973,428	2,374,166	4,347,594
Total Department of Commerce			**$ 24,771,466**	**$ 29,495,153**	**$ 54,266,619**
Department of Defense					
12.012	Management of Undesirable Plants on Federal Lands, 7 U.S.C. 2814		$ -	$ 1,517	$ 1,517
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services		-	37,001	37,001
12.400	Military Construction, National Guard		-	18,543,299	18,543,299
12.401	National Guard Military Operations and Maintenance (O&M)		-	73,895,762	73,895,762
12.404	National Guard ChalleNGe Program		-	8,756,599	8,756,599
12.U01	25003P		-	(178,360)	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*424,259*	
	Total 12.U01				245,899
12.U02	W9127N20P0149		-	588,277	588,277
12.U03	W9127N21P0130		-	260,437	260,437
Total Department of Defense			**$ -**	**$ 102,328,791**	**$ 102,328,791**
Department of Housing and Urban Development					
14.228	COVID-19 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		$ 967,147	$ 444,949	$
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		29,450,422	33,019,333	
	Total 14.228				63,881,851

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State of Oregon
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For the Year Ended June 30, 2025

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
14.231	Emergency Solutions Grant Program		1,944,626	168,277	2,112,903
14.239	COVID-19 Home Investment Partnerships Program		-	193,510	
14.239	Home Investment Partnerships Program		2,368,869	4,455,098	
	Total 14.239				7,017,477
14.241	Housing Opportunities for Persons with AIDS		331,089	1,932,920	2,264,009
14.251	Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants		-	724,010	724,010
14.256	ARRA - Neighborhood Stabilization Program (Recovery Act Funded)		-	2,883	2,883
14.275	Housing Trust Fund		57,057	12,258,123	12,315,180
14.326	Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities		-	449,141	449,141
14.U01	B08DN410001		-	19,330	19,330
Total Department of Housing and Urban Development			**$ 35,119,210**	**$ 53,667,574**	**$ 88,786,784**
Department of the Interior					
15.015	Good Neighbor Authority		$ 3,450,877	$ 1,039,808	$ 4,490,685
15.073	Earth Mapping Resources Initiative		-	191,575	191,575
15.214	Non-Sale Disposals of Mineral Material		186,219	-	186,219
15.224	Cultural and Paleontological Resource Management		-	37,560	37,560
15.228	BLM Wildland Urban Interface Community Fire Assistance		-	107,398	107,398
15.233	Forests and Woodlands Resource Management		-	579,994	579,994
15.234	Secure Rural Schools and Community Self-Determination		-	(24,225)	
	Pass Through from: Tillamook County	1936002312000	-	*74,851*	
	Total 15.234				50,626
15.245	Plant Conservation and Restoration Management		-	24,198	24,198
15.246	Threatened and Endangered Species		-	67,872	67,872
15.247	Wildlife Resource Management		-	353,185	353,185
15.504	Title XVI Water Reclamation and Reuse		-	119,840	119,840
15.517	Fish and Wildlife Coordination Act		-	169,799	169,799
15.524	Recreation Resources Management		-	217,955	217,955
15.580	Aquatic Ecosystem Restoration Program		311,007	21,436	332,443

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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
15.614	Coastal Wetlands Planning, Protection and Restoration		647,485	30,527	678,012
15.615	Cooperative Endangered Species Conservation Fund		(42,058)	1,963,247	1,921,189
15.616	Clean Vessel Act		270,363	81,813	352,176
15.622	Sportfishing and Boating Safety Act		145,932	15,033	160,965
15.630	Coastal		-	13,759	13,759
15.634	State Wildlife Grants		71,345	2,883,874	
	Pass Through from: W Assoc of Fish & Wildlife	820329350	-	*327*	
	Total 15.634				2,955,546
15.657	Endangered Species Conservation - Recovery Implementation Funds		18,593	815,121	833,714
15.661	Lower Snake River Compensation Plan		-	6,135,518	6,135,518
15.666	Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention		5,491	-	5,491
15.684	White-nose Syndrome National Response Implementation		-	27,090	27,090
15.808	U.S. Geological Survey Research and Data Collection		-	53,508	53,508
15.810	National Cooperative Geologic Mapping		-	400,563	400,563
15.814	National Geological and Geophysical Data Preservation		-	33,153	33,153
15.821	USGS Cooperative Landslide Hazard Mapping and Assessment Program		-	32,991	32,991
15.904	Historic Preservation Fund Grants-In-Aid		239,068	936,651	1,175,719
15.916	Outdoor Recreation Acquisition, Development and Planning		3,802,648	200,634	4,003,282
Fish and Wildlife Cluster					
15.605	Sport Fish Restoration		$ 278,824	$ 7,715,834	$ 7,994,658
15.611	Wildlife Restoration and Basic Hunter Education and Safety		528,317	23,466,816	23,995,133
15.626	Enhanced Hunter Education and Safety		4,929	12,877	17,806
Total Fish and Wildlife Cluster			**$ 812,070**	**$ 31,195,527**	**$ 32,007,597**
Total Department of the Interior			**$ 9,919,040**	**$ 47,800,582**	**$ 57,719,622**
Department of Justice					
16.017	Sexual Assault Services Formula Program		$ 474,778	$ 37,896	$ 512,674
16.043	Veterans Treatment Court Discretionary Grant Program		-	85,763	85,763
16.540	Juvenile Justice and Delinquency Prevention		220,674	248,016	468,690

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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
16.543	Missing Children's Assistance		-	547,916	547,916
16.550	State Justice Statistics Program for Statistical Analysis Centers		-	284,081	284,081
16.554	National Criminal History Improvement Program (NCHIP)		356,454	67,284	423,738
16.575	Crime Victim Assistance		19,696,488	1,571,276	21,267,764
16.576	Crime Victim Compensation		-	1,452,221	1,452,221
16.585	Drug Court Discretionary Grant Program		-	564,032	
	Pass Through from: Umatilla County	1047	-	*2,044*	
	Pass Through from: Justice Innovation Inc	1055	-	*115,163*	
	Total 16.585				681,239
16.588	Violence Against Women Formula Grants		1,326,778	628,243	1,955,021
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		-	-	
	Pass Through from: Clackamas Women's Services	1045	-	*95,910*	
	Total 16.590				95,910
16.593	Residential Substance Abuse Treatment for State Prisoners		63,606	149,134	212,740
16.595	Community Capacity Development Office		-	242,864	242,864
16.606	State Criminal Alien Assistance Program		-	297,195	297,195
16.609	Project Safe Neighborhoods		23,503	115,595	139,098
16.735	PREA Program: Strategic Support for PREA Implementation		-	20,720	20,720
16.738	Edward Byrne Memorial Justice Assistance Grant Program		854,245	578,524	1,432,769
16.741	DNA Backlog Reduction Program		-	1,457,885	1,457,885
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		-	609,490	609,490
16.750	Support for Adam Walsh Act Implementation Grant Program		-	138,199	138,199
16.754	Harold Rogers Prescription Drug Monitoring Program		40,465	-	40,465
16.812	Second Chance Act Reentry Initiative		356,222	254,860	611,082
16.813	NICS Act Record Improvement Program		-	583,932	583,932
16.816	John R. Justice Prosecutors and Defenders Incentive Act		-	491	491
16.827	Justice Reinvestment Initiative		-	560,619	560,619
16.831	Children of Incarcerated Parents		-	407,373	407,373
16.834	Domestic Trafficking Victim Program		64,263	599,506	663,769

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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
16.839	STOP School Violence		-	201,541	201,541
16.922	Equitable Sharing Program		-	3,000,066	3,000,066
Total Department of Justice			**$ 23,477,476**	**$ 14,917,839**	**$ 38,395,315**
Department of Labor					
17.002	Labor Force Statistics		$ -	$ 1,623,502	$ 1,623,502
17.005	Compensation and Working Conditions		39	187,936	187,975
17.225	ARRA - Unemployment Insurance		-	11,335,116	
17.225	COVID-19 Unemployment Insurance		-	(1,829,638)	
17.225	Unemployment Insurance		-	944,392,965	
	Total 17.225				953,898,443
17.235	Senior Community Service Employment Program		1,106,587	12,990	1,119,577
17.245	Trade Adjustment Assistance		-	11,422,973	11,422,973
17.271	Work Opportunity Tax Credit Program (WOTC)		-	250,294	250,294
17.273	Temporary Labor Certification for Foreign Workers		-	599,216	599,216
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants		1,940,480	99,798	
	Pass Through from: Chemeketa Community College	00000000013000	-	*144,161*	
	Total 17.277				2,184,439
17.285	Apprenticeship USA Grants		1,213,017	95,717	1,308,734
17.503	Occupational Safety and Health State Program		-	4,434,986	4,434,986
Employment Service Cluster					
17.207	Employment Service/Wagner-Peyser Funded Activities		$ -	$ 16,632,047	$ 16,632,047
17.801	Jobs for Veterans State Grants		-	3,420,727	3,420,727
Total Employment Service Cluster			**$ -**	**$ 20,052,774**	**$ 20,052,774**

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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
WIOA Cluster					
17.258	WIOA Adult Program		$ 9,537,764	$ 465,683	$
	Pass Through from: Worksystems Inc	00000000037000	-	*748,705*	
	Total 17.258				10,752,152
17.259	WIOA Youth Activities		9,551,570	370,945	9,922,515
17.278	WIOA Dislocated Worker Formula Grants		7,561,905	1,740,239	
	Pass Through from: Worksystems Inc	00000000037000	-	*492,358*	
	Total 17.278				9,794,502
Total WIOA Cluster			**$ 26,651,239**	**$ 3,817,930**	**$ 30,469,169**
Total Department of Labor			**$ 30,911,362**	**$ 996,640,720**	**$ 1,027,552,082**
Department of Transportation					
20.106	Airport Improvement Program		$ -	$ 1,547,551	$ 1,547,551
20.200	Highway Research and Development Program		738,718	-	738,718
20.205	Highway Planning and Construction		45,866,934	724,257,914	
	Pass Through from: Oregon State University	16117308904	-	*1,677*	
	Total 20.205				770,126,525
20.219	Recreational Trails Program		1,344,353	143,629	1,487,982
20.232	Commercial Driver's License Program Implementation Grant		-	328,098	328,098
20.301	Railroad Safety		-	1,307	1,307
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants		-	51,739	51,739
20.321	Railroad Safety Technology Grants		-	385,898	385,898
20.509	Formula Grants for Rural Areas and Tribal Transit Program		18,390,984	2,713,010	21,103,994
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program		-	4,975	4,975
20.530	Public Transportation Innovation		94,004	-	94,004
20.534	Community Project Funding Congressionally Directed Spending		25,500	-	25,500
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		361,691	494,187	855,878
20.611	Incentive Grant Program to Prohibit Racial Profiling		917,937	335,293	1,253,230

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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
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements		-	79,205	79,205
20.700	Pipeline Safety Program State Base Grant		-	620,360	620,360
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		298,318	226,486	524,804
Federal Transit Cluster					
20.526	Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs		$ 3,499,479	$ -	$ 3,499,479
Total Federal Transit Cluster			**$ 3,499,479**	**$ -**	**$ 3,499,479**
Federal Motor Carrier Safety Assistance (FMCSA) Cluster					
20.218	National Motor Carrier Safety Assistance		$ 70,082	$ 9,293,322	$ 9,363,404
Total Federal Motor Carrier Safety Assistance (FMCSA)			**$ 70,082**	**$ 9,293,322**	**$ 9,363,404**
Highway Safety Cluster					
20.600	State and Community Highway Safety		$ 1,638,390	$ 4,316,181	$ 5,954,571
20.616	National Priority Safety Programs		2,201,774	4,154,579	6,356,353
Total Highway Safety Cluster			**$ 3,840,164**	**$ 8,470,760**	**$ 12,310,924**
Transit Services Programs Cluster					
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities		$ 11,030,972	$ -	$ 11,030,972
Total Transit Services Programs Cluster			**$ 11,030,972**	**$ -**	**$ 11,030,972**
Total Department of Transportation			**$ 86,479,136**	**$ 748,955,411**	**$ 835,434,547**
Department of the Treasury					
21.019	COVID-19 Coronavirus Relief Fund		$ 161,628	$ -	$ 161,628
21.023	COVID-19 Emergency Rental Assistance Program		5,316,076	-	5,316,076
21.026	COVID-19 Homeowner Assistance Fund		799,519	14,213,490	15,013,009
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds		97,953,157	95,747,655	
21.027	Coronavirus State and Local Fiscal Recovery Funds		-	19,946	
	Total 21.027				193,720,758
21.029	Coronavirus Capital Projects Fund		-	1,859,022	1,859,022

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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
21.031	State Small Business Credit Initiative Technical Assistance Grant Program		433,142	5,308	438,450
21.U01	ASSET FORFEITURE		-	1,093,705	1,093,705
Total Department of the Treasury			**$ 104,663,522**	**$ 112,939,126**	**$ 217,602,648**
Equal Employment Opportunity Commission					
30.001	Employment Discrimination Title VII of the Civil Rights Act of1964		$ -	$ 732,305	$ 732,305
Total Equal Employment Opportunity Commission			**$ -**	**$ 732,305**	**$ 732,305**
General Services Administration					
39.002	Disposal of Federal Surplus Real Property		$ 192,535	$ -	$ 192,535
39.003	Donation of Federal Surplus Personal Property		839,203	239,949	1,079,152
Total General Services Administration			**$ 1,031,738**	**$ 239,949**	**$ 1,271,687**
National Endowment for the Arts					
45.025	Promotion of the Arts Partnership Agreements		$ 1,090,999	$ 29,841	$ 1,120,840
Total National Endowment for the Arts			**$ 1,090,999**	**$ 29,841**	**$ 1,120,840**
Institute Of Museum and Library Services					
45.310	Grants to States		$ 1,087,954	$ 1,782,701	$ 2,870,655
Total Institute Of Museum and Library Services			**$ 1,087,954**	**$ 1,782,701**	**$ 2,870,655**
Small Business Administration					
59.061	State Trade Expansion		$ 80,176	$ 300,478	$ 380,654
Total Small Business Administration			**$ 80,176**	**$ 300,478**	**$ 380,654**
Department of Veterans Affairs					
64.015	Veterans State Nursing Home Care		$ -	$ 37,534,702	$ 37,534,702
64.035	Veterans Transportation Program		402,400	32,996	435,396
64.125	Vocational and Educational Counseling for Servicemembers and Veterans		-	310,759	310,759
Total Department of Veterans Affairs			**$ 402,400**	**$ 37,878,457**	**$ 38,280,857**

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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
Environmental Protection Agency					
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		$ 3,500	$ 1,611,454	$ 1,614,954
66.040	State Clean Diesel Grant Program		-	673,028	673,028
66.046	Climate Pollution Reduction Grants		-	3,368,829	3,368,829
66.049	Clean Heavy-Duty Vehicles Program		-	4,021	4,021
66.204	Multipurpose Grants to States and Tribes		-	1,639	1,639
66.432	State Public Water System Supervision		-	1,256,099	1,256,099
66.442	Assistance for Small and Disadvantaged Communities Drinking Water Grant Program (SDWA1 459A)		311,408	-	311,408
66.444	Lead Testing in School and Child Care Program Drinking Water (SDWA1464(d))		402,231	138,974	541,205
66.447	Sewer Overflow and Stormwater Reuse Municipal Grant Program		(28,629)	698,057	669,428
66.454	Water Quality Management Planning		31,669	336,988	368,657
66.458	Capitalization Grants for Clean Water State Revolving Funds		44,522,640	-	44,522,640
66.460	Nonpoint Source Implementation Grants		179,225	758	179,983
66.461	Regional Wetland Program Development Grants		-	57,667	57,667
66.468	Capitalization Grants for Drinking Water State Revolving Funds		23,219,180	4,860,605	28,079,785
66.472	Beach Monitoring and Notification Program Implementation Grants		-	212,061	212,061
66.605	Performance Partnership Grants		7,324	6,197,598	6,204,922
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		-	47,061	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*(9,702)*	
	Total 66.608				37,359
66.700	Consolidated Pesticide Enforcement Cooperative Agreements		-	5,104	5,104
66.708	Pollution Prevention Grants Program		311,637	237,711	549,348
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		-	666,559	666,559
66.804	Underground Storage Tank Prevention, Detection and Compliance Program		-	394,009	394,009
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program		-	803,978	803,978

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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
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements		-	196,974	196,974
66.817	State and Tribal Response Program Grants		21,383	2,067,597	2,088,980
66.818	Brownfields Assessment and Cleanup Cooperative Agreements		406,019	4,169	410,188
66.920	Solid Waste Infrastructure for Recycling Infrastructure Grants		-	161,506	161,506
66.956	Targeted Airshed Grant Program		-	135,375	135,375
66.959	Greenhouse Gas Reduction Fund: Solar for All		253,996	105,487	359,483
66.962	Geographic Programs – Columbia River Basin Restoration (CRBR) Program		-	628,441	628,441
Total Environmental Protection Agency			**$ 69,641,583**	**$ 24,862,047**	**$ 94,503,630**
Department of Energy					
81.041	State Energy Program		$ 538,152	$ 1,916,531	$ 2,454,683
81.042	Weatherization Assistance for Low-Income Persons		6,921,712	1,111,673	8,033,385
81.086	Conservation Research and Development		20,421	-	20,421
81.104	Environmental Remediation and Waste Processing and Disposal		-	7,026	7,026
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions		14,942	(13,787)	
	Pass Through from: Western Interstate Energy Brd	00000000000104	-	*77,404*	
	Total 81.106				78,559
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical		2,555	-	2,555
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis		18,112	944,039	962,151
81.U01	8893		1,108	-	1,108
81.U02	88993		1,246,744	155,984	1,402,728
81.U03	21084G		-	25,521	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*93,949*	
	Total 81.U03				119,470
81.U04	24037G		-	93,930	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*384,219*	
	Total 81.U04				478,149

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81.U05	24058G		-	5,466	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*21,189*	
	Total 81.U05				26,655
81.U06	24065G		-	101,183	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*450,064*	
	Total 81.U06				551,247
81.U07	24080G		-	72,088	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*278,943*	
	Total 81.U07				351,031
81.U08	25120G		-	102,855	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	*750,569*	
	Total 81.U08				853,424
81.U09	4020002025		-	1,474	
	Pass Through from: Confed Tribes Umatilla Indian	930624734	-	*7,936*	
	Total 81.U09				9,410
81.U10	74313REL113		-	469,207	469,207
81.U11	74313REL114		39,748	499,068	538,816
81.U12	84041REL005		-	1,384,085	1,384,085
81.U13	84041REL007		757,797	844,334	1,602,131
81.U14	84041REL026		-	288,672	288,672
81.U15	84041REL029		-	1,629,161	1,629,161
81.U16	84041REL032		-	1,977,880	1,977,880
81.U17	84041REL037		-	20,328	20,328
81.U18	84041REL040		-	1,320,281	1,320,281
81.U19	84041REL041		-	130,965	130,965
81.U20	84041REL044		-	3,601,705	3,601,705
81.U21	84041REL045		-	1,375,416	1,375,416
81.U22	84041REL047		-	188,625	188,625
81.U23	84041REL048		-	577,934	577,934
81.U24	84041REL049		-	84,228	84,228

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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
81.U25	84041REL050		-	98,842	98,842
81.U26	84041REL054		-	9,423	9,423
81.U27	T2073023		-	7,975	
	Pass Through from: Confed Tribes Warm Springs Ind	390383362	-	35,836	
	Total 81.U27				43,811
Total Department of Energy			**$ 9,561,291**	**$ 21,132,221**	**$ 30,693,512**
Department of Education					
84.002	Adult Education - Basic Grants to States		$ 6,304,838	$ 1,649,531	$ 7,954,369
84.010	Title I Grants to Local Educational Agencies		174,331,287	1,414,598	175,745,885
84.011	Migrant Education State Grant Program		22,467,086	1,935,545	24,402,631
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth		1,632,104	-	1,632,104
84.048	Career and Technical Education -- Basic Grants to States		15,162,566	2,229,330	17,391,896
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States		-	65,188,548	65,188,548
84.144	Migrant Education Coordination Program		-	26,591	26,591
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind		-	356,047	356,047
84.181	Special Education-Grants for Infants and Families		5,700,685	175,877	5,876,562
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs		-	436,518	436,518
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities		-	444,750	444,750
84.196	Education for Homeless Children and Youth		1,021,666	191,628	1,213,294
84.215	Innovative Approaches to Literacy; Promise Neighborhoods; Full-Service Community Schools; and Congressionally Directed Spending for Elementary and Secondary Education Community		308,654	-	308,654
84.287	Twenty-First Century Community Learning Centers		10,748,062	925,853	11,673,915
84.305	Education Research, Development and Dissemination		-	337,183	337,183
84.358	Rural Education		717,834	23,020	740,854
84.365	English Language Acquisition State Grants		8,850,767	332,198	9,182,965
84.367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)		20,400,319	492,842	20,893,161
84.369	Grants for State Assessments and Related Activities		-	5,214,161	5,214,161
84.371	Comprehensive Literacy Development		-	156,992	156,992

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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
84.421	Disability Innovation Fund (DIF)		1,896,478	3,177,339	5,073,817
84.U01	93363		-	7,048	7,048
84.U02	91990020C0021		-	236,603	236,603
Special Education Cluster (IDEA)					
84.027	Special Education Grants to States		$ 155,600,137	$ 10,042,486	$ 165,642,623
84.173	Special Education Preschool Grants		4,013,794	1,103,438	5,117,232
Total Special Education Cluster (IDEA)			**$ 159,613,931**	**$ 11,145,924**	**$ 170,759,855**
Student Support and Academic Enrichment Program					
84.424A	Student Support and Academic Enrichment Program		$ 12,241,477	$ 604,069	$ 12,845,546
84.424D	Expanding access to Well-Rounded Courses Demonstration Grants Program		-	3,955,269	3,955,269
84.424F	Stronger Connections Grant Program		2,851,443	34,307	2,885,750
Total Student Support and Academic Enrichment Program			**$ 15,092,920**	**$ 4,593,645**	**$ 19,686,565**
Education Stabilization Fund (ESF)					
84.425	COVID-19 Education Stabilization Fund		$ 406,547	$ 1,403,366	$ 1,809,913
84.425U	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)		158,359,232	15,172,218	173,531,450
84.425V	COVID-19 American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP-EANS)		2,929,745	1,553,927	4,483,672
84.425W	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth		2,038,539	19,853	2,058,391
Total Education Stabilization Fund (ESF)			**$ 163,734,063**	**$ 18,149,364**	**$ 181,883,426**
Total Department of Education			**$ 607,983,260**	**$ 118,841,135**	**$ 726,824,394**
Elections Assistance Commission					
90.404	2018 HAVA Election Security Grants		$ -	$ 2,448,281	$ 2,448,281
Total Elections Assistance Commission			**$ -**	**$ 2,448,281**	**$ 2,448,281**
Department of Health and Human Services					
93.008	Medical Reserve Corps Small Grant Program		$ 817,301	$ 152,587	$ 969,888
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		34,166	21,850	56,016

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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
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		-	330,697	330,697
93.043	COVID-19 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		200,152	-	
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		347,951	-	
	Total 93.043				548,103
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		247,628	174,212	421,840
93.052	COVID-19 National Family Caregiver Support, Title III, Part E		183,242	21,080	
93.052	National Family Caregiver Support, Title III, Part E		1,784,887	74,798	
	Total 93.052				2,064,007
93.060	Sexual Risk Avoidance Education		161,672	417,941	579,613
93.066	State Vital Statistics Improvement Program		-	811,207	811,207
93.069	Public Health Emergency Preparedness		3,605,322	5,090,191	8,695,513
93.070	Environmental Public Health and Emergency Response		-	996,165	996,165
93.071	Medicare Enrollment Assistance Program		513,167	27,828	540,995
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance		-	4,791	4,791
93.082	Sodium Reduction in Communities		-	29,624	29,624
93.090	Guardianship Assistance		-	10,600,234	10,600,234
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		322,500	120,586	443,086
93.103	Food and Drug Administration Research		-	887,245	887,245
93.110	Maternal and Child Health Federal Consolidated Programs		-	596,773	
	Pass Through from: Assoc of St Ph Nutritionists	40000000000032	-	*6,069*	
	Total 93.110				602,842
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		-	681,701	681,701

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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
93.127	Emergency Medical Services for Children		-	235,965	235,965
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		-	239,681	239,681
93.136	Injury Prevention and Control Research and State and Community Based Programs		949,459	5,385,661	6,335,120
93.150	Projects for Assistance in Transition from Homelessness (PATH)		651,386	296	651,682
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		-	455,427	455,427
93.217	Family Planning Services		2,928,154	148,727	3,076,881
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program		138,394	463,357	601,751
93.236	Grants to States to Support Oral Health Workforce Activities		50,000	369,059	419,059
93.240	State Capacity Building		35,000	524,384	559,384
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance		2,035,703	6,022,315	8,058,018
93.251	Universal Newborn Hearing Screening		120,804	217,605	338,409
93.262	Occupational Safety and Health Program		-	-	
	Pass Through from: Oregon Health & Sciences University	20000000000011	-	*172,181*	
	Total 93.262				172,181
93.268	COVID-19 Immunization Cooperative Agreements		3,949,769	8,399,476	
93.268	Immunization Cooperative Agreements		1,477,153	73,974,024	
	Total 93.268				87,800,422
93.270	Viral Hepatitis Prevention and Control		241,783	313,509	555,292
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program		-	107,200	107,200
93.317	COVID-19 Emerging Infections Programs		-	1,664,852	
93.317	Emerging Infections Programs		194,929	4,630,373	
	Total 93.317				6,490,154

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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
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases		2,815,034	33,934,449	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases		315,913	635,801	
	Total 93.323				37,701,197
93.324	State Health Insurance Assistance Program		-	565,657	565,657
93.334	The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels		-	343,581	343,581
93.336	Behavioral Risk Factor Surveillance System		-	132,210	132,210
93.354	COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		662,800	1,947,009	
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		38,251	497,832	
	Total 93.354				3,145,892
93.369	COVID-19 ACL Independent Living State Grants		37,838	-	
93.369	ACL Independent Living State Grants		337,806	-	
	Total 93.369				375,644
93.387	National and State Tobacco Control Program		(7,500)	2,024,314	2,016,814
93.391	COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises		261,286	6,300,704	6,561,990
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health		(2,394)		
	Pass Through from: Natl Assoc Chronic Dis Direct	40000000000015	-	*78,668*	
	Total 93.421				76,274
93.423	State Innovation Waivers		-	68,269,450	68,269,450
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		100,008	908,255	1,008,263

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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
93.464	COVID-19 ACL Assistive Technology		12,036	-	
93.464	ACL Assistive Technology		497,079	2,500	
	Total 93.464				511,615
93.472	Title IV-E Prevention Program		-	3,776,400	3,776,400
93.493	Congressional Directives		-	1,372,359	1,372,359
93.497	COVID-19 Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports		212,665	-	212,665
93.556	MaryLee Allen Promoting Safe and Stable Families		843,360	6,594,604	7,437,964
93.558	Temporary Assistance for Needy Families		2,503,950	191,363,792	193,867,742
93.563	Child Support Services		12,993,912	75,152,657	88,146,569
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs		-	18,667,212	18,667,212
93.568	Low-Income Home Energy Assistance		49,429,629	2,243,946	51,673,575
93.569	Community Services Block Grant		5,800,356	490,341	6,290,697
93.579	U.S. Repatriation		-	230,809	230,809
93.586	State Court Improvement Program		-	434,379	434,379
93.590	COVID-19 Community-Based Child Abuse Prevention Grants		375,000	924,890	
93.590	Community-Based Child Abuse Prevention Grants		-	574,081	
	Total 93.590				1,873,971
93.597	Grants to States for Access and Visitation Programs		91,233	16,924	108,157
93.599	COVID-19 Chafee Education and Training Vouchers Program (ETV)		-	99,542	
93.599	Chafee Education and Training Vouchers Program (ETV)		-	1,547,999	
	Total 93.599				1,647,541
93.603	Adoption and Legal Guardianship Incentive Payments		-	679,749	679,749
93.630	COVID-19 Developmental Disabilities Basic Support and Advocacy Grants		58,854	-	
93.630	Developmental Disabilities Basic Support and Advocacy Grants		10,000	1,109,817	
	Total 93.630				1,178,671

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93.640	Basic Health Program (Affordable Care Act)		-	181,738,469	181,738,469
93.643	Children's Justice Grants to States		174,563	1,707	176,270
93.645	Stephanie Tubbs Jones Child Welfare Services Program		369,608	1,590,867	1,960,475
93.658	Foster Care Title IV-E		3,213,912	168,092,561	171,306,473
93.659	Adoption Assistance		-	50,545,617	50,545,617
93.664	Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities		-	-	
	Pass Through from: ABT Associates Inc	40000000000033	-	*92,307*	
	Total 93.664				92,307
93.667	Social Services Block Grant		3,425,922	13,987,984	17,413,906
93.669	COVID-19 Child Abuse and Neglect State Grants		437,411	312,691	
93.669	Child Abuse and Neglect State Grants		37,029	1,124,183	
	Total 93.669				1,911,314
93.671	COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		2,297,767	-	
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		1,539,212	236	
	Total 93.671				3,837,215
93.674	COVID-19 John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood		-	27,819	
93.674	John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood		-	2,405,122	
	Total 93.674				2,432,941
93.698	Elder Justice Act - Adult Protective Services		-	119,589	119,589
93.738	PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds		-	-	
	Pass Through from: Multnomah County	40000000000010	-	*109,420*	
	Total 93.738				109,420

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93.747	COVID-19 Elder Abuse Prevention Interventions Program		-	2,239,825	
93.747	Elder Abuse Prevention Interventions Program		-	128,162	
	Total 93.747				2,367,987
93.767	COVID-19Children's Health Insurance Program		-	255	
93.767	Children's Health Insurance Program		-	60,681,938	
	Total 93.767				60,682,193
93.771	State Grants for the Implementation, Enhancement, and Expansion of Medicaid and CHIP School-based Services		-	227,419	227,419
93.788	Opioid STR		14,138,054	3,165,129	17,303,183
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid		-	4,028,028	4,028,028
93.800	Organized Approaches to Increase Colorectal Cancer Screening		-	693,863	693,863
93.845	Promoting Population Health through Increased Capacity in Alcohol Epidemiology		-	175,983	175,983
93.870	COVID-19 Maternal, Infant, and Early Childhood Home Visiting Grant		26,428	492,344	
93.870	Maternal, Infant, and Early Childhood Home Visiting Grant		6,123,140	3,094,616	
	Total 93.870				9,736,528
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens		-	165,076	165,076
93.889	National Bioterrorism Hospital Preparedness Program		530,573	1,755,289	2,285,862
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations		-	3,928,505	3,928,505
93.917	HIV Care Formula Grants		-	8,056,699	8,056,699
93.940	HIV Prevention Activities Health Department Based		752,173	803,056	1,555,229
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		568,322	1,024,566	1,592,888
93.945	Assistance Programs for Chronic Disease Prevention and Control		-	401,727	401,727
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		-	237,920	237,920

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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
93.958	COVID-19 Block Grants for Community Mental Health Services		8,805,737	5,411,692	
93.958	Block Grants for Community Mental Health Services		11,782,067	2,883,075	
	Total 93.958				28,882,571
93.959	COVID-19 Block Grants for Prevention and Treatment of Substance Abuse		5,615,764	3,029,940	
93.959	Block Grants for Prevention and Treatment of Substance Abuse		15,802,500	3,240,145	
	Pass Through from: Eagle Technologies Inc	40000000000024	-	*309,874*	
	Total 93.959				27,998,223
93.967	COVID-19 CDC's Collaboration with Academia to Strengthen Public Health		2,969,926	2,506,869	
93.967	CDC's Collaboration with Academia to Strengthen Public Health		7,500	1,536,234	
	Total 93.967				7,020,529
93.977	COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants		(68,075)	806,888	
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		-	672,534	
	Total 93.977				1,411,347
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools		193,827	272,388	466,215
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		-	782,055	782,055
93.991	Preventive Health and Health Services Block Grant		253,418	967,248	1,220,666
93.994	Maternal and Child Health Services Block Grant to the States		3,728,638	3,091,832	6,820,470

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Aging Cluster					
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		$ 1,189,335	$ 137,777	$
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		5,757,598	231,148	
	Total 93.044				7,315,858
93.045	COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services		554,782	244,690	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services		11,397,173	250,753	
	Total 93.045				12,447,398
93.053	Nutrition Services Incentive Program		939,948	-	939,948
Total Aging Cluster			**$ 19,838,836**	**$ 864,368**	**$ 20,703,204**
CCDF Cluster					
93.575	COVID-19 Child Care and Development Block Grant		$ -	$ 16,464,580	$
93.575	Child Care and Development Block Grant		19,168,795	22,466,752	
	Total 93.575				58,100,127
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		8,527,104	35,181,007	43,708,111
Total CCDF Cluster			**$ 27,695,899**	**$ 74,112,339**	**$ 101,808,238**
Head Start Cluster					
93.600	Head Start		$ -	$ 109,069	$ 109,069
Total Head Start Cluster			**$ -**	**$ 109,069**	**$ 109,069**

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Medicaid Cluster					
93.775	State Medicaid Fraud Control Units		$ -	$ 3,597,231	$ 3,597,231
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		-	5,789,135	5,789,135
93.778	COVID-19 Grants to States for Medicaid		-	130,038,314	
93.778	Grants to States for Medicaid		-	13,033,028,546	
	Total 93.778				13,163,066,860
Total Medicaid Cluster			**$ -**	**$ 13,172,453,226**	**$ 13,172,453,226**
Total Department of Health and Human Services			**$ 228,637,789**	**$ 14,329,788,350**	**$ 14,558,426,139**
Corporation for National and Community Service					
94.003	State Commissions		$ 6,000	$ 311,163	$ 317,163
94.006	AmeriCorps State and National		4,009,077	-	4,009,077
94.008	Commission Investment Fund		-	267,164	267,164
94.013	Volunteers in Service to America		-	-	
	Pass Through from: Corp for Ntl & Comm Service	10000000000007	-	*87,235*	
	Total 94.013				87,235
Total Corporation for National and Community Service			**$ 4,015,077**	**$ 665,562**	**$ 4,680,639**
Office of National Drug Control Policy Reauthorization Act of 2006					
95.001	High Intensity Drug Trafficking Areas Program		$ -	$ 3,185,808	$ 3,185,808
Total Office of National Drug Control Policy Reauthorization of 2006			**$ -**	**$ 3,185,808**	**$ 3,185,808**
Social Security Administration					
96.008	Social Security - Work Incentives Planning and Assistance		$ -	$ 158,945	$ 158,945
Disability Insurance/SSI Cluster					
96.001	Social Security Disability Insurance		-	39,905,367	39,905,367
Total Disability Insurance/SSI Cluster			**$ -**	**$ 39,905,367**	**$ 39,905,367**
Total Social Security Administration			**$ -**	**$ 40,064,312**	**$ 40,064,312**

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Department of Homeland Security					
97.008	Non-Profit Security Program		$ 1,702,123	$ 563	$ 1,702,686
97.012	Boating Safety Financial Assistance		2,067,759	168,104	2,235,863
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		-	242,016	242,016
97.029	Flood Mitigation Assistance		-	3,798	3,798
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		269,521,139	306,478,514	575,999,653
97.039	Hazard Mitigation Grant		3,279,481	1,304,642	4,584,123
97.041	National Dam Safety Program		-	788,783	788,783
97.042	Emergency Management Performance Grants		3,583,619	1,526,332	5,109,951
97.044	Assistance to Firefighters Grant		-	7,341	7,341
97.045	Cooperating Technical Partners		-	526,827	526,827
97.046	Fire Management Assistance Grant		-	2,702,761	2,702,761
97.047	Pre-Disaster Mitigation		866,498	557,069	1,423,567
97.050	COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs		-	1,043	1,043
97.052	Emergency Operations Centers		-	19,654	19,654
97.067	Homeland Security Grant Program		4,612,326	2,296,051	6,908,377
97.082	Earthquake Consortium		1,448	86,565	88,013
97.137	State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program		861,715	57,958	919,673
Total Department of Homeland Security			**$ 286,496,108**	**$ 316,768,021**	**$ 603,264,129**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 1,903,501,815**	**$ 19,168,090,351**	**$ 21,071,592,165**

The accompanying notes are an integral part of this schedule.

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, and State Fair Council are legally separate component units. For the year ended June 30, 2025, 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. De Minimis Cost Rate

The State of Oregon has not elected to use the 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
10.187	The Emergency Food Assistance Program (TEFAP)	Food Commodities	$ 10,355,369
10.553	School Breakfast Program	Food Commodities	136,982
10.555	National School Lunch Program	Food Commodities	20,070,598
10.558	Child and Adult Care Food Program	Food Commodities	804
10.559	Summer Food Service Program for Children	Food Commodities	6,808
10.565	Commodity Supplemental Food Program	Food Commodities	691,721
10.569	Emergency Food Assistance Program	Food Commodities	13,002,568
39.003	Donation of Federal Surplus Personal Property	Donated Federal Surplus	1,079,152
93.268	Immunization Cooperative Agreements	Vaccines	69,202,387
	Total		$114,546,389

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 $953,898,444.23 reported as expenditures for the Unemployment Insurance Program, $883,872,196.76 represents expenditures of State funds held in the Unemployment Trust Fund.

Note 5. Disaster Grants – Public Assistance (ALN 97.036)

After a presidentially declared disaster, the U.S. Federal Emergency Management Agency (FEMA) provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The federal government reimburses in the form of cost-shared grants which requires state matching funds.

For the year ended June 30, 2025, approved eligible expenditures of $299,372,269 are included in the schedule that were incurred in a prior fiscal year.

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, 2024. It also includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2023 that were uncorrected at June 30, 2024.

Finding 2024-001: **Oregon Department of Human Services/Oregon Health Authority**
Strengthen internal controls over the One system
Significant Deficiency

Recommendation: Management obtain a SOC 2 Type II report for the ONE system or perform other alternative procedures to ensure that the internal controls over the ONE system at the external vendor are sufficient to meet the business needs of ODHS and OHA. We also recommend management regularly reconcile transactions originating in the ONE system through the mainframe system to SFMA to ensure data remains complete, accurate, and valid through the interface process.

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

ODHS will continue to work with our vendor to secure a SOC 2 Type II audit of our processes and oversight of the ONE system in 2025. Additionally, ODHS will work on amending the ONE M&O agreement with Deloitte for them to obtain a scoped SOC 2 Type II audit related to their work within the ONE system. ODHS would expect to negotiate this additional audit requirement in 2025 with the first audit then happening in 2026. In addition, the agency will request reports that will allow reconciliation of transactions between ONE and the mainframe system.

Anticipated Completion Date: December 31, 2026

Finding 2024-002: **Department of Administrative Services**
Ensure documentation is retained to support the performance of the Daily Dual Access Reports Control
Significant Deficiency

Recommendation: That department management ensure documentation supporting the performance and outcomes of controls is retained for at least five years.

Status: Corrective action taken.

Finding 2024-003: **Department of Administrative Services**
Improve controls over year end entries related to pension contributions subsequent to measurement date
Significant Deficiency

Recommendation: The department's accounting section develop written guidance and key checks over the year-end process for the net pension liability entries to ensure the entries are accurate.

Status: Corrective action taken.

Finding 2024-004: **Department of Environmental Quality**
Improve review of transactions
Significant Deficiency

Recommendation: Department management improve review procedures to ensure transactions are properly recorded.

Status: Corrective action taken.

Finding 2024-005: **Department of Consumer and Business Services**
Strengthen review procedures
Significant Deficiency

Recommendation: Department management improve the accounting department's program understanding and strengthen review procedures to ensure transactions are recorded correctly in the accounting records

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

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

1. DCBS will revise the ACFR year-end checklist and closing plan to review the previous year's transactions and any potential impact on the current year's reporting. DCBS will add documentation to the Healthcare Provider Taxes ACFR spreadsheet to ensure there are four quarters of revenue recorded. In addition, DCBS will add documentation on Performance Deposits spreadsheet to ensure the formulas are accurate during creation and review of the documentation. The Accounting manager will oversee this work, and it will be completed by June 2025.

2. DCBS will improve and provide additional training to the Accounting staff on effectively creating and reviewing accounting transactions to ensure accurate and proper recording. In addition, the Accounting manager will meet with transaction reviewers to ensure they fully understand the transactions they are assigned to review. The Accounting manager will oversee this work, and the work will be completed by June 2025.

3. DCBS Accounting staff will meet with the Division of Financial Regulation (DFR) staff responsible for Performance Deposits and Healthcare Provider Taxes to learn more and seek to improve the work done in accounting for these programs. The Accounting manager will oversee this work, and the work will be completed by June 2025.

Similar errors occurred in FY2025. Based on discussion with Secretary of State auditor, our agency will continue to implement these corrective actions in FY2026.

Anticipated completion date: June 30, 2026

Finding 2024-006: **Oregon Department of Forestry**
Ensure federal expenditures are appropriately classified
Significant Deficiency

Recommendation: Department management ensure controls are properly designed and implemented to ensure expenditures are recorded to the correct federal programs.

Status: Corrective action taken.

Finding 2024-007: **Oregon Liquor and Cannabis Commission**
Ensure knowledge, skills, and abilities necessary to maintain internal controls
Significant Deficiency

Recommendation: Commission management dedicate resources to training staff responsible for operations related to commission responsibilities. We also recommend commission management document and implement procedures and methodologies to ensure effective transaction review.

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

The Chief Financial Officer has been in the role for approximately three months and is currently conducting a comprehensive review of distribution operations, Accounts Payable, bond payments, and reconciliation processes. Although the CFO is working to dedicate resources to training staff responsible for operations related to commission responsibilities, this process has been delayed due to budget reductions. The CFO is in the process of documenting and implementing procedures and methodologies to ensure effective transaction review. At this time, management cannot independently verify that corrective actions have been fully implemented and are operating effectively.

Corrective action remains in progress, and additional review and validation are required prior to closure.

Anticipated Completion Date: June 30, 2026

Finding 2024-008: **Oregon Housing and Community Services Department**
Additional year-end procedures are needed to ensure prepaid expenditures are recognized when incurred
Significant Deficiency

Recommendation: The department ensure a process is in place to review prior year prepaids and properly record expenditures.

Status: Corrective action taken.

Finding 2023-002: **Department of Administrative Services**
Address Workday configuration issues to ensure employees are accurately paid and ensure controls over payroll processing are properly designed, implemented, identified, and documented
Material Weakness

Recommendation: That the department:

- Ensure controls over payroll processing and configuration management are properly designed, implemented, identified, and documented.
- Complete stabilization efforts, including eliminating the errors in employee pay caused by configuration issues.
- Develop and communicate guidance to agency partners regarding expectations of agency level controls.
- Update all system documentation to reflect the Workday modules subscribed to by the department.

Status: Corrective action taken.

Finding 2023-005: **Department of Justice**
Report settlement proceeds belonging to the State in a non-custodial fund
Material Weakness

Recommendation: Management ensure settlement proceeds, and related revenues and expenditures, belonging to the State or one of its agencies are reported in a non-custodial fund. We also recommend management establish a different fund within the State's activities that is still part of the client trust account.

Status: Corrective action taken.

Finding 2023-007: **Oregon Department of Emergency Management**
Strengthen controls over the year-end accrual process
Significant Deficiency

Recommendation: Department management develop and document the year-end accrual process for federal expenditures and federal revenue. Additionally, the department should

strengthen its RFR tracking to be able to tie the individual RFRs to SFMA accrual entries.

Status: Corrective action taken.

Finding 2023-008: **Oregon Employment Department**
Reconcile employer tax records transferred from Department of Revenue with tax system
Significant Deficiency

Recommendation: Department management develop procedures to reconcile amounts transferred from DOR to Frances, retain the documentation and timely follow-up on differences.

Status: Corrective action taken.

Finding 2023-009: **Oregon Employment Department**
Improve documentation and controls over year-end tax related receivable accruals
Significant Deficiency

Recommendation: Department management implement procedures to ensure employer tax and paid leave contribution accrual calculations are reviewed and agreed to source documentation, and that source data used is retained and readily available. **We also recommend** department management run Frances reports on July1 or identify needed filters to ensure reports accurately reflect June 30data. **We further recommend** department management improve its methodology regarding prepayments and paid leave receivables.

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

The department submitted a ticket, January 29, 2024, to create an automated audit schedule set to run annually. This work was completed on June 29, 2024, and runs on the last business day of each fiscal year. This addressed the previous issue partially. However, other issues arose in FY25, an error was not detected until audited in the tax accrual calculations. The spreadsheet contained a formula error. Additionally, paid leave accruals were not made. Finally, the entire prepayment balance was used for both UI and PL.

The Department plans to address the additional issues that came up during 2025 fiscal year end by:

- Ensuring procedures include notes of prior year problems and checks to ensure the issues are not repeated.
- Spreadsheets used in calculations are revised to ensure all formulas include all cells needed to produce correct answers.

- Paid leave tax accruals have been added to the year-end checklist to ensure they are not missed in the future.
- An additional review will be added to the processes to ensure all steps are followed, all processes completed, and all formulas deliver the desired output.

Anticipated completion date: January 31, 2026

Finding 2023-010: **Oregon Employment Department**
Ensure Frances correctly allocates unemployment insurance revenue
Significant Deficiency

Recommendation: Department management ensure Frances correctly allocates employer payments.

Status: Corrective action taken.

Finding 2023-011: **Oregon Department of Fish and Wildlife**
Improve cash handling controls
Significant Deficiency

Recommendation: Department management document their assessment of the volume and risk related to mail processing procedures, and ensure controls are adequately designed to address identified risks.

Status: Corrective action taken.

Finding 2023-013: **Oregon Liquor and Cannabis Commission**
Strengthen controls over statutorily required transfers and distributions
Significant Deficiency

Recommendation: Commission management strengthen internal controls to ensure the accounting systems reconcile and that the appropriate amount is being distributed to cities and transferred to the General Fund within the required 35 days.

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

OLCC concurs with the current status of partial corrective action. Management has performed limited review and is not requesting clearance of this finding at this time. A list of timeliness variances identified during the current review period has been provided to the CFO for OLCC and she is conducting her analysis on business processes and internal controls.

Management will continue to monitor this area and pursue process improvements to strengthen internal controls and improve timeliness and accuracy of transfers and distribution.

Anticipated Completion Date: June 30, 2026

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, 2024. It also includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2023, that were uncorrected at June 30, 2024.

Additionally, per 2 CFR §200.511, federal audit findings from the fiscal year ended June 30, 2022, are included only if no further action is required due to the passage of two years since their submission to the FAC, the absence of follow-up by the issuing agency with the auditee, and the lack of an issued management decision.

Finding 2024-009: **Oregon Health Authority**
Continue to implement and strengthen controls to ensure subrecipients are appropriately identified and monitored
93.958 Block Grants for Community Mental Health Services
93.958 Block Grants for Community Mental Health Services (COVID-19)
93.959 Block Grants for Substance Use Prevention, Treatment, and Recovery Services
93.959 Block Grants for Substance Use Prevention, Treatment and Recovery Services (COVID-19)
Subrecipient Monitoring
Material Weakness; Material Noncompliance

Initial Year: 2022

Recommendation: Department management continue to implement and strengthen controls to ensure recipients of federal funds are appropriately identified as subrecipients or contractors and the corresponding disbursement of federal funds are appropriately reported as direct or passthrough expenditures. We further recommend department management comply with subrecipient monitoring requirements, continue to develop and implement internal controls to ensure risk assessments are performed and documented for each subrecipient, and monitoring activities are completed and documented according to the risk assessment results.

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

The division previously marked these items as implemented based on the controls that had been established at that time, including:

- Completion of Workday training on the Federal Subrecipient Determination tools for BHD.
- Use of the Workday tool to document contract-level determinations through the five required classification questions.
- Printing and attaching the system-generated determination document to each CLM request.

- Completion of the contractor Self-Risk Assessment when a subrecipient was identified.
- Downloading of the system-generated Monitoring Plan following the contractor's assessment.
- Inclusion of both the completed Self-Risk Assessment and the Monitoring Plan in each CLM request.
- Documentation of each determination in Smartsheet as backup.

As noted in 2 CFR 200.331, "No single factor or any combination of factors is necessarily determinative. The pass-through entity must use judgment in classifying each agreement as a subaward or a procurement contract." Because judgment is required, different reviewers may arrive at different, yet reasonable, conclusions. Given the pending audit findings and associated recommendations, our continued focus will be on ensuring that all federally funded contracts consistently include the required determination documentation, risk assessment, and monitoring plan. We are finalizing an associated policy and workflow to support Contract Administrator training and internal monitoring processes to improve completeness and accuracy of contract documentation. OHA will also continue to work with Oregon Department of Justice on the interpretations of the differences between federal and state law definitions of contract and grants to better support future agency determinations.

Finding 2024-010: **Oregon Health Authority**
Submit required Federal Funding Accountability and Transparency Act reports
93.788 Opioid STR
93.958 Block Grants for Community Mental Health Services
93.959 Block Grants for Substance Use Prevention, Treatment, and Recovery Services
Reporting
Significant Deficiency; Noncompliance

Initial Year: 2022

Recommendation: Department management resume FFATA reporting as soon as feasible and ensure all necessary subawards are reported. We further recommend department management strengthen existing controls to ensure all subawards are appropriately tracked and reported.

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

The FFATA Reporting Coordinator position within the Office of Contracts & Procurement (OC&P) has been vacant for eight months but should be filled by April 15, 2025. On March 8, 2025, FSRS.gov was retired, and all subaward reporting data and functionality are now on SAM.gov. The new SAM.gov reporting

system will allow for multiple Data Entry roles, allowing each program or division of ODHS/OHA to submit their own reporting, and allowing OC&P to conduct Quality Assurance/Quality Control. Once the FFATA Reporting Coordinator is onboard and trained, we anticipate the FFATA reporting will resume and any missing reports will be submitted by April 15, 2026.

Anticipated Completion Date: April 15, 2026

Finding 2024-011: **Oregon Health Authority**
Strengthen existing controls to ensure only those costs incurred during the period of performance are charged to the grant
93.959 Block Grants for Substance Use Prevention, Treatment, and Recovery Services
Period of Performance
Significant Deficiency; Noncompliance
$82,315

Initial Year: 2024

Recommendation: Department management strengthen existing controls to ensure only those expenditures incurred during the period of performance are charged to the grant.

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

Questioned costs of $82,315 were moved to the correct phase in January 2025. A secondary review process is being documented.

Anticipated Completion Date: September 30, 2025.

Finding 2024-012: **Oregon Health Authority**
Ensure MMIS rates are accurate and updated timely
93.777 and 93.778 Medicaid Cluster
Allowable Costs/Cost Principles
Significant Deficiency; Noncompliance
$9 (known)

Initial Year: 2024

Recommendation: Authority management obtain a listing of all impacted claims, adjust all claims accordingly, and return related federal funds. We also recommend that management ensure rate tables are updated timely and accurately when notified by CMS.

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

The conversion factor (CF) for Calendar Year (CY) 2023 was not properly updated in December 2022. The proposed CMS CF value of 86.7850 was incorrectly applied to the Medicaid Management Information System (MMIS) instead of the

finalized CMS CF value of 85.585. This error occurred due to confusion surrounding an earlier final rule announcement related to the outpatient prospective payment system (OPPS).

Recent CMS OPPS publications have simplified the process of identifying the correct final conversion factor. For CY 2023, payments were processed using the proposed CF of 86.7850 rather than the finalized CF of 85.585, as it was the only rate available at the time. No adjustments have been made to date.

To address this issue, we are partnering with our software vendor Gainwell to identify the total number of outpatient claims affected by the incorrect CF. We will then develop a timeline, communicate to impacted parties and prepare to implement a Standard Mass Adjustment Process (SMAP) to correct all impacted outpatient claims identified by Gainwell, which were processed with the wrong CF for CY 2023. Please see the timeline below for OHA actions.

- Identify all CY 2023 outpatient claims that are impacted by the wrong conversion factor by May 20, 2025.
- Change rate from 86.7850 to 85.585 by May 20, 2025.
- Communicate with providers about the changes and next steps by May 20, 2025.
- Implement a verification and validation process to confirm rates are accurately and delivered on time, completion deadline December 31, 2025.

Anticipated Completion Date: April 1, 2026

Finding 2024-013: **Oregon Health Authority**
Improve documentation and controls over client eligibility
93.777 and 93.778 Medicaid Cluster
Eligibility
Significant Deficiency; Noncompliance

Initial Year: 2022

Recommendation: Authority management obtain a signed application for this client and strengthen controls to ensure the required documentation is obtained and maintained.

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

A specific case was discovered where the state failed to obtain a signature from an SSI individual. Due to the individual's SSI status and being continuously on benefits, the ONE system attempts to passively approve renewals without requiring worker interaction, leading to potential gaps where signatures are not on file for cases that converted into the new system in 2020 and 2021. The operation lapse occurred because the SSI individual converted into the new system on continuous benefits going through passive renewal processes that do not require

direct worker interaction. The State of Oregon is working with the local branch to obtain a verbal signature from the identified individual. Additionally, the State conducted a thorough review of current policies and procedures related to passive renewals for SSI individuals to ensure compliance with federal requirements.

- Call center software recordings and verbal signatures has been updated as recently as February 2025 providing staff with clear direction on how to capture the verbal signatures and which recordings to play.
- Establishing DOR/Filing Date Eligibility Guide was updated as recently as March 13, 2025, including a chart itemizing the signature types (electronic and paper forms), programs that accept each type, and the corresponding option to select in ONE.
- Rights and Responsibilities Eligibility Guide was enhanced on Oct. 7, 2024 to add detailed directions to staff on how to capture the signature in ONE, when rights and responsibilities are not issued automatically, the appropriate Rights and Responsibilities to provide for each program and where to find a current signature record on file.
- Finally, the Case Action Eligibility Guide has been updated to include specific guidance and examples of when it's appropriate to extend processing timeframes for RFI's.

Anticipated Completion Date: December 31, 2025

Finding 2024-014: **Oregon Department of Human Services/Oregon Health Authority**
Implement control procedures around cost allocation system inputs
93.777 and 93.778 Medicaid Cluster
Allowable Costs/Cost Principles
Significant Deficiency; Noncompliance
$32,522 (known)

Initial Year: 2024

Recommendation: Department management implement control procedures to verify the cost allocation system inputs are appropriately identified and processed.

Status: Partial Corrective Action Taken. The agency's response is as follows:

The Office of Financial Services will review the existing controls in Cost Allocation system and identify areas that need additional or new control procedures to ensure system inputs are appropriately identified and processed. In addition, we will review the noted errors and make appropriate corrections.

Anticipated Completion Date: September 30, 2025

Finding 2024-015:	**Oregon Department of Human Services/Oregon Health Authority** **Strengthen review over direct costs charged to the program** **93.777 and 93.778 Medicaid Cluster** **Activities Allowed or Unallowed** **Significant Deficiency; Noncompliance** **$28,869 (known)**
Initial Year:	2024
Recommendation:	Department and authority management strengthen controls over review and ensure transactions are adequately supported. Additionally, we recommend the department reimburse the federal agency for unallowable costs
Status:	Corrective Action Taken.
Finding 2024-016:	**Oregon Department of Human Services/Oregon Health Authority** **Improve documentation for provider eligibility determinations and revalidations** **93.777 and 93.778 Medicaid Cluster** **Special Tests and Provisions – Provider Eligibility** **Significant Deficiency; Noncompliance** **$13,740 (known)**
Initial Year:	2023
Recommendation:	Department and authority management strengthen controls over review to ensure documentation supporting a provider's eligibility determination and revalidation is complete. Additionally, we recommend the authority reimburse the federal agency for questioned costs related to ineligible providers.
Status:	Corrective action taken.
Finding 2024-017:	**Oregon Department of Human Services/Oregon Health Authority** **Strengthen internal controls over the ONE system** **93.777 and 93.778 Medicaid Cluster** **Eligibility; Special Tests and Provisions – ADP Risk Analysis and System Security Review; Activities Allowed or Unallowed** **Significant Deficiency; Noncompliance**
Initial Year:	2024
Recommendation:	Department management obtain an annual SOC 2 Type II report over the service organization's internal controls for the ONE application or perform other alternative procedures to ensure internal controls over the ONE system at the external service provider are sufficient to meet the business needs of the Medicaid program.

Status: Partial Corrective Action Taken. The agency's response is as follows:

ODHS will continue to work with our vendor to secure a SOC 2 Type II audit of our processes and oversight of the ONE system in 2025. Additionally, ODHS will work on amending the ONE M&O agreement with Deloitte for them to obtain a scoped SOC 2 Type II audit related to their work within the ONE system. ODHS would expect to negotiate this additional audit requirement in 2025 with the first audit then happening in 2026. In addition, the agency will request reports that will allow reconciliation of transactions between ONE and the mainframe system.

Anticipated Completion Date: December 31, 2026

Finding 2024-018: **Oregon Department of Human Services**
Strengthen Medicaid fraud hotline reporting mechanisms
93.777 and 93.778 Medicaid Cluster
Special Tests and Provisions - Medicaid Fraud Control Unit
Significant Deficiency; Noncompliance

Initial Year: 2024

Recommendation: Department management ensure public access to provide fraud referrals is not limited and that a referral tracking mechanism is created to ensure all referrals are given preliminary investigations.

Status: Partial Corrective Action Taken. The agency's response is as follows:

We have created an initial plan or outline for reviewing various items and work groups to make changes to websites, documents, and the web portal as they pertain to public fraud referral options and guidance on submitting reports of fraud from the public. This includes making changes to the web portal for tracking incoming referrals and dispositions.

The workgroup has met and discussed the needed changes to the hotline number messaging and the web portal submittal page. These changes include how best to track and disposition the referrals in report formats. In addition, we are working with OIS on needed web portal changes.

Anticipated Completion Date: July 31, 2026

Finding 2024-019: **Oregon Department of Human Services**
Improve controls and compliance over long-term care facility audits
93.777 and 93.778 Medicaid Cluster
Special Tests and Provisions – Inpatient Hospital and Long-Term Care Facility Audits
Significant Deficiency; Noncompliance

Initial Year: 2024

Recommendation: Department management strengthen controls to ensure the long-term care facility's total administrator compensation is clearly identified and does not exceed the maximum allowed, and that unallowable costs are adjusted in line with applicable guidance.

Status: Corrective action taken.

Finding 2024-020: **Oregon Department of Human Services**
Ensure nursing facility recertification surveys are completed
93.777 and 93.778 Medicaid Cluster
Special Tests & Provisions – Provider Health and Safety Standards
Noncompliance

Initial Year: 2024

Recommendation: Department management ensure recertification surveys are performed timely.

Status: Partial Corrective Action Taken. The agency's response is as follows:

The department is committed to regaining full compliance with CMS Survey timelines. While staffing shortages, multiple changes to the CMS Long-term Care Survey Process (LTCSP), COVID-19 disruptions and increased complaints have impacted recertification timeliness, we have taken significant steps to address these challenges over the last several years.

Key strategies include:

- Staffing & Recruitment – Streamlined hiring and onboarding by assigning a dedicated hiring manager to oversee recruitment, hiring onboarding and retention strategies which have reduced surveyor vacancies from 30% to 15% as of March 2025.
- Efficiency Improvements – Streamlined workflows by adopting electronic documentation, reorganized teams to 3 regions that include a complaint team, adjusted team sizes to maximize survey completion rates, increased offsite reviews for certain types of revisits as allowed by State and CMS guidelines, prioritization of facilities with longest intervals since their last recertification to systemically lower the overall average survey interval.

- Data-Driven performance evaluations – Ongoing evaluations reviewing survey and surveyor turnaround time using data.

With these actions, we are confident in our ability to restore compliance and build a more resilient, effective survey system for Oregon's nursing facilities.

As of July 2025, we have six surveyor vacancies and are waiting for offers to be accepted by four candidates, leaving two open positions, however none are RNs. We continue to struggle hiring RNs, which is a requirement for all recertifications. We are doing a targeted recruitment for the next recruitment cycle. We are currently working through the software transition from ALPINE to iQIES systems and data is temporarily unavailable. We also have a delay in recertification surveys due to the transition.

Anticipated Completion Date: October 30, 2026

Finding 2024-021: **Oregon Department of Human Services**
Obtain accurate information from the ONE application
93.558 Temporary Assistance for Needy Families (TANF)
Reporting
Significant Deficiency, Noncompliance

Initial Year: 2022

Recommendation: Department management continue to review ACF-199 and ACF-209 reports prior to submission, monitor known compilation defects to ensure performance data reports submitted are complete and accurate, and ensure documentation is maintained supporting the completion of the data review procedures. We also recommend department management obtain an annual SOC 2 Type II report over the service organization's internal controls for the ONE application or perform other alternative procedures to ensure that the internal controls over the ONE system at the external service provider are sufficient to meet the business needs of ODHS and OHA.

Status: Partial Corrective Action Taken. The agency's response is as follows:

ODHS will continue to monitor and review the ACF-199 and ACF-209 prior to submission. The review will include a sample of JOBS eligible individuals who do not have countable work activities in the ACF reports, to confirm that their TRACS personal development plan (PDP) accurately reflects engagement and activities in which the individual is engaged. Additionally, ODHS will implement a tracking system to ensure the review of reports is clearly documented.

ODHS will continue to work with our vendor to secure a SOC 2 Type II audit of our processes and oversight of the ONE system in 2025. Additionally, ODHS will work on amending the ONE Maintenance & Operations agreement with Deloitte for

them to obtain a scoped SOC 2 Type II audit related to their work within the ONE system. ODHS would expect to negotiate this additional audit requirement in 2025 with the first audit occurring in 2026.

Anticipated Completion Date: December 31, 2025

Finding 2024-022: **Oregon Department of Human Services**
Improve controls to ensure eligibility criteria are met
93.558 Temporary Assistance for Needy Families (TANF)
Eligibility; Special Tests and Provisions
Significant Deficiency, Noncompliance
$5,187 (known); $4,499,112 (likely)

Initial Year: 2022

Recommendation: Department management ensure case eligibility reviews are performed in accordance with the established procedures. We also recommend department management ensure caseworkers are adequately trained on TANF enrollment procedures to ensure all applicable requirements are met.

Status: Partial Corrective Action Taken. The agency's response is as follows:

Beginning in April 2025 the Quality Control (QC) manager will have oversight of the process and be included in the emails between the QC lead and administration concerning the error packets being sent to the branch for corrective action by the 15th of each month. The QC manager will check on the 16th of each month to ensure the task was completed.

Department management acknowledges the finding and has already initiated actions to address the concerns. The State of Oregon has implemented a structured approach to address this concern. Since January 2025, the Oregon Eligibility Partnership (OEP) has updated and developed six eligibility guides aimed at improving, understanding, and execution of processes related to TANF enrollment, including asset pursuit and IEVS checks. These guides are now available as part of the training curriculum for eligibility workers. Additionally, the "Verification Take Time for Training" (TT4T) module, which was last presented in October 2022, will be reviewed by the OEP to assess potential gaps or outdated information. Any necessary updates will be incorporated by July 2025 to ensure comprehensive training is available to all eligibility workers. Finally, OEP will continue to monitor the effectiveness of the updated training materials and guides through ongoing reviews, feedback collection from eligibility workers, and periodic review and refreshing of the materials.

Anticipated Completion Date: December 31, 2025

Finding 2024-023: **Oregon Department of Human Services**
Strengthen controls over program expenditures
93.558 Temporary Assistance for Needy Families (TANF)
Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
$2,962 (known); $415,856 (likely)

Initial Year: 2024

Recommendation: Department management strengthen controls to ensure program expenditures and corrections are properly recorded.

Status: Partial Corrective Action Taken. The agency's response is as follows:

Department management has already initiated actions to address the concerns. Quarterly collaboration meetings including TANF and TADVS policy, business security unit, business operations, and Office of Financial Services began in July 2024. Issues and resolutions are discussed during these quarterly meetings; as a result, guidance for staff has been developed, and regular internal audits take place throughout the year.

Office of Financial Services Business Security created a replacement check scenarios and processes flow chart for service delivery staff. The process was shared and discussed during the quarterly meeting in May 2025. The lost/replacement check process was discussed during the SSP operations manager meeting in May 2025, business operations quarterly meeting in June 2025, and the business experts quarterly meeting in June 2025.

Child Welfare reviewed and corrected the transaction identified in this audit. Although the SPOTS card was reimbursed on July 21, 2023, the request in OR-Kids was not canceled on that day causing the transaction to hit the SFMA. During the audit, the error was discovered and Federal Policy and Resources worked with Office of Financial Services (OFS) to correct the reimbursement on February 26, 2025. The transaction was canceled in the OR-Kids system through financial cycle on February 26, 2025. OFS entered the correction in SFMA to reflect the reduction to TANF funding, which processed through OR-Kids on February 27, 2025, and interfaced to SFMA on the evening of February 27, 2025.

Anticipated Completion Date: December 31, 2025

Finding 2024-024: **Oregon Department of Human Services**
Improve controls relating to client non-cooperation with child support requirements
93.558 Temporary Assistance for Needy Families (TANF)
Special Tests and Provisions
Noncompliance

Initial Year: 2023

Recommendation: That management ensure department employees are adequately trained on applicable procedures and requirements relating to child support cooperation with DCS.

Status: Partial Corrective Action Taken. The agency's response is as follows:

Department management has already initiated actions to address the concerns. TANF policy is developing a self-paced training on how to correctly process child support tasks. The training will be available to staff on the internal policy resource page, and communications will be sent advertising the training. ODHS will also continue to review a report of tasks that were marked as complete without a change in cooperation status in ONE and follow up with staff as necessary. In addition, the self- sufficiency training unit is in the process is developing a new family coach eligibility training in ONE which will include training on processing child support tasks that come through ONE.

TANF policy continues to work on developing a self-paced training on how to correctly process child support tasks. ODHS continues to review a report of tasks that were marked as complete without a change in cooperation status in ONE and follow up with staff as necessary.

Anticipated Completion Date: December 31, 2025

Finding 2024-025: **Oregon Department of Human Services**
Ensure work participation rate calculation uses verified and accurate data
93.558 Temporary Assistance for Needy Families (TANF)
Special Tests and Provisions
Significant Deficiency, Noncompliance

Initial Year: 2022

Recommendation: Department management ensure JOBS reviews are performed in accordance with the established procedures. We also recommend department management ensure the work participation rate is calculated appropriately using verified and accurate participation data in adherence to the department's Work Verification Plan.

Status: Partial Corrective Action Taken. The agency's response is as follows:

The ODHS workgroup tasked with conducting a training and coaching gap analysis is finalizing the analysis summary for executive leadership and project close out. Meetings took place with program managers on April 15, 2025 and office managers on April 17, 2025 to bring awareness of the work participation rate and documenting engagement related efforts. An article was sent to service delivery staff on April 18, 2025 to bring awareness of the work participation rate and documenting engagement related efforts and provided resources available online. Meetings regarding work participation rate and engagement efforts also took place with engagement specialists on April 24, 2025. During this meeting, engagement specialists shared feedback on struggles and successes when documenting engagement and what would be helpful. All this information has been used as part of the analysis and recommendations.

Anticipated Completion Date: December 31, 2025

Finding 2024-026: **Oregon Department of Human Services**
Ensure refugee status is verified and documented and income information is updated timely
93.566 Refugee and Entrant Assistance-State/Replacement Designee-Administered Programs
Eligibility
Significant Deficiency; Noncompliance
$14,346 (known); $96,638 (likely)

Initial Year: 2024

Recommendation: Department management ensure refugee status and compliance with work requirements is verified and documented. We also recommend department management ensure income information is updated timely to avoid overpayments.

Status: Partial Corrective Action Taken. The agency's response is as follows:

The Refugee Program has already conducted a comprehensive statewide training on Refugee Cash and Refugee Medical Assistance eligibility in January 2025 and continues to provide monthly trainings during the Refugee program Analyst Hour and per individual district/branch request. The training materials and recording are available for staff and leadership to access. The Quality Assurance monthly reviews of Refugee Cash cases have resumed in March 2025 but have stopped again due to QA team staffing shortages. These reviews included all the items listed in the audit recommendations, which provides an additional layer for quality and accuracy check. In addition, the Refugee Program continues to discuss the recommended topics with service delivery statewide in ongoing meetings regarding eligibility and engagement.

Anticipated Completion Date: June 30, 2025

Finding 2024-027: **Oregon Department of Human Services**
Strengthen controls around background checks
93.658 Foster Care – Title IV-E
Eligibility
Significant Deficiency; Noncompliance
$4,491 (known)

Initial Year: 2024

Recommendation: Department management ensure fingerprint-based background checks are completed and evidence is properly maintained.

Status: Corrective action taken.

Finding 2024-028: **Oregon Department of Human Services**
Strengthen internal controls to ensure performance data reports are accurate
84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States Reporting
Significant Deficiency; Noncompliance

Initial Year: 2023

Recommendation: Department management strengthen internal controls to ensure information reported in the RSA-911 client performance data report is accurate.

Status: Partial Corrective Action Taken. The agency's response is as follows:

We will ensure adequate supporting documentation is maintained and readily available to support information reported in the RSA-911. We will update internal controls related to this matter.

Anticipated Completion Date: December 31, 2025

Finding 2024-029: **Oregon Commission for the Blind**
Strengthen internal controls to ensure performance data reports are accurate
84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States Reporting
Significant Deficiency; Noncompliance

Initial Year: 2023

Recommendation: Department management strengthen internal controls to ensure information reported in the RSA-911 client performance data report is accurate.

Status:	Corrective action taken.
Finding 2024-030:	**Department of Education** **Perform regular fiscal monitoring as part of subrecipient monitoring** **84.027 Special Education – Grants to States (IDEA Part B)** **Subrecipient Monitoring** **Significant Deficiency, Noncompliance**
Initial Year:	2024
Recommendation:	Department management ensure subrecipient fiscal monitoring is performed on the schedule set by department policy. We also recommend the department develop a procedure to track the completion of fiscal monitoring.
Status:	Corrective action taken.
Finding 2024-031:	**Department of Education** **Implement controls to ensure FFATA reporting is completed for all required subawards** **10.582 Fresh Fruit and Vegetable Program** **Reporting** **Significant Deficiency; Noncompliance**
Initial Year:	2024
Recommendation:	Department management strengthen controls to ensure the monthly FFATA reports are submitted.
Status:	Corrective action taken.
Finding 2024-032:	**Department of Justice** **Ensure program expenditures are supported** **93.563 – Child Support Enforcement Program** **Allowable Costs/Matching** **Significant Deficiency; Noncompliance** **$1,138 (known); $173,028 (likely)**
Initial Year:	2024
Recommendation:	That department management ensure controls verify expenditures are adequately supported and accurately processed.
Status:	Corrective action taken.

Finding 2024-033:	**Oregon Housing and Community Services Department** **Federal reports should contain accurate information** **93.568 Low-Income Home Energy Assistance Program** **Reporting** **Significant Deficiency; Noncompliance**
Initial Year:	2024
Recommendation:	Department management strengthen internal controls to ensure the required LIHEAP reports contain accurate information.
Status:	Corrective action taken.
Finding 2024-034:	**Oregon Housing and Community Services Department** **Quarterly Performance Report should include all expenditures incurred to date** **14.228, Community Development Block Grants** **Reporting** **Significant Deficiency, Noncompliance**
Initial Year:	2024
Recommendation:	Quarterly performance reports are prepared to include all expenditures incurred for the period and to date regardless of whether funds have been drawn.
Status:	Corrective action taken.
Finding 2024-035:	**Oregon Business Development Department** **Ensure CDBG expenditures are recorded in SFMA under the appropriate grant year** **14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii; 14.228 Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii (COVID-19)** **Reporting** **Significant Deficiency; Noncompliance**
Initial Year:	2024
Recommendation:	The agency reconcile SFMA to amounts in IDIS and make adjustments as necessary to ensure CDBG expenditure reports are accurate and agree to accounting records.
Status:	Partial corrective action was taken. The agency response is as follows: We have taken the following corrective actions to mitigate the weakness by doing the following. • In February of 2025, the agency's accountant assigned to this program began

a full reconciliation of the CDBG program from FY 2020 to FY 2024. We have identified the differences between our accounting records in SFMA and what has been recorded through IDIS, our portal to request funds from the federal government.

- As of this date, a reconciliation of administrative funds has been completed. Along with this, reconciliation entries for program years 2021 and 2022 have been entered into SFMS, and balances between these years and IDIS have been confirmed to match. The discrepancies between our SFMA balances and IDIS have been identified for program years 2020, 2023, and 2024. Correcting entries for these imbalances are currently being prepared. The full reconciliation between our accounting records in SFMA and IDIS is on track for completion in early Fall, 2025.

Finding 2024-036: **Oregon Business Development Department**
Implement controls and submit delinquent FFATA reports
14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii; 14.228 Community Development Block Grants/State's Program and Non- Entitlement Grants in Hawaii (COVID-19)
Reporting
Significant Deficiency; Noncompliance

Initial Year: 2024

Recommendation: The department report all delinquent subaward reports for the CDBG program as required. We further recommend the department develop and implement written procedures and assign staff to ensure subaward reporting occurs timely in the future.

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

The FY24 audit findings were received in March 2025. Between April 2025 and June 2025, OBDD has taken corrective actions, created procedures, implemented controls, and started tracking old subawards contracts and posting prior years' delinquent FFATA reports in SAM.gov.

Not all subawards, including FY25 subawards, were posted by June 30, 2025 in SAM.gov.

Finding 2024-037:	**Oregon Business Development Department** **Assign responsibility to ensure review of subrecipient audit reports** **21.027 Coronavirus State and Local Fiscal Recovery Fund (COVID-19)** **Subrecipient Monitoring** **Significant deficiency, Noncompliance**
Initial Year:	2024
Recommendation:	That department management complete its review of subrecipient audits as soon as possible to ensure its monitoring procedures are sufficient, and to inform contributing agencies of any deficiencies that may affect their programs.
Status:	Corrective action taken.
Finding 2024-038:	**Oregon Business Development Department** **Implement controls over reporting** **21.027 Coronavirus State and Local Fiscal Recovery Fund (COVID-19)** **Reporting** **Significant deficiency**
Initial Year:	2023
Recommendation:	The department implement a review by fiscal staff of expenditure and obligation amounts on CSLFRF quarterly reports before submission to DAS CFRT to ensure the reports agree to the accounting records.
Status:	Corrective action taken.
Finding 2024-039:	**Oregon Department of Emergency Management** **Continue FFATA reporting improvements and make inquiries on FSRS functionality** **97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)** **Reporting** **Significant Deficiency; Noncompliance**
Initial Year:	2023
Recommendation:	Department management continue with its improvement on the timeliness of FFATA submissions and also make inquiries to the operators of FSRS regarding the inability to enter certain submissions.
Status:	Corrective action taken.

Finding 2024-040: **Oregon Department of Emergency Management**
Assign responsibility to ensure review of subrecipient audit reports
97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Subrecipient Monitoring
Significant Deficiency; Noncompliance

Initial Year: 2024

Recommendation: Department management complete its review of subrecipient audits as soon as possible to ensure its monitoring procedures are sufficient, and to inform contributing agencies of any deficiencies that may affect their programs.

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

The Oregon Department of Emergency Management (OEM) concurs with the findings and the recommendations as outlined in the letter and above.

OEM is undertaking the following corrective actions to address the recommendations made by the Secretary of State's Audits Division:

- OEM has hired an auditor whose sole role at the agency will be to perform these subrecipient audit reviews. As necessary, appropriate accounting staff will also be assigned to assist the auditor and after being properly trained, along with the guidance and support of the auditor on an ongoing basis. The auditor begins at OEM on 09-02-2025. In addition , the auditor through her work will:
- OEM will establish an annual plan to assign this work out, establish and utilize tracking sheets, and follow up for timely completion.
- OEM will work to address the past due to FY 24 subrecipient reviews noted in the audit finding letter and above and will then work to address those from FY23 and FY22.

Anticipated completion date: December 31, 2026.

Finding 2024-041: **Oregon Military Department**
Ensure undisbursed obligation extension support is retained
12.401 National Guard Military Operations and Maintenance (O&M) Projects
Period of Performance
Significant Deficiency; Noncompliance

Initial Year: 2024

Recommendation: Department management ensure support is retained for all submitted cooperative agreement extensions including the listings of un-cleared obligations.

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

The Oregon Military Department (OMD) has implemented the previously planned corrective actions. However, we are currently in the process of the Federal Fiscal Year 25 (FFY25) Closeout. Until we complete this closeout period and monitor the plan in place, OMD would not be comfortable considering this finding resolved. We do anticipate that FFY25 documentation will be retained and tracked correctly.

Anticipated completion date: February 6, 2026.

Finding 2024-042:

Oregon Military Department
Ensure payroll expenditures are coded to the correct period and errors are corrected timely
12.401 National Guard Military Operations and Maintenance (O&M) Projects
Period of Performance
Significant Deficiency; Noncompliance
$35,820 (known)

Initial Year: 2024

Recommendation: Department management implement controls to ensure payroll expenditures are coded correctly and timely correct errors when identified.

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

OMD is implementing a payroll coding review procedure with all Program Accountants that includes a higher-level secondary review. Within this procedure, it will ensure that errors are identified and corrected within 60 to 90 days of discovery.

Training is being scheduled and is anticipated to be completed prior to the anticipated completion date listed below.

Reviews and corrections to prior years are currently underway. Due to the complexity involved between the State and Federal components, the process must be done in a methodical manner to avoid causing additional accounting errors.

Anticipated completion date: January 31, 2026.

Finding 2024-043:

Department of Veterans' Affairs
Encourage accuracy of per diem recalculations
64.015 Veterans State Nursing Home Care
Activities Allowed or Unallowed
Significant Deficiency

Initial Year: 2024

Recommendation: Department management strengthen internal controls to ensure per diem requests are accurately recalculated.

Status: Corrective action taken.

Finding 2023-020**:** **Oregon Health Authority**
Implement controls to ensure subrecipients are appropriately identified and monitored
93.958 Block Grants for Community Mental Health Services
93.958 Block Grants for Community Mental Health Services (COVID-19)
93.959 Block Grants for Prevention and Treatment of Substance Abuse
93.959 Block Grants for Prevention and Treatment of Substance Abuse (COVID-19)
Subrecipient Monitoring
Material Weakness; Material Noncompliance

Initial year**:** 2022

Recommendation: Department management ensure recipients of federal funds are appropriately identified as subrecipients or contractors and the corresponding disbursement of federal funds are appropriately reported as direct or passthrough expenditures. We further recommend department management comply with subrecipient monitoring requirements, develop and implement internal controls to ensure risk assessments are performed and documented for each subrecipient, and monitoring activities are completed and documented according to risk assessment results.

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

The division previously marked these items as implemented based on the controls that had been established at that time, including:

- Completion of Workday training on the Federal Subrecipient Determination tools for BHD.
- Use of the Workday tool to document contract-level determinations through the five required classification questions.
- Printing and attaching the system generated determination document to each CLM request.
- Completion of the contractor Self Risk Assessment when a subrecipient was identified.
- Downloading of the system generated Monitoring Plan following the contractor's assessment.
- Inclusion of both the completed Self Risk Assessment and the Monitoring Plan in each CLM request.
- Documentation of each determination in Smartsheet as backup.

As noted in 2 CFR 200.331, "No single factor or any combination of factors is necessarily determinative. The pass-through entity must use judgment in

classifying each agreement as a subaward or a procurement contract." Because judgment is required, different reviewers may arrive at different, yet reasonable, conclusions. Given the pending audit findings and associated recommendations, our continued focus will be on ensuring that all federally funded contracts consistently include the required determination documentation, risk assessment, and monitoring plan. We are finalizing an associated policy and workflow to support Contract Administrator training and internal monitoring processes to improve completeness and accuracy of contract documentation. OHA will also continue to work with Oregon Department of Justice on the interpretations of the differences between federal and state law definitions of contract and grants to better support future agency determinations.

Finding 2023-022: **Oregon Department of Human Services/Oregon Health Authority**
Ensure compliance with federal Medicaid hospital audit requirements
93.777 and 93.778 Medicaid Cluster
Special Tests and Provisions – Inpatient Hospital and Long-Term Care Facility Audits
Significant Deficiency; Material Noncompliance

Recommendation: Management ensure compliance with federal program requirements by prioritizing the completion and documentation of hospital audits.

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

The desk review for FY2016 settlements has been completed, and work on FY2017 cost settlements is currently in progress, with approximately 50 % finalized. Completion of the FY2017 settlements is anticipated by December 2025, anticipating preliminary completion of FY2018 cost settlement.

Concurrently, cost statements continue to be distributed to and received from hospitals, and Medicare Cost Reports are being collected from intermediaries for subsequent and recent years. During 2025, the process documentation had to be systematically updated and rebuilt in alignment with ongoing settlement activities. These enhancements are intended to expedite future settlement cycles and facilitate completion by multiple staff members rather than a single individual.

In addition, cross-training initiatives are underway to equip two additional staff members to assist with the backlog, thereby strengthening capacity and ensuring timely completion of outstanding settlements.

Anticipated Completion Date: December 31, 2025

Finding 2023-023: **Oregon Department of Human Services/Oregon Health Authority**
Improve documentation for provider eligibility determinations and revalidations
93.777 and 93.778 Medicaid Cluster
Special Tests and Provisions – Provider Eligibility
Material Weakness; Noncompliance
$3,629 (known)

Initial Year**:** 2022

Recommendation: Department and authority management strengthen controls over review to ensure documentation supporting a provider's eligibility determination and revalidation is complete. Additionally, we recommend the authority reimburse the federal agency for questioned costs related to ineligible providers including ineligible providers identified in prior year findings.

Status: Corrective action taken.

Finding 2023-025: **Department of Human Services**
Obtain accurate information from the ONE application
93.558 Temporary Assistance for Needy Families (TANF)
Matching, Level of Effort, Earmarking; Reporting;
Special Tests and Provisions
Material Weakness, Material Noncompliance

Initial Year: 2021

Recommendation: Department management continue to review ACF-199 and ACF-209 reports prior to submission and monitor known compilation defects 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. **Additionally, we recommend** department management consider contractual and/or legal remedies if the contractor is unable to provide accurate and reliable information from the ONE system within a reasonable time frame necessary for the business needs of the department.

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

ODHS will continue to monitor and review the ACF-199 and ACF-209 prior to submission. The review will include a sample of JOBS eligible individuals who do not have countable work activities in the ACF reports, to confirm that their TRACS personal development plan (PDP) accurately reflects engagement and activities in which the individual is engaged. Additionally, ODHS will implement a tracking system to ensure the review of reports is clearly documented. ODHS will continue to work with our vendor to secure a SOC 2 Type II audit of our processes and oversight of the ONE system in 2025. Additionally, ODHS will work on amending

the ONE Maintenance & Operations agreement with Deloitte for them to obtain a scoped SOC 2 Type II audit related to their work within the ONE system. ODHS would expect to negotiate this additional audit requirement in 2025 with the first audit occurring in 2026.

Anticipated Completion Date: December 31, 2025

Finding 2023-026: **Department of Human Services**
Improve controls relating to client not cooperating with child support requirements
93.558 Temporary Assistance for Needy Families (TANF)
Special Tests and Provisions
Significant Deficiency, Noncompliance
$790 (known)

Initial Year: 2022

Recommendation: Management ensure department employees are adequately trained on applicable procedures and requirements relating to child support cooperation with DCS.

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

Department management has already initiated actions to address the concerns. TANF policy is developing a self-paced training on how to correctly process child support tasks. The training will be available to staff on the internal policy resource page, and communications will be sent advertising the training. ODHS will also continue to review a report of tasks that were marked as complete without a change in cooperation status in ONE and follow up with staff as necessary. In addition, the self- sufficiency training unit is in the process is developing a new family coach eligibility training in ONE which will include training on processing child support tasks that come through ONE.

Questioned costs of $790 were moved from federal funds to non-MOE state only funds with document number BT217832 with an effective date of July 16, 2024. The adjustment will be reported to ACF on the 2024 quarter 4 ACF-196R TANF federal report.

Anticipated Completion Date: December 31, 2025

Finding 2023-027: **Department of Human Services**
Improve controls to ensure eligibility criteria are met
93.558 Temporary Assistance for Needy Families (TANF)
Eligibility; Special Tests and Provisions
Significant Deficiency, Noncompliance
$3,491 (known), $1,281,622 (likely)

Initial Year: 2021

Recommendation: Department management ensure caseworkers are adequately trained on TANF enrollment procedures to ensure all applicable requirements are completed.

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

In April 2025 the Quality Control (QC) manager will have oversight of the process and be included in the emails between the QC lead and administration concerning the error packets being sent to the branch for corrective action by the 15th of each month. The QC manager will check on the 16th of each month to ensure the task was completed. Department management acknowledges the finding and has already initiated actions to address the concerns.

The State of Oregon has implemented a structured approach to address this concern. Since January 2025, the Oregon Eligibility Partnership (OEP) has updated and developed six eligibility guides aimed at improving, understanding, and execution of processes related to TANF enrollment, including asset pursuit and IEVS checks. These guides are now available as part of the training curriculum for eligibility workers. Additionally, the "Verification Take Time for Training" (TT4T) module, which was last presented in October 2022, will be reviewed by the OEP to assess potential gaps or outdated information. Any necessary updates will be incorporated by July 2025 to ensure comprehensive training is available to all eligibility workers. Finally, OEP will continue to monitor the effectiveness of the updated training materials and guides through ongoing reviews, feedback collection from eligibility workers, and periodic review and refreshing of the materials.

Questioned costs of $3,491 were moved from federal funds to non-MOE state only funds with document number BT217832 with an effective date of July 16, 2024. The adjustment will be reported to ACF on the 2024 quarter 4 ACF-196R TANF federal report.

Anticipated Completion Date: December 31, 2025

Finding 2023-028: **Department of Human Services**
Strengthen controls to ensure adequate supporting documentation and accuracy over reporting
84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States
Reporting
Material Weakness; Material Noncompliance

Initial Year: 2023

Recommendation**:** Department management strengthen internal controls to ensure adequate supporting documentation is maintained to support information reported in the RSA-911 client case information report. **We also recommend** department management strengthen internal controls to ensure the reviews of the RSA-17 financial report are documented and the report contains accurate information.

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

We agree with the first recommendation and will ensure adequate supporting documentation is maintained and readily available to support information reported in the RSA-911. We have drafted an internal control for the RSA-911 and have submitted the internal control to RSA for review.

We disagree with the second recommendation. The RSA-17 is currently reviewed by both Program Leadership as well as the ODHS Grant Accounting Manager. Certification is evidenced by the signed RSA-17. This level of review meets federal requirements. Additional review and discussion may be had as a form of best practice but should not be considered a control mechanism. The Grant Accounting Unit will highlight the certification process in the RSA-17 desk manual to delineate between control functions and best practices. No further action will be taken.

Anticipated Completion Date: December 31, 2025

Finding 2023-029: **Department of Human Services**
Strengthen controls over program expenditures
84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States
Activities Allowed or Unallowed;
Allowable Costs/Cost Principles
Material Weakness; Noncompliance
$149 (known); $871,943 (likely)

Initial Year: 2023

Recommendation**:** Department management strengthen internal controls to ensure supporting documentation is maintained, reviews are documented, and transactions agree to supporting documentation.

Status:	Partial corrective action was taken. The agency response is as follows: Questioned costs consist of facility payments totaling $139 and a separate payment which exceeded costs of client services by $10. The agency reviewed the specific circumstances for each of the invoices paid to ensure staff receive the appropriate training as well as reiterate the need to review invoices carefully according to current policies and practices to avoid coding errors. Supporting documentation for the $139 portion and was determined to be allowable. The $10 portion will be moved to non-reportable. Anticipated Completion Date: December 31, 2025
Finding 2023-031**:**	**Oregon Commission for the Blind** **Improve controls over compliance reporting** **84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States** **Reporting** **Significant Deficiency; Noncompliance**
Initial Year**:**	2023
Recommendation:	Commission management strengthen internal controls to ensure the RSA-911 client case information report contains accurate information and is supported.
Status:	Corrective action taken.
Finding 2023-033:	**Oregon Department of Emergency Management** **Implement controls over FFATA reporting** **97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)** **97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) (COVID-19)** **Reporting** **Material Weakness; Noncompliance**
Initial Year**:**	2023
Recommendation:	Department management implement controls to ensure all subawards are appropriately tracked and reported. The department should also work with the federal awarding agency to determine what actions it should take for older reports not submitted.
Status:	Corrective action taken.

Finding 2023-035**:**

Department of Early Learning and Care
Use restricted indirect cost rate when required
93.575, 93.596 Child Care and Development Fund Cluster
93.575, 93.596 Child Care and Development Fund Cluster (COVID-19)
Allowable Costs/Cost Principles
Significant Deficiency; Noncompliance
$400,369 (known)

Initial Year: 2023

Recommendation: Department management ensure the appropriate indirect cost rate is used in fiscal year 2024. We also recommend the department work with ODE to determine if there are any additional questioned costs from prior fiscal years and work with the federal awarding agency to reimburse the federal agency for any unallowable costs.

Status: Corrective action taken.

Finding 2023-036**:**

Department of Early Learning and Care
Improve controls over family copay and child care hour calculations
93.575, 93.596 Child Care and Development Fund Cluster
93.575, 93.596 Child Care and Development Fund Cluster (COVID-19)
Allowable Costs/Cost Principles
Significant Deficiency; Noncompliance
$6,310 (known); $18,291 (likely)

Initial Year: 2020

Recommendation: Department management ensure a client's monthly copay and child care hours are correctly calculated and identify any potential system issues. In addition, when a change in provider occurs, the department should verify the accuracy of payments to the prior provider. We also recommend department management reimburse the federal agency for unallowable costs.

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

DELC does not concur with the finding regarding the overpayment for the months of January, February, and March when the parent changed providers. An overpayment referral was made to the Overpayment Writing Unit in the Oregon Department of Human Services when the new provider was set up. The provider in question did submit billing forms for payment for January, February, and March 2024. When the parent called in late March to end the previous provider, she gave the end date of 1/16/23. The provider was allowed to bill for absent days for the rest of January and the full month of February as absent days. The provider was unable to bill for March since it doesn't not fall within OAR 414-175-0075 and is considered abandonment of care. DPU made an overpayment referral to the

Overpayment Writing Unit when the new provider was set up. The provider was written up for an overpayment for March in the amount of $1,395.00.

DELC concurs with all other findings in this area.

DELC agrees with stated recommendations and will take the following corrective action steps:

- The Child Care Assistance Program team will develop a training partially focused on error trends found in this report to educate staff on findings and preventative measures.
- The Child Care Assistance Program team will provide case finding information to OPAR for recoupment purposes.
- DELC reimbursed the Department of Health and Human Services the known audit finding of $4,915.00. This amount was paid on June 27, 2025 with VP011975.

Finding 2023-037**:** **Department of Early Learning and Care**
Improve controls over payroll
93.575, 93.596 Child Care and Development Fund Cluster
93.575, 93.596 Child Care and Development Fund Cluster (COVID-19)
Allowable Costs/Cost Principles
Significant Deficiency; Noncompliance
$297 (known); $18,975 (likely)

Initial Year: 2020

Recommendation: Department management improve its review of timesheets and ensure position descriptions are retained. We also recommend department management develop a report to identify when payroll system incorrectly charges time to a federal program. Finally, we recommend department management reimburse the federal agency for any unallowable costs.

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

Budget is currently monitoring payroll to ensure compliance DELC is in the process of completing the following action steps.

- Human Resources will audit all DELC employee records to ensure that positions descriptions are signed, and in the employee's Workday personnel file.
- Human Resources will reiterate expectations to managers to ensure that timesheets are reviewed and approved by managers before the deadline each month.

- DELC reimbursed the Department of Health and Human Services the known audit findings of $297.00. This amount was paid on June 30, 2025 with VP011976.
- DELC will continue to strengthen payroll controls, including stronger oversight over any mass-approved timesheets for CCDF-funded employees and conducting an analysis of all employees funded by CCDF to ensure appropriate position and time allocations. DELC will document funding eligibility approval and educate managers on CCDF versus general cost allowances.

Finding 2023-038**:** **Department of Early Learning and Care**
Retain support and improve controls over reporting
93.575, 93.596 Child Care and Development Fund Cluster
93.575, 93.596 Child Care and Development Fund Cluster (COVID-19)
Reporting
Significant Deficiency; Noncompliance

Initial Year: 2023

Recommendation**:** Department management further develop its procedures for claiming the tax credit in the ACF-696 reports. We also recommend the department ensure documentation is maintained with the reports in future years.

Status: Corrective action taken.

Finding 2023-043**:** **Oregon Business Development Department**
Management should implement accounting review of quarterly reports before submitting to DAS
21.027 Coronavirus State and Local Fiscal Recovery Fund (COVID-19)
Reporting
Significant Deficiency; Noncompliance

Initial Year: 2023

Recommendation**:** The department include an accounting review of SLFRF reports prior to submitting to DAS.

Status: Corrective action taken.

Finding 2022-019: **Oregon Housing and Community Services**
Controls are needed to ensure subrecipients' compliance with equipment and real property requirements.
14.231 Emergency Solutions Grants Program (COVID-19)
Equipment and Real Property Management
Material Weakness; Material Noncompliance

Initial Year: 2022

Recommendation: Department management develop internal controls to ensure compliance with federal requirements for equipment and real property.

Status: Finding does not warrant further action.

No further action is needed as each of the following has occurred per 2 CFR §200.511:

(i) Two years have passed since the audit report in which the finding occurred was submitted to the FAC;
(ii) The Federal agency or pass-through entity is not currently following up with the auditee on the audit finding; and
(iii) A management decision was not issued.

Finding 2022-020: **Oregon Housing and Community Services**
Controls are needed to ensure buildings renovated for use as emergency homeless shelters are maintained as shelters for the period required.
14.231 Emergency Solutions Grants Program (COVID-19)
Special Tests and Provisions
Material Weakness; Material Noncompliance

Initial Year: 2022

Recommendation: Agency management develop internal controls to ensure buildings renovated for use as emergency homeless shelters are maintained as shelters for the period required.

Status: Finding does not warrant further action.

No further action is needed as each of the following has occurred per 2 CFR §200.511:

(i) Two years have passed since the audit report in which the finding occurred was submitted to the FAC;
(ii) The Federal agency or pass-through entity is not currently following up with the auditee on the audit finding; and
(iii) A management decision was not issued.

About the Audit Team

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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 Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The Secretary of State has constitutional authority to audit all state officers, agencies, boards, and commissions.

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