



Secretary of State  
Oregon Audits Division



# 2021-22 Audit Plan

Shemia Fagan, Secretary of State  
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# Letter from the Secretary of State

February 2021



Long before the pandemic upended our everyday lives, Oregon faced a number of ongoing crises, affecting the lives of people in every community across the state. Too many Oregonians are unjustly burdened by systemic racism and the generational inequities that follow. Climate change threatens our very way of life, and our housing crisis affects the stability of families across Oregon. In 2020, unprecedented wildfires, COVID-19, and the resulting economic downturn only intensified the existing inequities burdening Oregonians in under-resourced regions and historically marginalized communities.

The Secretary of State's Audits Division plays a key role in making sure our state's resources have the biggest impact in the lives of Oregonians. I am so humbled to lead the incredible team in the division in tackling some of the most pressing issues bearing down on Oregon. Under the expert direction of our professional, nonpartisan auditors, the 2021-22 Audit Plan includes:

- An **analysis of Oregon's Unemployment Insurance Program**, identifying the challenges the program faced early in the pandemic and working to ensure the system will be resilient in the face of a future crisis.
- An evaluation of the **emergency response to the 2020 wildfires** and recommendations for improvements in natural disaster responses in the future.
- An audit of our state's **COVID-19 vaccine distribution** to ensure we are efficiently and equitably immunizing Oregonians while stopping the spread of this deadly virus.
- An inspection of **rural water supplies** and the environmental and contamination risks faced now and in the future.
- A look at **domestic terrorism and ideologically motivated violent extremism** in Oregon and law enforcement's ability to deal with the threat.
- An assessment of the **licensing and regulation of cannabis businesses** and evaluation of how licensing can be used to right historical wrongs to Black, Indigenous, and people of color communities.
- An overview of the types of **calls received by state and local 911 systems** and an equitable analysis of what and how public safety resources are deployed in response.
- An assessment of the **state of cybersecurity in Oregon** and determination of whether state agencies and local governments have effective and efficient information technology security frameworks and control structures.
- An analysis of the performance of **Oregon's mortgage interest deduction** and a risk assessment of homeless services to determine how to improve coordinating and distributing services.

The work of this audit plan would not be possible without Audits Director Kip Memmott, the talented auditors within the division and the ongoing collaboration between the Oregon State Legislature, the Joint Legislative Audits Committee, Governor Kate Brown, and the dedicated officials who run agencies throughout our state. I thank them for their steadfast commitment to improving the work we do to serve the people of Oregon.

In the coming months, we will seek statewide engagement and prioritize community outreach in order to hear from Oregonians impacted by the risks identified in this audit plan. Please speak up. Please share your experience. I want to know your story because every voice, every experience, and every person's needs matter. Your experience should impact how decisions are made in this great state we all call home.

Sincerely,

Shemia Fagan  
Secretary of State

# Letter from the Audits Director

February 2021



I am excited to present the Oregon Secretary of State's 2021-22 Audit Plan. The audit plan reflects Secretary Fagan's and the Audits Division team's commitment to using our skills and resources to execute high-impact audits examining government functions and services that are most relevant to the people who reside in our great state, especially those most vulnerable among us. These audits are designed to ensure transparency of government operations and to help to build and maintain public trust.

The purpose of the audit plan is to identify agencies, programs, entities receiving state monies, and operational areas to be examined by the Audits Division. The 2021-22 Audit Plan includes a range of diverse performance, financial, and information technology audits focused on critical areas of public concern, including: risks related to the ongoing COVID-19 pandemic; increasing threats to public safety posed by domestic terrorism and violent extremism; and emergency management response challenges and lessons learned from the devastating 2020 wildfire season.

The plan highlights our innovative auditing techniques designed to maximize audit impact and value. These techniques include real-time and assurance auditing, data analytics, cybersecurity audits, equity auditing, and the division's recommendation follow-up program.

The risk assessment approach utilized to develop this plan is described herein. Our risk assessment methodology is focused on obtaining input and suggestions from key stakeholders, including the Governor's Office, legislators, state agency leadership, state employees — including Audits Division auditors — and members of the community. Under Secretary Fagan's vision, the Audits Division will be expanding outreach efforts to community groups.

I want to thank the Governor's Office, agency leaders, and legislators, especially members of the Joint Legislative Audit Committee, for their ongoing support, cooperation, and collaboration with the Audits Division. This spirit of support and collaboration was especially strong during 2020, despite the devastating effects of the pandemic and wildfires on the state.

I want to thank Secretary Fagan for her vision moving ahead and for her support of our team. I want to thank the Audits Division team for their amazing resiliency and commitment to excellence and public service. The division team produced a high volume of impactful work despite the impacts of the pandemic on their personal lives, including working in a full-time telework model since March 2020. It is truly an honor and a privilege to serve with this team.

Most importantly, I want to thank Oregonians. This plan is designed with their interests and needs in mind and I am confident these audits will help to improve the lives of people.

Respectfully,

Kip Memmott  
Audits Division Director

# Overview of the Annual Audit Plan

The mission of the Oregon Audits Division is to protect the public interest and improve Oregon government. A key component of this mission is the division's annual audit plan, which lists the agencies, programs, and topics that are prioritized for audits in the coming year.

The annual audit plan demonstrates two key philosophies of the Audits Division: our commitment to transparency and our emphasis on being agile and responsive to critical issues facing the state. We are committed to completing the audits listed in the plan; however, our risk assessment process is continuous. The plan is a flexible document and we will redirect audit resources as necessary to address critical issues facing the state.

## Preparing the Audit Plan

We select and prioritize audits using a risk-assessment approach. Our risk assessment is based on specific risk factors related to the quality of internal controls and the liability and level of exposure to the state of various agencies, programs, or activities.

This risk assessment considers the following factors:

- The direction of the elected Secretary of State;
- Industry-standard risk assessment criteria;
- Previous audits of agency operations and internal controls;
- Trend analyses to identify recurring audit findings and control deficiencies;
- Audit follow-up and recommendation tracking;
- The state's Comprehensive Annual Financial Reports (CAFRs), Single Audit Reports, and audit management letters;
- Input from elected officials, including the Governor's Office and members of the Joint Legislative Audit Committee (JLAC);
- Input from agency management, other public sector audit organizations, and members of the public;
- Priorities and work products of other leading government audit functions;
- Topics informed and suggested by research conducted by Audits Division staff;
- Current events and trends, financial conditions, and public policy issues, including emerging policy; and
- Equity, inclusion, and diversity risks and frameworks.

### Risk Assessment Criteria

The Audits Division considers the following risk factors when developing the audit plan:

- Size of audited agency or program
- Compliance and regulations
- Pending or recent legislation
- Complexity of transactions
- Fiscal sustainability
- Management accountability
- Quality of internal control system
- Age of program or operation
- Audit history
- Public health and safety
- Critical infrastructure
- Short- and long-term strategic risks
- Related litigation and relevant case law
- Emerging risk areas

This risk assessment process allows us to efficiently allocate our limited resources; provides a flexible mechanism for managing competing needs; limits the potential for duplicate and overlapping work with other audit functions; and provides a foundation to obtain sufficient resources required to execute our mission.

The annual audit plan includes a list of the performance, financial, and information technology (IT) audits we plan to conduct in the coming year. The plan also describes ongoing initiatives that improve upon our audit work, including our data analytics portfolio and recommendation follow-up program.

# About the Audits Division

The Audits Division conducts audits to protect the public interest and improve Oregon government. We ensure that public funds are properly accounted for, spent in accordance with legal requirements, and used to the best advantage. These efforts help accomplish the Secretary of State's vision to deliver better results for Oregonians through greater accountability and transparency and to promote more efficient and effective service delivery. The Audits Division and the Secretary of State, as Auditor of Public Accounts, operate under the authority of the Oregon Constitution, Article VI, section 2, and ORS 297.010 through 297.990.

The division adheres to a high-impact, value-add auditing strategy based on a collaborative model, innovation, continuous improvement activities, and public interest reporting. We direct our audit efforts to those areas of government that can most benefit from an independent assessment of the management of public funds and the results achieved. We strive to provide transparency to Oregonians to maintain the public trust. We accomplish this by adhering to Government Auditing Standards, recruiting and retaining a highly qualified audit staff, deploying sophisticated and innovative audit methodologies and tools, and establishing and maintaining open and positive communications with key stakeholders, including elected officials and agency leadership.

The division has three overarching goals:



## **Be seen as the public's agent for good government.**

- Communicate to Oregonians our efforts to improve their government
- Communicate results in a way that engages and helps our stakeholders
- Follow up and report on actions taken by agencies in response to our audits
- Obtain state and national recognition of Oregon audits
- Address and deter fraud, waste, and abuse through calls to our hotline and promote hotline activities and results



## **Audit within a performance management framework.**

- Expand the professional capabilities of our auditors
- Continually improve in-house training for audit staff
- Empower audit teams to develop improved audit methods
- Methodically identify audit topics that deliver the greatest benefits
- Increase teamwork about roles, audit ideas, methods, and findings
- Sustain and enhance tools, data access, resources, and authority to audit
- Continuously improve efforts for timely, efficient, quality audits



## **Work to improve government decisions and performance.**

- Audit the performance of Oregon government for ways to improve it
- Provide timely, quality financial assurance services
- Conduct compliance and internal control audits of key risk areas
- Audit information technology processes, controls, and governance
- Directly communicate the results of our work to other branches of state government
- Monitor the financial condition of the state and selected local governments
- Monitor the municipal audit function in the state

## Legal Audit Model Framework

Both statute and the State Constitution authorize the Secretary of State's Office to conduct audits of state government and other specified public entities. Several key components serve as the cornerstone for the Secretary of State audit model.

The statutory requirement for the Secretary of State's Office to comply with standards, combined with other key components making up the model's framework, ensure that Oregon has one of the most structurally independent government audit functions in the country.

### Elected Secretary

The Secretary of State is an elected official who leads the office independently from other elected officials and state operational management.

### Adherence to Professional Audit Standards

The Audits Division conducts all audits in accordance with Generally Accepted Government Auditing Standards (GAGAS) promulgated by the United States Comptroller General.

### Comprehensive Access

The State Constitution authorizes the Secretary of State to have access to all officers, employees, records, and property maintained by the State and to all external entities, records, and personnel related to their business interactions with the State.

### Joint Legislative Audit Committee

The Secretary of State works closely with the Joint Legislative Audit Committee (JLAC) to communicate audit results and to ensure optimal audit impact. ORS 171.585 establishes JLAC as a core legislative committee whose responsibility is to "select audit reports for review and make recommendations for change."

Ensuring that audit work is conducted independently, objectively, and accurately is fundamental to the integrity and value of auditing. In order to ensure that all the division's work meets these requirements and in compliance with statute, we follow Generally Accepted Government Auditing Standards (GAGAS). The division has implemented a robust and consistent audit process and a system of procedures, including extensive quality assurance activities, to ensure our audit work not only meets, but exceeds, auditing standards. GAGAS require 40 hours of annual continuing professional education for auditors. We strive to ensure this training equips our audit staff with the latest and best skills and aids in their professional development.

A key standard requires that the division undergo an external quality assurance (peer) review every three years. These reviews include detailed inspections of the division's policies, procedures, processes, reports, and supporting workpapers to ensure they comply with standards. The division participates in the National State Auditors Association (NSAA) peer review program and has undergone external peer reviews for many years. We consistently receive opinions of full compliance with these standards. The division's last external peer review was completed in May 2019 with the next review scheduled for May 2022.

# Audit Portfolios and Strategies

The division is comprised of 70 professional audit staff and two administrative support staff. Professional staff include financial, performance, and information technology auditors. Division staff possess diverse academic backgrounds, professional experience, and skill sets. Many auditors have obtained graduate degrees and professional certifications. The division maintains several specialty positions, including a data analytics manager and a communications specialist.

The division's core work portfolios include the following:

## Performance Auditing

The plan reflects a strong emphasis on one of our strengths — performance auditing, particularly in the areas of program effectiveness and assessing the efficiency of various state agencies and programs.

The performance audits included in this year's plan reflect many of the emerging risks facing Oregon as well as the nation: COVID-19 vaccination distribution, domestic terrorism and violent extremism, and emergency response to natural disasters such as wildfire.

We have also identified several audits that affect key populations and policies that are important to Oregonians. For instance, this year's plan includes an audit of cannabis licensing and enforcement and an audit examining the risks to the economic sustainability and viability of Oregon's community colleges.

## Financial Auditing

The audit plan leverages the long-standing professionalism and institutional knowledge of our staff with audit work covering the financial condition, accounting, and management activities of the state.

A primary responsibility of the Audits Division is to conduct financial audits. Financial audits provide assurance as to whether a state agency has followed generally accepted accounting principles in preparing its financial records and financial statements. Financial audits help ensure state agency financial statements and the amounts presented therein are materially complete and accurate.

The division annually audits the state's financial statements and federal programs at state agencies to ensure agencies are complying with financial reporting and federal program requirements.

The largest financial audit we conduct is the annual Statewide Single Audit, which incorporates an audit of the state's financial statements included in the state's Comprehensive Annual Financial Report. It also includes an audit of the state's internal controls and compliance with federal program requirements.

We perform the single audit to satisfy the Legislature, the Governor, and the public that the state's financial statements are presented fairly and that significant deficiencies in its fiscal systems are identified and corrected. We also conduct this audit to fulfill the federal government's mandate to audit the administration and use of more than \$12 billion in federal monies provided to Oregon each year.

The Audits Division also administers Municipal Audit Law, which requires Oregon's local governments to submit annual financial reports to the Secretary of State. In the interest of transparency and accountability, we assist with understanding and complying with the law and making information available to the public about the financial condition of municipalities.



## IT and Cybersecurity Auditing

The audit plan addresses the ongoing risks associated with IT and cybersecurity with a strong emphasis on IT audits, a specialized type of performance audits.

One of these audits will have a special focus on digital equity by evaluating statewide access to broadband internet — something that has increased importance during the COVID pandemic as more Oregonians work and go to school online from home.

Additionally, the audit plan includes our ongoing cybersecurity controls assessment program, wherein we focus narrowly on a set of IT controls related to cybersecurity — an area that continues to pose a high threat not only to the state of Oregon, but nationwide.

## Equity Auditing

As with prior audit plans, this year's plan includes audits with equity audit objectives. In alignment with Secretary Fagan's vision, this year's plan increases our focus on equity as a primary objective for our audits.

Government entities are constitutionally required to treat all citizens equally. The provision of government services and the quality of such services should be consistent regardless of ethnicity, income, or other human differences. This also applies to government regulatory and enforcement actions.

The division has experience in auditing with equity objectives, but this year's plan further bolsters our work in this area. Many of our audits will include a special focus on equity. One such audit will assess the efficacy of the home mortgage interest deduction at the Department of Revenue.

## Leading Practice Audit Methodologies and Data Analytics

We are proud to report the Audits Division continues to serve as a leader in pioneering innovative audit methodologies to further improve upon our audit work. To better streamline and build upon our data analytics capabilities, we now have an audit manager tasked with this portfolio.

Data analytics is the process of inspecting, cleansing, transforming, and modeling data with the goal of discovering useful information, informing conclusions, and supporting decision-making.

Our work in this area has already drawn national attention — we are the first audit shop to engage with the U.S. Treasury's Do Not Pay program to conduct data matching and reduce improper payments in Oregon's Medicaid program. This year's audit plan outlines several potential projects that take advantage of our data analytics capabilities to further innovate our work and optimize our efforts to auditing equity.

## Real-time Auditing

In alignment with our strategic focus on being timely and responsive, the division will continue conducting real-time audits. Real-time auditing focuses on evaluating front-end strategic planning, service delivery processes, controls, and performance measurement frameworks before or at the onset of program or policy implementations by state agencies.

A common critique is that audits do not provide timely information. Auditors can be perceived as providing information on issues that have already been identified and as providing information too late to prevent negative and costly outcomes. This is especially the case for large-scale state projects and expenditures. Real-time auditing seeks to avoid this problem.

## **Assurance-based Auditing**

In alignment with our strategy based upon transparency, accountability, and public education, we will include assurance-based findings in our audit reports, when possible.

In addition to identifying issues and problems with government operations, the division believes we have a responsibility to report on government effectiveness and successes, based on audit evidence. This approach helps to enhance collaborative relationships with audited entities and build public trust in government.

Assurance-based auditing is commonplace in the private sector as executive management and stockholders want to know what is working and what is not working within their organizations. This allows them to execute effective strategic planning and better prioritize resources. We intend to have the same effect with our approach.

## **Audit Follow-up Program**

Our improved audit follow-up program includes more in-depth audit work to verify that appropriate and timely corrective actions have been taken to address prior audit findings and mitigate identified risks. This work culminates in the issuance of formal audit follow-up reports. To better prioritize audit resources, we have adopted a risk-based approach in determining which audit recommendations require follow-up work.

From 2019 to 2020, the division issued 15 reports following up on the progress of implementing recommendations made in prior years, including recommendations on child safety and foster care at the Department of Human Services and efforts at the Office of Emergency Management to prepare for a catastrophic disaster.

Audited entities have agreed with approximately 96% of the audit recommendations included in our large and diverse performance and IT audit portfolio over the last four years.

## **Hotline Administration and Anti-Fraud Focus**

The division administers the State's Fraud, Waste and Abuse Hotline. The Government Waste Hotline was established in 1995 for public employees and members of the public to report waste, inefficiency or abuse by state agencies, state employees, or persons under contract with state agencies.

We have enhanced our approach and staffing for administering the hotline. These changes improved its effectiveness and allowed us to be more efficient and nimbler in responding to hotline complaints, further strengthening our anti-fraud focus.

In addition to assessing fraud risk, audits in the plan will have objectives assessing the effectiveness of internal controls established by management to detect and prevent fraud. By highlighting potential gaps within internal control systems, the opportunity for fraud can be reduced.

# 2021-22 Audit Plan

## Performance Audits

Audit Topic	Entity(ies)	Potential Scope and Objectives
COVID-19 Vaccination Distribution Efficacy	Oregon Health Authority, County Public Health Agencies	The purpose of this audit is to examine the effectiveness and efficacy of how the state of Oregon and local governments communicate information about and distribute COVID-19 vaccinations, as well as an assessment of internal controls in place to monitor the public health outcomes from the vaccines. This audit may examine how Black, Indigenous, and people of color (BIPOC) and the nine federally recognized tribes, and communities of color across Oregon, experience disproportional rates of infection. High-risk populations may also be examined. This audit may also consider language barriers and their impact. While not anticipated as a real-time audit, the audit will be timed, in consultation with OHA, to focus on the second and third phases of vaccination. The audit may include a review of the Phase 1 trial from a lessons learned perspective and leverage prior division-related work, including a collaborative advisory project with DHS and OHA examining ongoing risks to the state's long term care facilities.
Domestic Terrorism and Violent Extremism Risk Mitigation	Oregon State Police, Oregon Department of Justice	The purpose of this audit is to examine state responsibilities, expenditures, and coordination with federal and other partners to identify and address public safety risks posed by domestic terrorism and violent extremism. This audit may consider groups targeted by domestic terrorism and violent extremism. This audit may examine if responses are culturally specific and if responsiveness is equitable across all populations. While not anticipated to be a component of the audit, the Oregon Military Department's roles and responsibilities related to the National Guard will likely be reviewed.
Effectiveness and Equity of Cannabis Licensing and Compliance	Oregon Liquor and Control Commission	This audit will examine OLCC regulatory oversight of the Oregon cannabis industry. Audit objectives may include examining the effectiveness and equity of OLCC licensing, compliance, and enforcement actions. The audit will likely make recommendations for the structure and resources needed to ensure an effective licensing and compliance system that supports equitable business growth. This audit may also use available disaggregated data regarding disproportional impacts. This audit may also consider BIPOC- and tribal-owned businesses vs. venture capital ownership.

# 2021-22 Audit Plan

## Performance Audits

Audit Topic	Entity(ies)	Potential Scope and Objectives
Emergency Management Coordination	Statewide	The purpose of this audit is to assess how the State of Oregon governed its response to the COVID-19 pandemic and 2020 wildfires and the challenges posed by the spread of disinformation and misinformation. The audit will likely review After Action Reports (AARs) to identify ongoing risks and opportunities and to identify areas that went well to reinforce public trust. This audit builds upon previous emergency management audits that documented significant risks to the state's response system. The short- and long-term mental health impacts and mitigation efforts for front line workers, first responders, as well as the affected communities and families, may be taken into consideration. This audit may examine the utilizations of community-based resources and if systems are culturally responsive and impacts that may be disproportionate among different communities.
Higher Education Sustainability	Higher Education Coordinating Commission, Selected Community Colleges	This audit will examine risks to the economic sustainability and viability of the state community colleges and include the effects of pandemic-related impacts to nontraditional access. An audit of state universities is on the horizon. This audit may review the Oregon Promise program, Career Technical Education (CTE), and available disaggregated data comparing prior enrollment to current. The impact of COVID-19 may be a focus of this audit.
Home Mortgage Interest Deduction Policy Efficacy	Department of Revenue	This audit will examine the efficacy and impacts of the statutory mortgage interest deduction and determine the impact of multiple residence deductions by an individual in the same calendar year and the impact of these benefits for those above certain income thresholds.
Oregon Medicaid Program	Oregon Health Authority	The purpose of this audit is to identify opportunities to maximize resources allocated for the state's Medicaid program with the intent of identifying any areas of waste so that these funds can be prioritized to ensure positive health outcomes for Medicaid enrollees. This audit may also consider whether Medicaid enrollment disproportionately benefits any particular community over another.



# 2021-22 Audit Plan

## Performance Audits

Audit Topic	Entity(ies)	Potential Scope and Objectives
Rural Water Resources Access, Quality, and Sustainability	Department of Agriculture, Oregon Water Resources Department, Oregon Watershed Enhancement Board, Oregon Department of Fish and Wildlife	This audit will examine risks to the access, quality, and sustainability of rural area water resources.
9-1-1 Response Program Equity	Office of Emergency Management, Department of Revenue, Oregon State Police, Local 9-1-1 Call Centers	The purpose of this audit is to assess the costs, effectiveness, and equitable application of resources of the State 9-1-1 communication system and the dispatched responses. Utilizing our data analytics capabilities and disaggregated data to determine disproportionate impacts, this audit may analyze 9-1-1 call types and dispatch response practices. A primary focus of the audit, aligned with the division's focus on social justice, is to identify opportunities for the state to enhance the effectiveness and efficacy of the program based on emergent leading practices, including a review of the CAHOOTS program being administered by the City of Eugene. This includes determining if current responding agencies are the most appropriate, effective, and equitable based on the type of emergency. This may also include identifying barriers to access and what areas are lacking 911 access. This audit may include a review of the controls and outcomes for the Emergency Communications Tax. This tax amount increased on January 1, 2020. The division may leverage related work being conducted for the audit examining the state's emergency response system.

# 2021-22 Audit Plan

## Information Technology Audits

Audit Topic	Entity(ies)	Potential Scope and Objectives
Cybersecurity Audits	Department of Veterans Affairs, Department of Consumer and Business Services	The purpose of these audits is to determine whether state agencies have effective and efficient information technology security frameworks and control structures.
Evaluation of Access to Broadband Internet Access and Digital Equity	Business Oregon	This audit will review policies and statutes related to high-speed internet access to identify opportunities to remove barriers to expansion into rural and other communities that experience challenges accessing reliable and affordable broadband services.
Oregon's Unemployment Insurance Program	Oregon Employment Department	This will be an audit to examine root causes for the substantive risks and performance issues related to the state's Unemployment Insurance Program that arose during the COVID-19 pandemic.
TEAMS Application Controls	Oregon Department of Transportation	This audit will assess the controls in place to protect the confidentiality, availability, and integrity of ODOT's financial information.

# 2021-22 Audit Plan

## Other Division Projects

Audit Topic	Entity(ies)	Potential Scope and Objectives
Audit Follow-Up	Statewide	The division is enhancing our audit follow-up program to be more efficient and impactful by adopting a risk-based approach.
Data Analytics Portfolio	Statewide	The division is nationally renowned for our impactful and innovative data analytics work. The division established a formal data analytics portfolio under the lead of a credentialed and experienced audit manager. We will continue to implement the data analytics portfolio and will have a strategic document outlining the governance and key outcomes for this portfolio. It will be critical for us to secure key state datasets efficiently and effectively from state agencies.
Homeless Services Risk Assessment	Statewide	This risk assessment will map efforts to address homelessness in Oregon with the intent of identifying a multi-year audit approach to address the issue systemically. This audit will consider equity in all aspects. This audit may examine how BIPOC and the nine federally recognized tribes, and communities of color across Oregon, experience access to services and whether there is disproportionate access.
Information System Controls Documentation Audit Standards Project	Statewide	Audit standards require all audit teams to obtain an understanding of the controls relevant to the audit objectives and determine any audit steps needed to test the relevant controls. Our IT auditors have a specialized skill set that can be leveraged to provide support for all audit projects by obtaining and documenting IT general controls.
Measure 110 and Substance Use Disorder Risk Assessment	Statewide	This risk assessment will map the state's policy, governance structure, and resources to determine the effectiveness of state programs to address substance use disorder risks.

# 2021-22 Audit Plan

## Financial Audits

Audit Topic	Entity(ies)	Potential Scope and Objectives
Statewide Single Audit: Part One, Financial	Statewide	<p>A single audit is required by the federal government to receive federal financial assistance and has two main components, the first being an audit of the State's financial statements and reporting on the schedule of expenditures of federal awards (SEFA) in relation to those financial statements. Based on prior year audits, the FY21 audit will most likely include audit procedures at the following agencies:</p> <ul style="list-style-type: none"> <li>Department of Administrative Services</li> <li>Department of Consumer and Business Services</li> <li>Oregon Business Development Department</li> <li>Department of Corrections</li> <li>Department of Education</li> <li>Oregon Employment Department</li> <li>Department of Environmental Quality</li> <li>Oregon Department of Fish and Wildlife</li> <li>Oregon Department of Forestry</li> <li>Oregon Health Authority</li> <li>Higher Education Coordinating Commission</li> <li>Department of Human Services</li> <li>Oregon Judicial Department</li> <li>Department of Justice</li> <li>Oregon Liquor Control Commission</li> <li>Oregon Military Department</li> <li>Oregon Parks and Recreation Department</li> <li>Public Defense Services Commission</li> <li>Department of Revenue</li> <li>Oregon Department of Transportation</li> </ul> <p>The FY21 audit will also include financial statement audits at the following agencies.</p> <ul style="list-style-type: none"> <li>Oregon Housing and Community Services</li> <li>Oregon State Lottery</li> <li>Oregon Department of Veterans' Affairs</li> <li>Public Employees Retirement System*</li> <li>State Accident Insurance Fund*</li> <li>Common School Fund at the Department of State Lands*</li> </ul> <p>*Indicates audits that we contract with CPA firms to conduct.</p>
Statewide Single Audit: Part Two, Federal	Statewide	<p>The second component is a compliance audit of major federal awards expended during the fiscal year. During the planning phase of the FY21 audit, we will determine the federal programs to audit.</p>



# 2021-22 Audit Plan

## Financial Audits

Audit Topic	Entity(ies)	Potential Scope and Objectives
Financial Statement	Oregon State Treasury	<p>FY21 Oregon Short-Term FY21 Oregon Local Government Investment Fund FY21 Oregon Intermediate Term Pool</p> <p>To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.</p>
FY21 Financial Statement and Compliance	Department of Consumer and Business Services, Oregon Health Insurance Marketplace	<p>To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported. In addition, to verify compliance with programmatic requirements set forth by 45 CFR part 155; report on compliance as directed by the Centers for Medicare &amp; Medicaid Services (CMS); and meet requirements of a performance audit as directed in ORS 741.220.</p>
FY20 Financial Statement	Oregon Business Development Department, Special Public Works Fund and Water Fund	<p>To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.</p>
FY20 Financial Statement	Oregon Department of Energy, Small Scale Energy Loan Program (SELP)	<p>To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.</p>
FY21 Financial Statement	Columbia River Gorge Commission	<p>In accordance with the Interstate Cooperative Agreement between the Washington State Auditor's office and the Oregon Secretary of State Audits Division, we perform procedures to verify Oregon's share of the Columbia River Gorge Commission's joint expenditures and commissioners' compensation are in compliance with laws and regulations of the State of Oregon.</p>

# 2021-22 Audit Plan

## Financial Audits

Audit Topic	Entity(ies)	Potential Scope and Objectives
FY20 Financial Statement	Department of Environmental Quality, Clean Water Revolving Fund	To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.
FY20 Financial Statement	Oregon Department of Education, High School Graduation and College and Career Readiness Fund	To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.
Federal Compliance	Various	This interim audit work supports the FY21 Statewide Single Audit.
Financial	Department of Administrative Services, Oregon State Payroll Application and Statewide Financial Management Application	This interim audit work supports the FY21 Statewide Single Audit.
Statewide Summary Single Audit	Various	Keeping the State of Oregon Accountable: To summarize and issue a summary report on the results of the FY20 Statewide Single Audit financial and federal audits.
Municipal Audit	Local governments	ORS 297.405 to 297.740 and 297.990 (Municipal Audit Law) require local governments, including counties, cities, school districts, and special districts, to prepare and submit annual reports. Our annual report summarizes the financial reporting activities of Oregon's municipal corporations for the prior fiscal year.

# 2021-22 Audit Plan

## Financial Audits

Audit Topic	Entity(ies)	Potential Scope and Objectives
Federal Pandemic Fund Transparency and Utilization	Statewide	The purpose of this audit is to provide assurance and identify risks related to the state's use of federal pandemic funds including CARES Act funding.
Inventory and Purchasing Controls Risk Assessment	Oregon Department of Transportation	This limited scope audit will review ODOT's recent work to enhance the department's inventory systems.
Wildfire Contracts	Oregon Department of Transportation	This audit examining wildfire contracts to third-party providers would be a joint audit conducted with ODOT's internal audit team.
Risk Assessments and Fiscal Resource Reviews	Various	To review agency records and programs to identify fiscal and program risks.





# Secretary of State Oregon Audits Division

## **This Annual Audit Plan was prepared and designed by:**

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