

## Office of the Secretary of State

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## Audits Division

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March 12, 2021

Curt Melcher, Director  
Oregon Department of Fish and Wildlife  
4034 Fairview Industrial Dr SE  
Salem, Oregon 97302

Dear Mr. Melcher:

As part of the annual Statewide Single Audit for the year ended June 30, 2020, we performed procedures to assess the reasonableness of the corrective action and status as reported by the agency related to a prior year finding reported in the Statewide Single Audit Report for the year ended June 30, 2020. This audit follow-up is required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

We performed follow-up procedures of the Fish and Wildlife Cluster (15.605, 15.611) finding number 2017-033 titled "Implement Monitoring and Maintenance of Real Property".

During our finding follow-up procedures we noted that the finding had not yet been resolved. The Uniform Guidance requires auditors to report a current year finding when it remains uncorrected after two years, is still valid, and warrants further action. This finding is also the subject of an uncorrected finding from the Federal Awarding Agency.

### Internal Control over Compliance

Department management is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements applicable to the audit finding referred to above and listed in Uniform Guidance. In planning and performing our review we performed procedures to determine the current status of prior year audit findings and whether the findings are corrected. Our procedures were specific to this purpose and did not include an audit of the entire program nor were the procedures for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the program as a whole or on the effectiveness of the department's internal control over compliance.

*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 *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

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in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance. As discussed below, in our review of the status of prior year findings, we identified continued deficiencies in internal control over compliance that are required to be reported as current year significant deficiencies.

## **Audit Findings and Recommendations**

### **Implement Monitoring and Maintenance of Real Property**

<b>Federal Awarding Agency:</b>	U.S. Department of the Interior
<b>Assistance Listing Name and Number:</b>	Fish and Wildlife Cluster (15.605, 15.611)
<b>Federal Award Numbers and Year:</b>	Various, Multiple Years
<b>Compliance Requirement:</b>	Equipment and Real Property Management
<b>Type of Finding:</b>	Significant Deficiency, Noncompliance
<b>Prior Year Finding:</b>	2017-033
<b>Questioned Costs:</b>	N/A

Criteria: 50 CFR 80.90 (f)

The Oregon Department of Fish and Wildlife (department) has not fully implemented procedures to ensure compliance with federal requirements over real property management. Federal regulations require the state to maintain control of all assets acquired with the Fish and Wildlife Cluster program grants to ensure that throughout their useful life they serve the purpose for which they were acquired. In fiscal year 2017, the department partially resolved a 2008 finding from the Office of Inspector General (OIG) to reconcile real property records with those of the U.S. Fish and Wildlife Service. In addition to reconciling records, the OIG finding recommended the department implement procedures “to ensure supervisors are aware of lands under their supervision and are monitoring lands for compliance with Program requirements.”

In fiscal year 2019, the department issued a real property management policy covering grant funded properties, and hired a real property manager. However, as of June 30, 2020, the department has not taken sufficient action to resolve the 2008 finding by developing or implementing procedures to ensure:

- supervisors are informed of the lands acquired with Fish and Wildlife Cluster program grants that are under their supervision; and,
- lands are monitored and maintained for compliance with federal requirements.

Additionally, the department began the process of acquiring real estate management software to more effectively track the acquisition, maintenance, and disposition of real estate for which the department is responsible. Without monitoring procedures and tracking mechanisms, the department risks losing assets under their supervision.

This finding was previously reported as 2017-033 in the Statewide Single Audit Report (no. 2018-11).

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We recommend department management finalize and implement procedures to ensure compliance with real property federal requirements. We also recommend the department complete the acquisition and implementation of real estate management software.

The audit finding and recommendations above, along with your response, will be included in our Statewide Single Audit Report for the fiscal year ended June 30, 2020. Including your response satisfies the federal requirement that management prepare a Corrective Action Plan covering all reported audit findings. Satisfying the federal requirement in this manner, however, can only be accomplished if the response to each significant deficiency and material weakness includes the information specified by the federal requirement, and only if the response is received in time to be included in the audit report. The following information is required for the response:

- 1) Your agreement or disagreement with the finding. If you do not agree with the audit finding or believe corrective action is not required, include in your response an explanation and specific reasons for your position.
- 2) The corrective action planned for each audit finding.
- 3) The anticipated completion date.
- 4) The contact person(s) responsible for corrective action.

Please provide a response to Julianne Kennedy by Monday, March 22 and provide Rob Hamilton, Statewide Accounting and Reporting Services (SARS) Manager, a copy of your Corrective Action Plan.

The purpose of this communication is solely to describe the scope of our audit finding follow-up, which consisted of procedures directed specifically at the status of prior audit findings and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this communication is not suitable for any other purpose.

We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact Tracey Gates at [tracey.gates@oregon.gov](mailto:tracey.gates@oregon.gov) or Julianne Kennedy at (971) 283-1888.

Sincerely,

cc: Erica Kleiner, Deputy Director for Administration  
Steve Bergmann, Administrator, Administrative Services Division  
Mathew Oeder, Management Resources Division, Administrator  
James Spencer, Accounting Manager  
Katy Coba, Director, Department of Administrative Services  
Rob Hamilton, SARS Manager, Department of Administrative Services