



Secretary of State **Oregon Audits Division**



Fiscal Year 2020 **Statewide Single Audit Report**

April 2021
Report 2021-13

Secretary of State Shemia Fagan
Audits Division Director Kip Memmott

Office of the Secretary of State

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Audits Division

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The Honorable Kate Brown
Governor of Oregon

We have conducted a statewide audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This report encompasses the year ended June 30, 2020, and is required for the State to continue receiving federal financial assistance, which, as shown in this report, totals approximately \$17 billion.

As required by the Single Audit Act, we issued a report dated February 12, 2021, on the State of Oregon's financial statements. That report was included in the State of Oregon's *Comprehensive Annual Financial Report* for the year ended June 30, 2020.

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, 2020.
- *Schedule of Findings and Questioned Costs*. This schedule lists 12 current year audit findings regarding internal control related to financial reporting. It also lists 26 current year audit findings regarding compliance with the requirements of major federal programs and related internal controls, and two findings related to finding follow-up of a non-major program.

Uniform Guidance requires management to provide a plan of corrective action on the findings and recommendations for the fiscal year ended June 30, 2020. Management's response and planned corrective actions are included in this schedule. We did not audit management's response, and accordingly, we express no opinion on it.

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

- *Schedule of Expenditures of Federal Awards.* This schedule is not a required part of the State of Oregon's financial statements, but is required by Uniform Guidance. The schedule shows the State of Oregon's expenditures of federal awards, for the fiscal year ended June 30, 2020, excluding discretely presenting 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 2019.

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

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

Office of the Secretary of State, Audits Division

State of Oregon

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Kate Brown
Governor of Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon as of and for the year ended June 30, 2020, 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 February 12, 2021.

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

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

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Oregon's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Oregon's internal control.

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 have not been identified. However, as described in the accompanying

schedule of findings and questioned costs, we identified twelve deficiencies in internal control that we consider material weaknesses or 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 2020-001 through 2020-004.

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 2020-005 through 2020-012.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State of Oregon's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Office of the Secretary of State, Audits Division

State of Oregon
February 12, 2021

Office of the Secretary of State

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Cheryl Myers
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**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

The Honorable Kate Brown
Governor of Oregon

Report on Compliance for Each Major Federal Program

We have audited the State of Oregon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State of Oregon's major federal programs for the year ended June 30, 2020. The State of Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The State of Oregon's basic financial statements include the operations of discretely presented component which expended federal awards that are not included in the State of Oregon's schedule of expenditures of federal awards for the year ended June 30, 2020. Our audit, described below, did not include the operations of the discretely presented component units because the entities engaged other auditors to perform an audit of compliance, if required.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Oregon's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Temporary Assistance for Needy Families (TANF)

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

Assistance Listing #	Program (or Cluster) Name	Finding #	Compliance Requirement
93.558	Temporary Assistance for Needy Families (TANF)	2020-013 2020-014 2020-015	Reporting Special Tests and Provisions Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility

Qualified Opinion on Temporary Assistance for Needy Families (TANF)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Oregon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Temporary Assistance for Needy Families (TANF) for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Oregon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

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 2020-016 through 2020-019, 2020-021, 2020-022, and 2020-024 through 2020-036. Our opinion on each major federal program is not modified with respect to these matters.

Uniform Guidance requires auditing procedures to follow up on prior year findings and report current year findings when known questioned costs are greater than \$25,000 for a program that is not audited as a major program. As described in the accompanying schedule of findings and questioned costs, item 2020-024 identified noncompliance and questioned costs for the Foster Care Title IV-E program, and item 2020-040 identified noncompliance for the Fish and Wildlife Cluster program. Both are non-major programs on which we express no opinion.

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

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

Report on Internal Control over Compliance

Management of the State of Oregon is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Oregon's internal

control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Oregon's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-013 through 2020-015, and 2020-030 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 2020-016 through 2020-023, 2020-025 through 2020-029, and 2020-031 through 2020-040 to be significant deficiencies.

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

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

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

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

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the State of Oregon's basic

financial statements. We issued our report thereon dated February 12, 2021, 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

April 6, 2021, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is February 12, 2021

State of Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I — Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes <input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no
Significant deficiencies identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> none reported
Type of auditor's report issued on compliance for major programs:	Qualified: TANF Cluster
	Unmodified: All Other Major Programs
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input checked="" type="checkbox"/> yes <input type="checkbox"/> no

Identification of Major Programs

CFDA#	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
17.225	Unemployment Insurance
21.019	Coronavirus Relief Fund
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
93.423	State Innovation Waivers
93.558	Temporary Assistance for Needy Families (TANF)
93.767	Children's Health Insurance Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
cluster	Clean Water State Revolving Fund Cluster
cluster	Aging Cluster
cluster	Child Care Development Fund (CCDF) Cluster
cluster	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$30,000,000

Auditee qualified as low-risk auditee?

yes no

Section II – Financial Statement Findings

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

2020-001 Department of Revenue

Consider historic percentages in accruals when methodology requires adjustments

Material Weakness

As part of the state's financial reporting process, state agencies are responsible for making year-end entries in the accounting system to facilitate financial reporting. The Department of Revenue (department) uses an accrual process designed to identify outstanding tax debt as of June 30, and using historical data determines how much of the outstanding debt should be classified as current or noncurrent.

The extension of the tax return due date from April 15 to July 15 necessitated a departure from the department's existing accrual process. We identified the following issues with the department's year-end accrual:

- The accrual process begins with known receivables at June 30 and taxes collected after June 30. The department obtains a report of net taxes collected after June 30 and reduces it by a historical percentage to estimate the portion related to taxes receivables known at June 30. Due to the extension of the tax date to July 15, the historical percentage was not accurate. As a result, the department included approximately \$160 million in taxes receivable that had already been recorded, requiring adjustments to personal income tax, corporate excise and income tax, and inheritance tax revenue accounts.
- For taxes receivable known at June 30, the department estimates the portion of current taxes expected to be collected within 90 days after June 30 using historical percentages. Due to the extension of the tax return due date to July 15, the historical percentage was not accurate. Looking at actual receipts collected, the department understated current taxes receivable by approximately \$75 million, resulting in adjustments to personal income tax and corporate excise and income tax revenue accounts.

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

MANAGEMENT RESPONSE:

The agency agrees with the finding and proposes the corrective action outlined below.

Corrective Action Plan

- *Evaluate current process and make any changes necessary to streamline.*
- *Document the current process.*
- *Reach out to other states/resources for best practices.*
- *Continue partnerships with program elements, Information Technology Services and the Research Section to extract necessary data and ensure all required elements are factored into our calculations.*
- *Document methodology and create a record for improvements and issues.*

**Office of the Secretary of State, Audits Division
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020**

- *Create a training plan so knowledge is transferrable.*

Anticipated Completion Date: June 30, 2021

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

Department of Revenue (department) management was responsible for implementing Governmental Accounting Standards Board (GASB) pronouncement 84, accounting for fiduciary activities, in fiscal year 2020. This required reclassification of certain fiduciary assets and liabilities into a new reporting framework.

The department reviewed various taxes it collects on behalf of other governments and state agencies and correctly determined which taxes should be reported as a fiduciary activity in accordance with GASB Statement 84. The department's subsidiary system (Gentax) accurately reflected that revenues and expenses for fiduciary activities should be about \$431 million at June 30, 2020. The department, however, incorrectly recorded fiduciary activity in the accounting system, resulting in reporting over \$4 billion in fiduciary revenues and expenses at year-end. This was partially due to the department incorrectly including activity for fiscal years 2018 and 2019 as part of its year-end adjusting accounting entry and incorrectly recording activity for taxes determined not to be a fiduciary activity.

The department did not correctly implement the accounting standard due to turnover in the accounting manager position, insufficient accounting entry support, and lack of review in year-end tax program balances.

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

MANAGEMENT RESPONSE:

The agency agrees with the finding and proposes the corrective action outlined below.

Corrective Action Plan

- *Record entry to report FY21 activity properly.*
- *Identify future implementations. The agency will:*
 - *Define objectives of the change and work to gain a full understanding of the issues and the scope of work that it presents.*
 - *Identify point people to work on the issue to include who is reviewing the entries before they are finalized. Seek out and attend any potential trainings that may be available.*
 - *Create a checklist to ensure all steps are taken to implement any changes properly. Ensure that the checklist identifies review steps.*
 - *Enhance quality control and assurance functions.*
 - *Utilize all available internal and external resources, as well as research materials.*

- *Perform a lessons-learned exercise with the entire accounting team for any process improvement steps and share the learning.*

Anticipated Completion Date: June 30, 2021

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

The Department of Revenue (department) is estimated to collect \$19.5 billion in personal income and corporate excise and income taxes in the 2019-2021 biennium. The department records the receipt of cash and related revenue in its subsidiary system (Gentax). The department does not record the revenue and related cash in the state's accounting system (SFMS) until it is transferred from treasury cash accounts to the General Fund or other funds, as appropriate. When the monies are transferred the department makes manual entries in SFMS to record the cash and revenue. In most years, these transfers happen monthly. However, starting in April 2020 the department did not make the monthly transfers of personal income and corporate tax funds to the General Fund. This decision was made to ensure adequate cash was available to the department for potential refunds as a result of the State's \$1.6 billion tax surplus credit and the extension of the tax return due date to July 15. At June 30, the department had not transferred over \$2.8 billion.

State policy recommends departments perform monthly reconciliations of treasury cash accounts and requires suspense account ending balances be entered in the state accounting system by June 30. Timely cash reconciliations are an important internal control to identify and address errors or other problems that may have occurred; all the more important when manual entries and large balances are involved.

The department's process is to monthly reconcile cash in Gentax with the Treasury cash balance. The department also reconciles revenue balances between Gentax and SFMS. However, there is no reconciliation of the cash in SFMS to Treasury. Without this reconciliation, there is the potential that an error in the accounting system would not be detected.

We reviewed the reconciliations prepared by the department and identified the following issues:

- The June 2020 Gentax to Treasury reconciliation had an unidentified difference of over \$2.3 million. The department identified that an error in its scanning system interface to Gentax was the cause of the majority of this difference starting in March. There is the potential for error related to multiple tax programs recorded in Gentax and SFMS.
- Additionally, the June reconciliation contained over 200 unreconciled differences, with some dating to December 2018. Failure to timely correct identified reconciling items results in ongoing errors in the department's records.
- The Gentax to Treasury cash reconciliations were generally completed one to two months late. The department completed the April-June reconciliations after the close of the fiscal year. The July 2019 Gentax to SFMS reconciliation was not completed until January 2020. The department completed all Gentax to SFMS monthly reconciliations by August 2020 but only the June reconciliation was reviewed. Late reconciliations, an outstanding audit finding since 2014, can result in material errors not being detected timely and make it more difficult to identify and resolve reconciling items.

Office of the Secretary of State, Audits Division
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

According to management, numerous technical issues with Gentax contributed to the carryover of unresolved differences, making each reconciliation more labor intensive, thus creating delays in performance and review. Continual change in accounting staff and management also caused delays in the performance and review of reconciliations.

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

MANAGEMENT RESPONSE:

The agency agrees with the finding and proposes the below corrective action.

Corrective Action Plan

- *Hire additional experienced accountants to resolve the recurring capacity limitations. This will spread the work more evenly and help to retain the staff currently preparing reconciliations.*
- *Focus specifically on this body of work by filling the currently vacant positions.*
- *Explore Robotic Process Automation to evaluate possible implementation within our reconciliation process.*
- *Review tracking sheets (checklists) routinely to ensure documentation, preparation, and review of the reconciliation is completed in a timely fashion.*
- *Continue to partner with other areas within the agency to resolve reconciling items.*
- *Establish new reconciliation process to verify cash balances between Treasury and SFMS.*
- *Ensure that the newly established Treasury to SFMS reconciliation process is documented, prepared, and reviewed in a timely fashion.*

Anticipated Completion Date: July 31, 2021

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

Department management was responsible for implementing Governmental Accounting Standards Board (GASB) pronouncement 84, accounting for fiduciary activities, in fiscal year 2020. This required reclassification of certain fiduciary assets and liabilities into a new reporting framework.

It also required activity associated with the fiduciary assets and liabilities to be captured and reported on a new financial statement titled *Statement of Changes in Fiduciary Net Position* which had previously never been reported under prior GASB requirements. For the department, this fiduciary activity represents securities held on deposit for insurance providers in Oregon. As insurance providers maintain required balances, the corresponding activity is now required to be reported under GASB 84.

We found that the department did not correctly implement GASB 84 due to an incomplete understanding of the new accounting standard. The Department of Administrative Services (DAS) oversees the statewide reporting function and provides guidance to agencies, and it is the responsibility of each agency to understand and implement reporting standards properly. DAS

provided a listing of the new GASB 84 transactions to the department, but the department did not record all the transactions because of a misinterpretation of the new standard and DAS's guidance. Not recording the securities activity resulted in a material financial reporting error of over \$400 million. Although these activities previously existed, this is the first year the department was required to report them.

We recommend department management allocate adequate resources to implement significant financial reporting changes and ensure complete reporting of fiduciary asset activity in future years.

MANAGEMENT RESPONSE:

DCBS agrees with the recommendation.

DCBS is committed to the standards set forth in the Oregon Accounting Manual (OAM) and by the Governmental Accounting Standards Board (GASB). Our responsibility to properly record all financial transactions is a top priority.

Under state law, insurers operating in Oregon are required to hold securities on deposit at US Bank. These securities are required in order to guarantee the insurer's ability to continue to provide services to Oregonians. The insurers are responsible for all bank fees, and directly receive any interest earned.

In order for DCBS to access these securities, it must receive a court order; these securities are not "cash on hand" at DCBS. The new GASB 84 standard requires DCBS to record activity as insurers enter and exit the Oregon market. The identified financial reporting error is a result of not properly recording the activity of insurers entering or exiting the market, not a loss of funds by DCBS.

To this end, the following corrections are being made within Financial Services to improve our implementation of GASB 84:

- *The DCBS senior accountant will create a procedure for recording the activities within the securities held in trust, specifically, the financial inflows and outflows in the securities held in trust. The procedure will be drafted, tested, and implemented by March 2021.*
- *All securities held in trust activities will be recorded quarterly. This will be implemented during the FY 2021 financial reporting period, and completed by fiscal year-end closing.*

Anticipated Completion Date: June 30, 2021

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

State accounting policies require management to develop control activities to ensure that transactions entered in the state's accounting system are accurately recorded and recorded in the proper accounting period.

During our review of year-end accounting entries, we found transactions recorded to incorrect accounts or recorded improperly within a fund. Although these transactions were independently reviewed, errors were not detected.

These errors resulted in the following misstatements:

**Office of the Secretary of State, Audits Division
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- The year-end transactions for transferring cash between funds was determined using incorrect spreadsheet values, overstating cash in the General Fund and understating cash in the Health and Social Services Fund by \$139.7 million.
- In the Internal Service Fund, Services and Supplies expenditures were overstated by \$1.7 million, and Special Payments expenditures were understated by the same amount.

We also found federal revenue in the Nutritional Support Fund related to the prior fiscal year was recorded during the current year, as the dates were entered incorrectly in the accounting system, resulting in an overstatement to federal revenue and related expenditures of \$68.1 million in fiscal year 2020.

We recommend management ensure transaction review is adequate and includes examination of proper and complete coding, accounting periods, and supporting documentation.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The Office of Financial Services will review current year-end instructions to ensure the methodology documentation is clear and concise to allow for better transaction reviews. We will engage more closely with staff providing year-end transaction details to ensure all elements of the data are accounted for correctly.

Anticipated Completion Date: May 31, 2021

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

State accounting polices require management to develop control activities to ensure transactions entered to the state's accounting system are properly classified in the accounts.

During our review of year-end balances, we found the deposit liability balance was overstated by \$103 million. At year-end, \$83 million of the deposit liability balance should have been reported as a reduction to accounts receivable; this did not occur because underlying system transactions had not processed during their typical timeframe. The remaining \$20 million should have been reported as unearned revenue.

We recommend management strengthen year-end review procedures to ensure necessary system processing has occurred, and account balances are reasonable and properly classified.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The Office of Financial Services will review current year-end instructions to ensure the methodology documentation is clear and concise to allow for better transaction reviews. We will engage more closely with staff providing year-end system transaction details to ensure all elements of the data are accounted for correctly. Specific to this finding, we will be working with the MMIS contractor to update the system more timely for FMAP rate increases.

Anticipated Completion Date: June 30, 2021

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

Effective controls over security access to information systems are designed to separate duties between the security administration function and the user functions. When conflicting access cannot be avoided, activities of those employees with conflicting access should be monitored to ensure only authorized access or changes are made. Management is responsible for establishing and clearly documenting these controls.

Workday has system controls that ensure an employee with update access cannot make changes to their own pay. However, employees with certain security access in Workday can make changes to their own access profiles that would enable them to inappropriately make changes to the personal information or pay of other employees.

We reported a similar finding last year and in response to our recommendations, agency management created a daily self-assigned roles report to run from the system and identify instances where roles were self-assigned; however, they did not ensure the reports were run consistently or maintain the results when they did run the reports. Management was unable to provide evidence that monitoring occurred or that appropriate corrective action was taken when self-assigned access was identified. Per management, staffing changes at DAS led to the lapse in report scheduling and monitoring.

Once management became aware monitoring activities were not occurring, management instituted a new control on March 24, 2020. This control requires that daily self-assigned roles reports are run, and results are maintained and provided to the appropriate parties at affected agencies to determine whether any corrective actions are required.

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

MANAGEMENT RESPONSE:

We agree with this recommendation.

We will work with DAS leadership to draft and implement a policy to address the review of self-assigned roles to compliment already established procedures.

For the second part of the recommendation DAS reviewed the period of time where self-assignment actions were monitored but documentation was not maintained as well as the period of time the self-assignment report was not running, and identified all self-assignments that occurred during this time period, specifically from July 1, 2019 to February 23, 2020. Beginning July 29, 2020, notifications were sent to all agency HR directors of the agency-related self-assignments that occurred during this time period. The agency HR directors were asked to coordinate the review of the self-assignments with the HR managers who supervise the involved security partners.

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Due to Workday configuration limitations for organizational role assignments, DAS is currently unable to systematically prohibit the self-assignment of roles. Per the recommendation of the Secretary of State's Office, DAS put into place a process to ensure that future self-assignment of roles are monitored daily and addressed immediately as follows:

- *A daily review of the AUD-Security Partner Self-Assigned Roles report is made by the Workday Security Administrator and Security Analyst;*
- *If self-assignment is reported, the Security Administrator or Security Analyst reviews the self-assigner's actions to determine how the self-assignment may have occurred and if anything out of the ordinary occurred as a result of the self-assignment. This information is then provided to the CHRO Systems Manager;*
- *The CHRO Systems Manager follows up with an email to the employee's HR leadership at their agency to notify them of the self-assignment; remind them of the strict Security Partner Agreement guideline; and, request they follow up with their employee to ensure it doesn't happen again;*
- *Documentation of the communication from the CHRO information System Manager to the agency's HR leadership and the agency communication regarding the actions and resolution of the action is maintained centrally by the Workday Security Administrator.*
- *If a self-assignment role is determined to be security incident, Cyber Security Services, Security Operations Center will be notified immediately.*

Anticipated Completion Date: December 2020

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

Department management is responsible for establishing, maintaining, and improving internal controls that are adequate to provide reasonable assurance that assets are safeguarded.

Each year the department updates the minimum and maximum weekly benefit amounts that can be paid to claimants. To ensure that claimants are not paid more than the maximum weekly benefit amount, the department runs and reviews a weekly system generated report that identifies any payments that exceeded the maximum weekly benefit amount.

At the beginning of the fiscal year, the department discontinued running this report because the report can produce false positives when considering items such as child support or retirement pay. Initially, the determination to discontinue the report was made after several weeks where no benefit overpayments were identified. When we inquired with the department whether an alternate control had been established to identify potential overpayments, they stated no alternate control had been implemented. Without established controls, there is a risk that the department is overpaying weekly benefits without a valid reason.

We recommend the department run and review the system generated report or develop alternate controls to ensure benefit payments do not exceed the maximum weekly benefit amount.

MANAGEMENT RESPONSE:

The Oregon Employment Department agrees with this finding.

The responsibility of working this report had been transferred from Benefit Payment Control to Benefit Services due to the nature of the items that were being identified by the report. After a period of false positives and no workable issues being identified by the report, it was turned off. On October 22, 2020, the report was turned back on and the work was transferred back to Benefit Payment Control. Additionally, Benefit Payment Control, is working with IT to refine the report criteria to get more accurate results and reduce the number of false positives. The report runs on a weekly basis, generated and emailed every Friday. Employees within the Overpayment Unit, part of the Benefit Payment Control group, review the report each week and take any needed action.

Anticipated Completion Date: October 22, 2020

2020-009 Oregon Employment Department
Strengthen reconciliation controls
Significant Deficiency

The department is responsible for tracking and reconciling the daily amount of employer unemployment tax revenue transferred in from the Department of Revenue (DOR) to the amount reported in the department's employer tax system. The department compares a daily transfer report from DOR to a report generated from the department's system. The department's procedures include retaining these reports to support the reconciliation and, if applicable, investigating discrepancies greater than \$1,000 to identify the cause.

We selected a sample of 25 days during the fiscal year to determine whether the department conducted the reconciliations, maintained the reports that support the reconciliations, and investigated all discrepancies over \$1,000. We identified one day where the department did not retain the report from their tax system to support the amount in the reconciliation. According to the department, a new staff member was unaware the reports are overwritten the subsequent day so must be saved to an alternate location. Additionally, we identified one day where a discrepancy greater than \$1,000 was not investigated by the department as to the cause. The department did send an initial request for information to DOR, however due to staffing constraints follow-up was not completed until after we inquired about the discrepancy.

Without reconciliation controls in place there is a risk that the department may not maintain adequate supporting documentation or identify and timely address errors in tax receipts.

We recommend the department maintain documentation to support amounts used in the reconciliation and investigate identified differences exceeding the threshold in a timely manner.

MANAGEMENT RESPONSE:

The Oregon Employment Department agrees with this finding.

The Accounts Resolution Unit in the Unemployment Insurance Division is responsible for this work and updated the reconciliation standard operating procedures to include:

- *A detailed process to save all files used for the reconciliation process including those received from partner agencies. The update included the specific naming conventions to avoid overwriting the system generated files.*

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- *A detailed quality control process for investigating discrepancies that are over \$1,000 to ensure all issues are documented and addressed timely and accurately.*

This update was completed in January 2021 and was distributed on January 12, 2021. The new standard operating procedures document is housed on the agency's shared drive to ensure employees have ready access to the document as a reference point.

Anticipated Completion Date: January 12, 2021

**2020-010 Oregon Department of Transportation
Ensure TEAMS to SFMA fund reconciliation includes all SFMA funds
Significant Deficiency**

The Transportation Environment Accounting and Management System (TEAMS) is the department's accounting system of record. TEAMS interfaces with the Statewide Financial Management Application (SFMA). Department and State policies require reconciliations between the systems to ensure all transactions have interfaced and are accounted for accurately.

Department staff perform a monthly reconciliation between each SFMA receipted cash account and its equivalent TEAMS cash fund. During a review of the June 2020 reconciliation, we found that one new D23 fund was not included in the reconciliation. The fund was established in November 2019 and although it had a fund balance of \$1.7 million it had never been reconciled to TEAMS, despite management review of the reconciliations. After notifying department staff, the fund was reconciled; no misstatements were found.

The process for providing paper notification of new funds to the reconciliation accountant did not occur as it normally would have when the fund was established. Also, as a result of the current COVID-19 pandemic, many department staff began teleworking and communication shifted to electronic means wherever possible. As a result, the fund was not added to the reconciliation.

We recommend the reconciliation accountant receive email notification when new funds are established, so they can be processed in the TEAMS - SFMA fund reconciliation accordingly. Additionally, an SFMA query should be developed to identify all SFMA D23 funds with activity to ensure all active funds are included in the reconciliation.

MANAGEMENT RESPONSE:

We agree with the finding and the recommendation.

Corrective Action Plan: The reconciliation accountant will be notified when new funds are added to SFMA. We have developed a query that will run monthly to identify a list of all active SFMA funds. Once the query has been produced, the revenue manager will verify all funds on the active SFMA fund list to the reconciliation file to ensure there are no missing funds.

Anticipated Completion Date: February 1, 2021

**2020-011 Oregon Liquor Control Commission
Ensure timely completion of agent inventory audits
Significant Deficiency**

The Oregon Liquor Control Commission controls all sales of liquor in Oregon. Oregon's 282 liquor stores are operated by contracted agents that sell liquor on behalf of the state. Liquor sales,

including information on inventory sold, are submitted by the agent to the Commission weekly. Management is required to implement and maintain internal controls to ensure agent reported information includes all liquor sales. We were unable to obtain a written policy, but according to management an important part of this control is achieved by performing an inventory audit at each liquor store every 6-12 months.

Management stated that inventory audits were put on hold from mid-March 2020 through May 2020 due to safety concerns related to Covid-19. The Commission resumed inventory audits in June. As of the end of fiscal year 2020, management identified 72 liquor agents that had not received an inventory audit within the last 12 months.

Liquor sales at stores spiked during the last few months of the year following the mandatory shut down of restaurants and bars due to COVID-19. The increase in sales under the pandemic situation increases the risk reported sales might not be accurate. The timely completion of agent inventory audits is important to ensure any discrepancies between Commission records and agent sales are identified and corrected as soon as possible. As the cause of discrepancies may range from timing issues to intentional misrepresentations made by the agent, the completion of agent audits also helps serve as a deterrent to agent malfeasance.

We recommend management complete agent inventory audits for all stores that haven't had one in the last 12 months as soon as possible. We also recommend management ensure control processes for agent audits are documented in formal written procedures.

MANAGEMENT RESPONSE:

OLCC agrees with the recommendation.

Audits of all liquor store inventories should be conducted and monitored on a regular basis within a 12 month period. The COVID epidemic and resulting state's response including Executive Order 20-59 have severely curtailed the agency's ability to perform physical audits of liquor stores throughout the state. Easing of some restrictions has enabled the agency to resume audits but the changing nature of the disease conditions and restrictions continue to be a challenge in conducting store audits. It should be noted that in the short term OLCC views the slowdown in audits as low risk. During the last fiscal year (pre-COVID) liquor audits were done on approximately 265 liquor stores. The retail value of inventory in all stores at any given time is about \$77 million. All audits in FY 2020 resulted in a total finding of \$71,000 in store overages and \$291,000 in store shortages resulting in a net revenue gain of 0.3%.

Audits will be conducted routinely as allowable without endangering the safety of our employees in relation to unforeseen natural disasters and/or conditions related to the Executive Order 20-59 during the COVID-19 pandemic.

Anticipated Completion Date: December 31, 2022

**2020-012 Oregon Liquor Control Commission
Strengthen controls over system access
Significant Deficiency**

The Oregon Liquor Control Commission uses various computer applications to perform their day to day operations. These systems are used for activities such as, but not limited to: tracking the ownership of inventory, recording liquor agent sales, calculating and recording compensation to liquor agents, recording payments to liquor vendors, and calculating the amount of net profit that is

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available to be transferred to the General Fund. According to the Oregon Accounting Manual, access to programs and data files should be limited to the extent required by individual job duties. In addition, management must periodically review the Commission's internal controls over information technology.

Commission management implemented a policy at the beginning of fiscal year 2020 requiring system access reviews be performed on a monthly basis. During the year, management decided quarterly reviews would meet their control objectives. However, management did not perform system access reviews as intended. An audit finding from 2017, that remained outstanding in each subsequent year, similarly noted that system access was not regularly reviewed for appropriateness by the Commission.

During our fiscal year 2020 audit, we were not able to verify that OLCC employees were assigned an appropriate level of access to each system. Management was unable to provide us with a listing of system users and their level of access. As a result, an unknown number of users may have system access that does not align with their job duties. With this access, a user may be able to perform inappropriate activities using Commission applications, such as the unauthorized creation, modification, or deletion of information. Inappropriate activities could be performed inadvertently, or to perform or conceal fraud.

We recommend management perform regular, periodic system access reviews to ensure the continued appropriateness of assigned user access. We also recommend management update their policy to align with their decisions for meeting the control objectives.

MANAGEMENT RESPONSE:

OLCC agrees with the recommendation.

We propose adding additional triggers for reviewing access. In addition to reviewing rights at the time of a new hire, access will be immediately disabled upon employee termination, and updated with a change in classification job status.

OLCC will update the existing policy to reflect a quarterly review of employee access by the acting manager.

Anticipated Completion Date: December 31, 2020

Section III – Federal Awards Findings and Questioned Costs

Management Responses were not subjected to auditing procedures.

2020-013 Department of Human Services

Ensure performance data reports are complete and accurate

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Temporary Assistance for Needy Families (TANF) (93.558)
Federal Award Numbers and Years:	2019G996115, 2019; 2020G996115, 2020
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness, Material Noncompliance
Prior Year Finding:	2019-008, 2018-008
Questioned Costs:	N/A

Criteria: 45 CFR 265.3(a)

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

We reviewed fiscal year 2020 client expenditure data as it related to the quarterly data reports. The dataset of client expenditures used to compile the information for the performance reports included some coding elements from the department's case management system, but not all information necessary to determine the funding source for individual client payments. The separate performance reports are intended to provide information on client services based on their funding source. Without the necessary funding source elements in the dataset we were unable to confirm if all cases paid with TANF federal funds were included appropriately in the ACF-199 reports. Based on our analysis, we found, on average, 2,230 cases per month may have been improperly excluded from the ACF-199 reports. We also found, on average, that 150 cases per month may have been improperly included in the ACF-199 reports because they did not have corresponding federal TANF expenditures.

Findings related to performance data reporting have been ongoing since fiscal year 2010. Due to the complexity of the issue, the department has been waiting for the implementation of a new eligibility system to address the reporting issues.

We recommend the department's office of information services ensure systems used for preparing the ACF-199 and ACF-209 reports provide the coding elements necessary for accurate and complete reporting in compliance with requirements. We recommend program management ensure performance data reports submitted are complete and accurate.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Corrective Action: Policy and business analysts in partnership with system experts have continued to work through the 199 and 209 federal instructions and system business requirements in ONE to ensure the data reporting is complete and accurate. Through this process, work items have been logged,

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prioritized, and implemented to make corrections in the system. This group will continue to review business requirements and submit work item requests as errors are identified.

Anticipated Completion Date: December 31, 2021

**2020-014 Department of Human Services
Ensure work participation rate calculation uses verified and accurate data**

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Name and Number: Temporary Assistance for Needy Families (TANF) (93.558)
Federal Award Numbers and Years: 2019G996115, 2019; 2020G996115, 2020
Compliance Requirement: Special Tests and Provisions
Type of Finding: Material Weakness, Material Noncompliance
Prior Year Finding: 2019-009
Questioned Costs: N/A

Criteria: 45 CFR 261.61; 45 CFR 261.62

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

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

Using a statistically valid sample, we reviewed 20 randomly selected case files of participating clients for verification of work activity participation. Of the 20 cases reviewed, we found 12 cases where the department did not adhere to the approved Work Verification Plan policies and procedures for maintaining documentation or accurately reporting hours of participation in their automated data processing system.

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

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

MANAGEMENT RESPONSE:

We agree with this recommendation.

Corrective Action: Policy has updated the JOBS Activity Guide (JAG) to align with the Work Verification Plan (WVP) and eliminate discrepancies. An updated WVP has been submitted to ACF, Oregon is awaiting approval. Changes made to the WVP allow for greater flexibility in attendance reporting while adhering to the federal requirements. It is anticipated this will help increase accuracy.

Policy in partnership with Design and Implementation will utilize a focus group of Engagement Specialists to identify the training necessary in the field to ensure adherence. Focus groups will be completed by July of 2021. Focus group findings will guide, policy, training unit and Design and Implementation around the specific training(s) to Engagement Specialists to serve as the subject matter experts at the local level. In addition, Engagement Specialists will provide support to Family Coaches and Case Aids to ensure documentation and hours entered are accurate. In addition to this the Self-Sufficiency Training Unit will launch new virtual training options specific to entering attendance, documentation, and plan building.

Policy in partnership with district JOBS contract administrators will create a checklist for contractors who are responsible for obtaining and entering JOBS attendance into the system. The checklist will provide instructions on documentation requirements to ensure the documentation and hours entered are accurate. Policy will provide technical assistance to JOBS contractors along with district JOBS contract administrators to review and provide the checklist.

Anticipated Completion Date: December 31, 2021

2020-015 Department of Human Services
Ensure appropriate information is used for determining benefit amounts and eligibility

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Temporary Assistance for Needy Families (TANF) (93.558)
Federal Award Numbers and Years:	2019G996115, 2019; 2020G996115, 2020
Compliance Requirement:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility
Type of Finding:	Material Weakness, Material Noncompliance
Prior Year Finding:	2019-010, 2019-011
Questioned Costs:	\$4,295 (known)

Criteria: 45 CFR 263.11(a)

Federal regulations allow the use of federal TANF funds for expenditures that are reasonably calculated to accomplish the purposes of the program. In Oregon, the eligibility criteria and determination of benefit amounts are based on multiple factors involving lack of financial resources, employment status, the composition of the household, and residency status.

Using a statistically valid sample, we reviewed 94 randomly selected client payments to verify the benefit amount was determined appropriately and identified the following errors:

- Ten cases where benefits were issued to ineligible clients. The majority of these errors were due to the absence of required client agreements or employability screening. Payments exceeded the 60-month federal time limit in one case, and the composition of the household made the recipient ineligible in two cases.
- Four cases where benefits were issued to eligible clients, but were for the wrong amount. In these cases benefits were calculated using the wrong number of people in the household or the pro-rated amount was miscalculated.

According to the TANF Policy Unit, missing documentation and oversights or misunderstanding of the eligibility criteria resulted in the errors listed above with known overpayment of federal funds amounting to \$4,295 and likely overpayments exceeding \$25,000.

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We recommend program management ensure client benefit payments are correctly calculated, paid on behalf of eligible individuals, and documentation is maintained to support eligibility decisions and benefit calculations. We also recommend program management correct the identified cases and reimburse the federal agency for any amounts claimed for ineligible cases.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Corrective Action: Oregon's new ONE system retains a record of applicants' agreement to cooperate with child support. It is a mandatory question in data collection, requiring that staff review the requirement with applicants and check yes, they agree or no, with the reason. ONE then determines appropriate eligibility.

Currently, ONE screens have a mandatory field indicating the employability screening has been completed for those mandatory to meet the requirement. A change request has been submitted to add the employability screening questions directly into ONE as mandatory field. Until the change request is prioritized and implemented, an operations process document has been created for staff which outlines the process to complete the form and upload into the ONE system.

The ONE system reads the TANF time limits for each recipient and removes individuals from the grant once they meet the 60-month time limit. ONE appropriately determines the funding stream for individuals who have exceeded 60 federal months, no longer requiring a manual funding adjustment by Office of Financial Services. Furthermore, when a hardship is granted in ONE, the system recognizes the hardship end date and removes the individual from the grant.

ONE requires basic information for all household members, benefits cannot be authorized until all required information is provided, the system then determines the benefit amount based on entire household composition for no-adult cases. Targeted communication has been sent to field staff who determine eligibility explaining the minimum required information and the importance of ensuring all household members are added to the case.

Policy will review the cases cited and make an appropriate referral to the Overpayment Recovery Unit, then the IE/JV subsystem will set up the overpayment and adjust the expenditures on the TANF federal grant based on the referral. Overpayments recouped can then be adjusted by Office of Financial Services and put back towards the TANF program rather than reimbursing, per instructions outlined in TANF-ACF-PI-2006-03.

Anticipated Completion Date: December 31, 2021

2020-016 Department of Human Services
Ensure eligibility re-determinations are conducted timely

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Name and Number: Temporary Assistance for Needy Families (TANF) (93.558)
Federal Award Numbers and Years: 2019G996115, 2019; 2020G996115, 2020
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency, Noncompliance
Prior Year Finding: N/A
Questioned Costs: \$4,158 (known)

Criteria: 42 USC 602(a)(1)(B)(iii)

Federal regulations require states to outline the criteria used in determining eligibility for TANF benefits in their approved plan. Oregon's approved plan permits the department to use TANF funds to provide emergency child welfare intervention services as long as client eligibility is re-determined annually to determine if an emergent need still exists. If the re-determination is not completed within 30 days of the review due date, emergency assistance is not authorized and the client is deemed ineligible.

For fiscal year 2020, we randomly selected 25 emergency child welfare cases using a statistically valid sample and tested for eligibility determinations. We found that 15 of the 25 samples required re-determinations, and one of the 15 was not performed by the required date. According to the department, the re-determination for this case was accidentally missed, and when completed, the client was deemed ineligible. This resulted in \$4,158 known questioned costs for fiscal year 2020 which the department refinanced with state funds.

We recommend program management ensure eligibility re-determinations are completed timely.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Corrective Action: Child Welfare reviewed and corrected the identified cases. The Eligibility Program Specialist is providing ongoing support to all Federal Revenue Specialist staff. As of March 2021, Child Welfare has implemented monthly eligibility reviews to help ensure that re-determinations are completed timely. Also, a communication will be sent to all Federal Revenue Specialists in April 2021 reminding them about the 30-day requirement at a child's TANF-EA anniversary.

Anticipated Completion Date: June 20, 2021

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2020-017 Department of Human Services

Subrecipient monitoring controls should be strengthened to include review of financial records

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Name and Number: Special Programs for the Aging – Title III, Part B (93.044)
Special Programs for the Aging – Title III, Part C (93.045)
Nutrition Services Incentive Program (93.053)
Federal Award Numbers and Years: 2001ORCMC2, 2020; 2001ORHDC2, 2020;
2001ORHDC3, 2020; 2001OROACM, 2020;
2001OROAH, 2020; 2001OROANS, 2020;
2001OROASS, 2020; 2001ORSSC3, 2020
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency, Noncompliance
Prior Year Finding: N/A
Questioned Costs: N/A

Criteria: 2 CFR 331(d); 45 CFR 1321.11 and 1321.17(f)(9)

Federal regulations require the department to develop policies and monitor the activities of subrecipients as necessary to ensure the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals.

The department's process to ensure subrecipient compliance with federal program requirements includes monitoring program requirements, reviewing financial records, and reviewing subrecipients' annual single audit. The department's current subaward agreement requires subrecipients to provide supporting financial records for one quarter each biennium; management stated this requirement was not enforced due to staffing issues and the COVID pandemic. Additionally, the department did not require submission of supporting financial records during the prior biennium, resulting in no fiscal monitoring during that biennium as well.

Without fiscal monitoring procedures, the department cannot ensure subrecipients comply with federal fiscal requirements.

We recommend department management strengthen existing controls by implementing procedures that include review of financial records supporting expenditures submitted for reimbursement.

MANAGEMENT RESPONSE:

The Department agrees with the finding.

The Aging and People with Disabilities program will correct the deficiency identified in the audit as follows:

- *The Office of Aging and People with Disabilities, Community Services and Supports Unit management shall strengthen existing controls by implementing procedures that include review of financial records supporting expenditures submitted for reimbursement. Specifically, APD will:*
 - *Implement procedures whereby each of the 16 subrecipients will be required to provide supporting financial records for one quarter each biennium.*

- *Financial records will be reviewed by both program and financial services staff, and any discrepancies will be addressed with each subrecipient to ensure compliance.*
 - *Any areas of non-compliance will result in the subrecipient being required to develop a plan of action that will be monitored by an assigned member of the Community services and Supports staff.*
 - *Monitoring will continue until compliance is achieved and the subrecipient can explain how procedures put in place will ensure compliance is maintained.*
 - *Continue to monitor single audit reports for all subrecipients at least once per biennium.*

Anticipated Completion Date: July 1, 2021

**2020-018 Department of Human Services/Oregon Health Authority
Improve documentation and controls over client eligibility**

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Name and Number: Medicaid Cluster (93.777, 93.778)
Federal Award Numbers and Year: 1905OR5MAP and 1905OR5ADM, 2019;
2005OR5MAP and 2005OR5ADM, 2020
Compliance Requirement: Eligibility
Type of Finding: Significant Deficiency, Noncompliance
Prior Year Finding: 2019-016, 2018-014, 2018-015, 2017-014
Questioned Costs: \$16,500 (known)

Criteria: 42 CFR 435.916(a); 42 CFR 435.916(b); 42 CFR 435.907(f); 42 CFR 435.914; 42 CFR 435.952(c)(2)

Federal regulations require certain conditions be met for the Department of Human Services (department) and Oregon Health Authority (authority) to receive Medicaid funding for medical claims. The requirements include redetermining client eligibility for the program every 12 months or when the agency receives information regarding a change in the client's circumstances that may affect their eligibility, obtaining signed applications, maintaining sufficient documentation supporting the client's eligibility and individual claims, and seeking additional information if information provided for an individual is not reasonably compatible with information obtained through an electronic data match.

We randomly sampled 100 clients and one Medicaid service payment associated with each client using a statistically valid sample. We reviewed agency documentation to test compliance with the eligibility requirement. For five clients, we found the issues described below.

- Two clients did not have their eligibility verified within 12 months in accordance with federal requirements.
- One client did not have a signed application on file prior to the date of the sample payment, although the department obtained a new application after our payment date.
- One client had income eligibility determined incorrectly by a caseworker causing the client to be inappropriately deemed eligible, resulting in questioned costs of \$1,263.
- One client had income eligibility determined incorrectly by the Oregon Eligibility (ONE)

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System. The system evaluated sources of income separately, rather than combined. As a result, the client was incorrectly determined eligible resulting in questioned costs of \$15,237. This system error may have resulted in multiple clients being incorrectly determined eligible.

The above issues occurred due to administrative errors by various caseworkers and a flaw in the functionality of the ONE System.

We recommend department and authority management strengthen controls to perform timely eligibility redeterminations and provide periodic training to caseworkers to reduce the risk of administrative errors. We also recommend management implement corrections in the ONE system to address the weaknesses identified in verifying income. Management should also review the entire duration of the claim identified to determine if there are additional questioned costs from previous years. Additionally, management should reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:

The agencies agree with this recommendation.

The agencies will address these recommendations via the corrective action plans identified in each bullet below.

For the first two bullets:

- *The Department is committed to providing timely benefits to only those individuals who are appropriately determined eligible. The Department has taken positive steps since 2016 to continuously improve and automate reporting capabilities for tracking and remediating untimely Medicaid redeterminations, including the successful implementation of the new Integrated Eligibility (IE) system, named "ONE" in February 2021. This new system provides improved client eligibility controls specifically related to timeliness of determinations, correct enrollment, automated notification of redeterminations and subsequently, actions to close eligibility if necessary, along with electronic retention of eligibility data elements such as signed applications. With implementation of ONE and as we move the rest of the cases into ONE over the next year of redeterminations, we expect the errors associated with these areas to be reduced.*

The Department has collaborated across OHA and ODHS programs to develop a combined eligibility manual that incorporates all relevant policy and process for determining eligibility for the medical benefits contained in the IE system. This allows our eligibility workers and case managers in the local offices an upgraded tool and a singular resource that allows us to work collaboratively in our efforts to better serve and be good stewards to Oregonians. We anticipate releasing this in July 2021.

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

For the third bullet:

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

importance of recording any information related to the eligibility decision, that is not already captured by ONE.

For the fourth bullet:

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

Anticipated Completion Date: April 30, 2022

**2020-019 Department of Human Services/Oregon Health Authority
Improve documentation for provider eligibility determinations and revalidations**

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Medicaid Cluster (93.777, 93.778)
Federal Award Numbers and Year:	1905OR5MAP and 1905OR5ADM, 2019; 2005OR5MAP and 2005OR5ADM, 2020
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	2019-015, 2018-016, 2017-015
Questioned Costs:	N/A

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

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

Oregon's Medicaid program pays a specified amount to a Coordinated Care Organization (CCO) to provide all treatments for a client in a month. We performed testing for all of Oregon's 15 CCOs. We also selected a statistically valid random sample of 60 other providers in the Medicaid program with 38 providers enrolled by the authority and 22 enrolled by the department.

- For one CCO, the authority could not provide evidence that the required disclosure relating to affiliated organizations was obtained. The authority obtained the necessary disclosures after our inquiries in February 2021.
- For one CCO, the authority could not provide documentation that they had completed the required database checks before the contract became effective on January 1, 2020. The authority completed the necessary database checks after our inquiries in February 2021.
- One nursing home enrolled by the authority did not contain the required disclosures. When this provider was enrolled in the program, they were enrolled through a formal contract rather than with a Provider Enrollment Agreement (PEA). The contract did not include the

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sections relating to the required disclosures that would ordinarily have been included in a PEA. The authority obtained the necessary disclosures in February 2021.

- One hospital's PEA was originally obtained in 1992 and did not contain the required disclosures. In 2016, the authority implemented a policy to require updated PEAs at each 5-year revalidation. As of March 2021, a new PEA has not been obtained.
- For four providers, the department did not document database checks more recently than 2016. Federal regulations require the provider to be revalidated every five years and department policy is to revalidate at least every two years.
- For an additional four providers, the department could not provide documentation that it had completed database checks at enrollment or any subsequent revalidations. The department subsequently completed the database checks in March 2021. For one of the providers, the five-year term expired in May 2020 based upon the dates of the PEA. As there was no evidence of database checks, we cannot determine if the provider was revalidated at that time. The department subsequently completed the database checks in March 2021.

Per department management, for the issues discussed in the final two bullets, the databases were intended to be verified through an automated process. The automated process failed, and management is investigating the necessary corrections. Other issues occurred due to incomplete record maintenance and staff error. Failure to perform the necessary background checks and retain provider enrollment agreements increases the risk of payments to inappropriate vendors.

We recommend authority management strengthen controls to ensure documentation supporting a provider's eligibility determination and revalidation is retained. Additionally, we recommend management review the automated processes to ensure databases are checked timely.

MANAGEMENT RESPONSE:

The agencies agree with these recommendations.

The State was in the process of revalidating these providers in 2020 but was delayed due to the federal COVID-19 Disaster Relief 1135 waiver. The waiver allows revalidation to be delayed for providers that were due during the public health emergency. Federal guidelines state these revalidations must be completed within six months after the end of the public health emergency for compliance. To meet these requirements, OHA has begun revalidations and is on track to complete this work by 8/31/2021.

Portions of ongoing corrective action plans are already in place. Since 2019, the provider revalidation process mirrors the provider enrollment process by requiring the submission of an enrollment agreement and disclosure statements. Providers will not be enrolled or revalidated without signed provider enrollment agreements or disclosure statements. Providers who fail to revalidate by the deadline will be inactivated as a Medicaid provider.

OHA will address these recommendations via the corrective action plans identified in each bullet described below.

For the first bullet:

- *The provider alluded to an attachment in their application but did not attach it. This was a staff oversight. The implemented process is to ensure all documents and attachments are in place at the time of enrollment. The ongoing corrective action plan is being implemented. The enrollment and revalidation processes are in place and require providers to submit complete enrollment and/or revalidation forms. This error was caused by an isolated instance of staff*

error. The provider enrollment staff will receive additional guidance at the next staff meeting to be alert to providers notes about enrollment and revalidation attachments. Staff will be directed to obtain such attachments prior to completing the enrollment or revalidation processes.

For the second bullet:

- *OHA completed the necessary database checks after SOS inquires in 2/2021. Previous process had OHA only validating the parent CCO (PacificSource); not validating each enrolled regional location. The ongoing corrective action plan has been implemented. The enrollment guides for CCO providers has been updated to include a complete set of validations at enrollment and revalidation for all CCO entities. In the event of a CCO contract extension, beyond the normal five-year contracting period, each CCO will be revalidated according to Federal Guidelines. Since April 2019, the State has been running monthly missed validation reports for newly enrolled or revalidated provider to ensure any missed validations are completed correctly. The CCO enrollment process is completed in conjunction with OHA, BSU and the Provider Enrollment Manager, and only done by an experienced staff person.*

For the third bullet:

- *This provider was previously enrolled by DHS and had not yet been revalidated. OHA obtained the necessary documentations and disclosures in 2/2021.*

For the fourth bullet:

- *This provider was originally enrolled prior to the current MMIS and had not yet been revalidated. OHA obtained a revalidation packet which contained a new PEA and the documents are being reviewed for completeness by PE staff.*

For the fifth bullet:

- *In accordance with federal regulation, agency policy is to revalidate every five years. One provider is in the process of having their Medicaid participation ended. We have received revalidation information on two of the providers and they will be revalidated by 4/30/21. One provider requested an extension while they obtain managing employee information. We anticipate receiving information and completing revalidation by 4/30/21. Providers who fail to revalidate by each cycle deadline will be inactivated as a Medicaid provider.*

For the sixth bullet:

- *The ongoing corrective action plan is in place. Since April 2019, the State has been running monthly missed validation reports for newly enrolled or revalidated provider to ensure any missed validations are completed correctly. This process minimizes payments to providers who do not have evidence of complete validations. Since 2019 the revalidation process requires a new PEA and provider Disclosure document. Providers will not be revalidated without these documents and any provider failing to revalidate will have their Medicaid participation ended.*

Anticipated Completion Date: April 2021

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2020-020 Oregon Health Authority

Improve controls for monitoring MMIS claims edits and audits

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Name and Number: Medicaid Cluster (93.777, 93.778)
Federal Award Numbers and Years: 1905OR5MAP and 1905OR5ADM, 2019;
2005OR5MAP and 2005OR5ADM, 2020
Compliance Requirement: Activities Allowed or Unallowed;
Special Tests and Provisions
Type of Finding: Significant Deficiency
Prior Year Finding: 2019-013, 2018-013
Questioned Costs: N/A

Criteria: 42 CFR 447.45

In previous years, we reported that the Oregon Health Authority (authority) did not adequately monitor aspects of the Medicaid Management Information System (MMIS) claims edits and audits; see Audit Report 2020-14, findings 2019-014 and 2018-013. The authority used MMIS to process almost \$8.2 billion in paid claims during fiscal year 2020 and relies on the system's numerous claims edits and audits function to provide assurance that payments are appropriate and to prevent and detect potential inappropriate payments.

In the response to the finding reported for 2019, the authority stated that the contractor responsible for administering the system would test 116 of the edits and audits, and the authority would test the remaining 80% or approximately 460 edits and audits. Although the authority has taken some corrective actions toward addressing the finding, such as reducing the number of staffable to configure the edits and audits, as of June 30, 2020, we noted the following:

- Management did not have a process to monitor for unauthorized changes.
- The contractor tested only 94 of the 116 edits identified for testing: and
- The authority tested approximately 15% rather than 80% of the remaining edits and audits.

Having a strategic framework and thorough understanding of these controls, including what they do and when they trigger, is critical for ensuring accurate and properly recorded payments. If the claims edits and audits are not configured and functioning correctly, there is the potential for millions of dollars of inappropriate payments.

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

MANAGEMENT RESPONSE:

OHA agrees with the recommendation and will commit to continue to implement processes that ensure claim edit and audit functions in MMIS are monitored and tested for accuracy and effectiveness.

The agency continues to implement new measures and to explore new possibilities for monitoring. The agency has implemented some new processes over the past year and will continue to research further solutions.

For the first bullet: OHA agrees in part with this finding.

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- *The agency needs to be able to provide a clearly documented process for monitoring of unauthorized edit and audit changes in the MMIS. Efforts have been made to address this concern; however, the agency believes there is more that can be done.*

Currently, the agency utilizes the following protocols for ensuring that proper edits and audits are implemented into the MMIS:

- *The steps involved in creating and implementing an edit into the MMIS require the interaction of at least three managers, including Medicaid Policy and MMIS Business Support Unit manager approval, and approval from the EDI/Claims manager.*
- *As a precaution, a regular report is run on the activities of the four identified users in MMIS who can make edits and audits. This process was not in effect for the reporting period of July 1, 2019 – June 30, 2020, but currently exists.*
- *Audit tables exist in MMIS that can follow the trail of a user in MMIS and the activities in the Claims edit and Reference audit panels. These tables are utilized to research any sort of activity in the MMIS and can be resorted to in the event of suspicious activity.*
- *Documentation of edits changes are kept in the Oregon Project Workbook secure site that serves as the MMIS project site. This site documents the edits, and the controls, including what they can do and when they trigger and a host of other data around edits in the MMIS. This repository of information remains in place as both historical and current information.*
- *The number of users who can change edits and audits in the MMIS remains at four, all part of the MMIS Business Support Unit.*
- *A regular meeting is held with managers from the Provider Services Unit and the Claims/EDI unit to review edit changes that will be introduced to the MMIS, as well as reviewing edits that may be causing a larger number of claims to flush or deny. This too was not in effect during the reporting period of July 1, 2019 – June 30, 2020 but is currently in effect.*

For the second bullet: OHA agrees with this finding.

- *The records from the deliverables received between July 1, 2019 and June 30, 2020 from Gainwell, document that 94 of the 116 edits identified were tested.*
- *Of the 116 edits identified for testing, all were reviewed but only 94 had active paid status activity during 7/1/2019-6/30/2020. These 94 were tested.*
- *OHA agrees that a clearer presentation of testing documentation will help in future reporting.*

For the third bullet: OHA agrees with this finding.

- *We agree with this statement in regarding the percentage of remaining edits tested in the MMIS.*
- *OHA will build a strategy to ensure that a percentage of edits are tested annually*

Anticipated Completion Date: September 1, 2021

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**2020-021 Oregon Health Authority
Strengthen review over costs charged to the program**

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Name and Number: Children’s Health Insurance Program (CHIP) (93.767)
Federal Award Numbers and Year: 1905ORCECF, 2019; 2005OR5021, 2020
Compliance Requirement: Activities Allowed or Unallowed;
Allowable Costs/Cost Principles; Matching
Type of Finding: Significant Deficiency, Noncompliance
Prior Year Finding: None
Questioned Costs: \$342,566 (known)

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

Federal regulations allow the Children’s Health Insurance Program (CHIP) expenditures to be reimbursed at the federal financial participation rate for various program costs at the time of payment for services provided.

The Oregon Health Authority (authority) makes payments to vendors other than providers through the state’s accounting system. We judgmentally selected for review all transaction related payments for vaccines, which accounted for more than 95% of this population’s expenditures. We identified the following errors, which were not identified during the authority’s review, that resulted in improper payment of CHIP expenditures:

- One transaction charged expenditures related to another program to the CHIP program, resulting in known questioned costs of \$128,991, of which \$124,851 was federally funded.
- One transaction was charged at the incorrect federal participation rate, resulting in known questioned costs of \$213,575.

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

MANAGEMENT RESPONSE:

The agencies agree with this finding.

The agencies immediately corrected the questioned costs by charging the transaction to the correct period federal participation rate and reimbursing the federal agency. The questioned costs of \$124,851 was corrected with document BTCL8375 on 3/4/21. The questioned federal costs of \$213,575 was corrected with document number BTCL8382 on 3/18/21. The refund will be reported to CHIP this quarter (FFY 2021).

To ensure the appropriate program coding is used, OFS will send the Public Health program staff the appropriate program coding for inclusion on the CHIP Vaccine Value Report that is submitted quarterly to OFS. Adding the coding elements to the report (used as entry documentation) will help ensure the correct program codes are used on the approved request and entry.

To ensure the correct FFP rate is used on the CHIP vaccine draw entry, OFS will update the internal process document to show the methodology change to claiming funds based on the date vaccines are administered rather than based on the date the vaccines are purchased.

Anticipated Completion Date: May 1, 2021

2020-022 Oregon Health Authority
Improve documentation and controls over client eligibility

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Children’s Health Insurance Program (CHIP) (93.767)
Federal Award Numbers and Year:	1905ORCECF, 2019; 2005OR5021, 2020
Compliance Requirement:	Activities Allowed or Unallowed; Eligibility
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	None
Questioned Costs:	\$25,429 (known)

Criteria: 42 CFR 435.914(a); 42 CFR 433.32; 42 CFR 435.952(b)

Federal regulations require certain conditions be met for the Oregon Health Authority (authority) to receive Children’s Health Insurance Program (CHIP) funding for medical claims. The requirements include maintaining sufficient documentation supporting the client’s eligibility and individual claims, and seeking additional information if information provided for an individual is not reasonably compatible with information obtained through an electronic data match.

We randomly selected a statistically valid sample of 60 clients for eligibility testing and one CHIP service payment associated with each client. We reviewed authority documentation and for four clients we found the issues described below.

- Two clients provided income information after a referral for information was requested by the system during an electronic data match. The authority did not appropriately document that the requested information was reasonably compatible with other available information. However, we determined these clients to be eligible for services, resulting in no questioned costs.
- One client provided income information after a referral for information was requested by the system during an electronic data match. The authority did not appropriately document that the requested information was reasonably compatible with other available information. Our testing determined this client was over the income thresholds and ineligible for CHIP, resulting in questioned costs of \$2,292 for the fiscal year ending June 30, 2020.
- One client attested to being pregnant and was appropriately placed in the CHIP program. However, this client later called reporting they had never been pregnant; at which time the authority should have adjusted the client’s benefits and reimbursed the CHIP program expenditures. The authority failed to adjust this client’s claims and benefit program resulting in questioned costs of \$23,137 and \$9,014 for fiscal years ending June 30, 2020 and 2021, respectively. Additionally, we recognize this client may also have received improper Medicaid benefits over the course of their enrollment. However, at the time of our audit, we were unable to determine improper claims associated with Medicaid.

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The above issues occurred due to administrative errors by various authority staff. Failure to ensure financial and program eligibility increases the risk of improper payments.

We recommend authority management strengthen controls by providing periodic training to eligibility staff to reduce the risk of administrative errors. This training should ensure eligibility staff know how to verify and document income support. In addition, management should review benefits and program eligibility related to cases identified with questioned costs to ensure proper funding within CHIP and other applicable federal programs and should reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:

The agencies agree with this finding.

The ODHS and OHA are committed to providing training and guidance to ensure staff know how to verify and document income support. The ODHS and OHA will review and update any existing training material and eligibility manuals and send communications to staff with this information. Additionally, the authority will work with the federal agency to reimburse for the unallowable costs.

Related to the final bullet point OHA requested technical guidance from the Center for Medicare and Medicaid Services (CMS) on March 23, 2021. As 42 CFR 435.956(e), Oregon Administrative Rule, and Oregon's State Verification Plan all indicate that the state will accept self-attestation for this eligibility criteria, and not require proof, either pre- or post-eligibility, unless questionable, OHA is seeking CMS' position on whether this should be an audit finding of non-compliance resulting in the return of FMAP. At the time that the individual attested that she was pregnant, it was not questionable, staff followed procedure, and appropriate regulations, rules, and the State Verification Plan were followed. If CMS deems it a valid finding, OHA will work with the CMS to reimburse for the unallowable costs.

Anticipated Completion Date: December 31, 2021

**2020-023 Oregon Health Authority
Improve documentation for provider eligibility determinations and revalidations**

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Children's Health Insurance Program (CHIP) (93.767)
Federal Award Numbers and Year:	1905ORCECF, 2019; 2005OR5021, 2020
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency
Prior Year Finding:	None
Questioned Costs:	N/A

Criteria: 42 CFR 431.107; 42 CFR 455.436; 42 CFR 455.102 to 455.106; 42 CFR 455.414

Provider eligibility requirements for the Children's Health Insurance Program (CHIP) differ depending upon the type of services provided. In addition, all CHIP providers are subject to specified database checks and are required to sign an adherence to federal regulations agreement (agreement). The agreement must include disclosure information and terminology required by federal regulations for which the provider must agree to provide at the agreement date and/or upon request. Additionally, federal regulations require that the Oregon Health Authority (authority) determine eligibility for CHIP providers and revalidate providers at least every five years by performing various database checks to ensure providers are still eligible to participate in the CHIP program.

We conducted testing of Oregon's Coordinated Care Organizations (CCOs) during our audit of the Medicaid program. CCOs are dual-enrolled as both CHIP and Medicaid providers. Medicaid testing identified two exceptions as noted in the Medicaid finding titled "Improve documentation for provider eligibility determinations and revalidations." We judgmentally selected an additional 18 providers for testing, all of which were hospitals or Federally Qualified Health Centers, and identified 12 control deviations as described below:

- For one provider the death master check was not completed for the managing employee during revalidation. As of February 2021, the authority obtained an updated disclosure statement and verified the death master file for the managing employee.
- For two providers the disclosure statements did not include the required managing employee information. As of March 1, 2021, the authority had obtained a completed disclosure statement with the required managing employee details from only one of these providers.
- For two providers the authority could not provide signed provider enrollment agreements or disclosure statements. As of March 1, 2021, the authority obtained a signed provider enrollment agreement and completed disclosure statement from one of these providers.
- For one provider the authority could not provide a disclosure statement from the most recent revalidation period. As of March 1, 2021, the authority had obtained a completed disclosure statement for this provider.
- For six providers the authority could not provide provider enrollment agreements or disclosure statements that met the minimum federal requirements. As of March 1, 2021, the authority obtained signed provider enrollment agreements and completed disclosure statements from five of the six providers.

Issues identified above occurred due to incomplete record maintenance. The authority began sending new agreements and disclosure statement requests in spring of 2020 and were in the process of reviewing the providers in this revalidation batch during the course of this audit. Failure to retain provider enrollment agreement and updated disclosure statements increases the risk of payments to ineligible vendors.

We recommend authority management strengthen controls over provider eligibility determinations and revalidations to ensure maintenance of updated agreements and disclosure statements in accordance with federal regulations and ensure all databases are checked timely.

MANAGEMENT RESPONSE:

OHA agrees with this finding.

For the first item noted in this finding the validation box was missed due to staff error and as of 02/2021, OHA obtained an updated disclosure statement and verified the death master file for the managing employee. The ongoing corrective action plan is already in place but was implemented after this provider was enrolled. To ensure current and future required validations are completed accurately and timely, the State pulls the missed validation report monthly seeking validations which were missed by enrollment staff. Validations which were missed are remediated. The missed validation reports have been pulled and worked monthly since April 2019 and will continue.

For the second item noted in this finding OHA contacted both providers to obtain the missing documentation. As of 3/1/2021, OHA obtained a completed disclosure statement with required

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managing employee details from one of these providers. The second provider must complete the revalidation process by submitting a managing employee. This provider requested and was granted an extension. The Provider Enrollment Unit anticipates receiving information and completing revalidation by 4/30/21. Should the provider fail to revalidate by the deadline, they will be inactivated as a Medicaid provider.

For the third item noted in this finding OHA obtained a signed provider enrollment agreement and completed disclosure statement from one of these providers as of 3/1/2021. While the second provider failed to comply and is in the process of having their Medicaid participation inactivated.

For the fourth item noted in this finding OHA obtained a completed disclosure statement for this provider as of 3/1/2021. The provider submitted the information prior to the close of the audit and prior to the 3/31/21 revalidation deadline.

For the fifth item noted in this finding OHA obtained signed provider enrollment agreements and disclosure statements from five of the six providers as of 3/1/2021. The remaining provider failed to comply and is in the process of having their Medicaid participation inactivated. These providers are also currently going through the revalidation process and will all be required to provide updated enrollment agreement and disclosure forms.

The State is in the process of revalidating these providers but has been delayed due to the federal COVID-19 Disaster Relief 1135 waiver. The waiver allows revalidation to be delayed for providers that were due during the public health emergency. Federal guidelines state these revalidations must be completed within six months after the end of the public health emergency for compliance. To meet these requirements, OHA has begun revalidations and is on track to complete this work by 8/31/2021. The ongoing corrective action plan is already in place. Since 2019, the provider revalidation process mirrored the provider enrollment process by requiring the submission of an enrollment agreement and disclosure statements. Providers will not be enrolled or revalidated without the managing employee information, signed provider enrollment agreements or disclosure statements.

Anticipated Completion Date: August 31, 2021

**2020-024 Department of Human Services
Complete system modifications to ensure proper reporting of program expenditures**

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Name and Number: Foster Care – Title IV-E (93.658), Non-Major Program Temporary Assistance for Needy Families (TANF) (93.558)
Federal Award Numbers and Year: 1901ORFOST, 2019; 2001ORFOST, 2020; 1901ORTANF, 2019; 2001ORTANF, 2020
Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Noncompliance
Prior Year Finding: 2019-017; 2018-018; 2017-013
Questioned Costs: \$127,654 (Foster Care known); \$4,404 (TANF known)

Criteria: 45 CFR 1356.21

The department uses its child welfare information system, OR-Kids, to manage placements, eligibility, payments, and other case information. Information systems should be designed to ensure information processed by the system is complete, accurate, and valid. As with any significant

program or system, management should have an adequate understanding of the processes and controls it is relying on, and should obtain assurance those processes and controls are functioning as intended.

While performing current year follow-up procedures related to prior year findings that identified processing issues within OR-Kids, we found errors continue to occur when certain corrections are made to placement information in the system. When placement corrections are initiated, OR-Kids issues a "new" payment, and simultaneously recovers the funds from the payment issued at the time of original services, which generally results in no payment to the provider. However, this process does not always occur as it should, and results in the department incorrectly reporting and drawing federal funds. For some placement corrections, OR-Kids processed the recovery of the funds in a state grant instead of the federal program, resulting in estimated inappropriate federal expenditures in fiscal year 2020 of \$127,654 for Title IV-E Foster Care and \$4,404 for TANF.

This issue was originally identified in fiscal year 2015. During fiscal year 2019 the department developed a partial fix to the OR-Kids system to prevent a subset of these processing errors from occurring. During fiscal year 2020 the department stated they are developing a report that will identify errors needing to be corrected to accurately report federal expenditures. The agency has also repaid estimated questioned costs identified in the prior year; however, the actual questioned costs to be repaid have not been identified.

We recommend department management review OR-Kids transaction processing and complete system modifications as appropriate to ensure proper financial reporting of program expenditures. We also recommend department management review prior year and current year transactions and reimburse the federal agency for grant expenditures claimed inappropriately.

MANAGEMENT RESPONSE:

We agree with the recommendation.

A report has been developed to identify adjustments that impacted a state grant rather than the federal grant and it remains in the validation stage. Once the report is validated, Child Welfare will use it to begin to make appropriate adjustments to all incorrect claims. As a result of the assessment, if there are known costs in this finding it will be reimbursed on the 6/30/2021 CB-496.

Anticipated Completion Date: June 30, 2021

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2020-025 Department of Human Services

Improve controls over copay and child care hour calculations and multiple provider copays

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Child Care Development Fund Cluster (93.575, 93.596)
Federal Award Numbers and Years:	G999005, 2018-2020; G999004, 2018-2020; G996005, 2018-2019
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	2017-016
Questioned Costs:	\$10,241 (known); \$1,354,980 (likely)

Criteria: 45 CFR 98.45(b)(5); 42 USC 9858

The Child Care Development Fund program offers federal funding to states to increase the availability, affordability, and quality of child care services. As required by federal regulations, the department has developed a sliding fee scale, based on family size and income that provides for cost sharing by families that receive child care services (monthly copay). The copay is attached to one provider's monthly bill regardless of the number of providers a client uses. The department also calculates authorized monthly child care hours based on parent work schedules.

We tested a statistically valid random sample of 60 provider payments for client eligibility and verified the monthly copay calculated for each family was accurate based on family size and income. We also verified the child care hours calculated were accurate based on parent work schedules. We identified the following errors:

- Nine cases where the copay was calculated incorrectly due to not capturing tips or child support income, using an incorrect family size, or mathematical errors.
- Eight cases where authorized child care hours were calculated incorrectly due to missing support of parent work hours or mathematical errors.
- One case in which the client did not pay the copay because the copay was attached to a provider no longer providing care. Federal funds subsidized the copay amount of the payment made to the provider.
- One case in which the provider's zip code was not updated in the system for 14 months. As provider rates are determined by zip code groupings, the provider received a higher subsidy each month in error.

These errors resulted in total known questioned costs of \$7,621 and projected questioned costs of \$1,284,027.

We also tested a random sample of 25 instances in which a client with multiple providers in one month used fewer providers in a subsequent month to verify the copay was attached to the provider still providing care. For two cases, the client's copay was attached to a provider that did not provide care or bill for the sampled month, therefore the client did not pay their required copay. According to the department, it generates a monthly report that identifies situations where the primary provider, with copay attached, stopped providing care. However, the department does not require the client to reimburse the agency for the copay not met. Federal funds subsidized the copay portion of these two payments to the providers, resulting in questioned costs of \$2,620. Projected questioned costs for this population total \$70,953.

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

MANAGEMENT RESPONSE:

ODHS agrees with this recommendation.

Corrective Action:

- *Child Care Program will issue a policy transmittal to all staff determining ERDC eligibility providing information on the importance of calculating both child care hours and copay correctly based on current Family Service Guide’s instruction.*
- *Direct Pay Unit (DPU) manager and lead will provide a refresher training to DPU representatives to update provider address information correctly.*
- *DPU will review the uncollected copay report monthly to ensure processes are in place for copays to be collected each month. In addition, a refresher training for DPU representatives to issue billing forms with copays correctly.*
- *Child Care Program will provide case findings information to OPAR for recoupment purposes.*
- *ODHS agrees to reimburse the federal agency for unallowable costs.*

Anticipated Completion Date: July 31, 2021

**2020-026 Department of Human Services
Improve controls over incentive payments**

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Child Care Development Fund Cluster (93.575, 93.596)
Federal Award Numbers and Years:	G999005, 2018-2020; G999004, 2018-2020; G996005, 2018-2019
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$12,250 (known); \$619,121 (likely)

Criteria: 45 CFR 75.303; 45 CFR 75.403

The Child Care Development Fund program’s lead agency implemented a limited duration incentive payment for eligible providers who provided care during the alternate hours of evenings and weekends. Each month, providers were eligible to receive \$250 per child when providing alternative hour care at least 20 hours per month, or \$500 per child when providing alternative hour care at least 40 hours per month. The incentive program ran from January through September 2019 with federal funds providing over \$5 million in fiscal year 2020. The department implemented a policy stating providers must: 1) have received a child care billing form from the department, 2) provide care during certain hours, 3) maintain attendance logs of all hours a child is in care, and 4) request the incentive by submitting an alternative hour incentive form.

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We tested a nonstatistical random sample of 25 monthly provider incentive payments for alternate and weekend child care to verify these payments were necessary and reasonable for the performance of the federal award.

The department did not retain sufficient support to verify these payments. The department relied solely on provider self-attestation on the alternative hour incentive form that they provided care during alternate hours. We found no evidence of other corroboration by the department for alternative hour care, including client attestation. In addition, attendance records were not available to us as providers were instructed to retain attendance logs for a minimum of one year. This retention schedule ended September 2020.

We used a combination of client applications, paystubs, and case narratives to establish a client's need for evening or weekend child care. When this was not available, we used provider websites or other department documentation that supported at least the provider offered care during alternate hours. We found the following issues:

- For two sample items, the clients' work schedules did not support the clients' need for child care during alternate hours, resulting in total known questioned costs of \$10,250.
- For one sample item, the client's work schedule would have supported a need for alternate care for less than 40 hours for the month. The provider was paid at the higher rate of \$500 per child instead of \$250 per child, resulting in total known questioned costs of \$1,500.
- For payments made to the 25 sampled providers, six providers received duplicate payments during the program's existence, totaling \$31,750. The department identified \$31,250 of these payments and initiated repayment procedures, leaving \$500 in questioned costs. We analyzed data for the incentive payment population and found an additional \$77,125 in potential duplicate payments.

Without attendance logs, we were unable to verify that correct incentive payment rates were paid to providers; incorrect rates may have been paid, resulting in excess payments to providers.

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

MANAGEMENT RESPONSE:

ODHS agrees with this recommendation.

Corrective Action:

- *Provider log retention guidelines are aligned with Early Learning Department/Office of Child Care (ELD/OCC) for twelve months. Program will consult with lead agency ELD/OCC for consideration of extending provider log retention periods.*
- *DPU will identify all incentive duplicate payments sent to OPAR for recoupment efforts.*
- *ODHS agrees to reimburse the federal agency for improper costs associated with the incentive payments.*

Anticipated Completion Date: July 31, 2021

2020-027 Department of Human Services
Investigate fraud referral cases and conduct other fraud detection activities

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Child Care Development Fund Cluster (93.575, 93.596)
Federal Award Numbers and Years:	G996005, 2019-2020; G999004, 2019-2020; G999005, 2019- 2020
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 45 CFR 98.16(cc)

The Child Care and Development Fund (CCDF) Plan (plan) serves as a state’s application for CCDF funds by providing a description of, and assurance about, the grantee’s child care program and all services available to eligible families. Plans include federally required processes to recover child care payments that are the result of fraud. The Oregon Department of Education, designated as Oregon’s lead agency in Oregon’s 2019-2021 plan, has assigned the establishment of a fraud unit to the Department of Human Services (department).

We tested a random sample of 13 fraud referral cases and found five were closed before the department verified whether the result of fraud, averaging 812 days between referral and closure dates. At least four of the five could have resulted in repayment procedures being necessary. Department management made a decision to close older cases without investigation to alleviate its significant backlog of cases, stating it is no longer cost effective to investigate old cases.

We reviewed several fraud activities listed in the plan that were assigned to the department and found two were not occurring. This heightens the risk that remaining fraud detection activities will be insufficient to detect fraud.

- The monthly audit of child care for school age children, conducted for selected months when school is in session, did not occur during the fiscal year. The department did not detect it had stopped performing these reviews in fiscal year 2019, citing the intermittent nature of the audit reports as the cause. In addition, the department did not provide the annual summary of fiscal year 2019 audits, due September 2019, to the lead agency. The department stated in June 2020 it would resume audits, process missing reports, and submit the fiscal year 2019 annual summary to the lead agency.
- Site visits to review attendance and billing records of randomly selected providers did not occur. The department stated this activity was met with resistance from providers and unions and was discontinued at least two years prior; it was an oversight to not remove it from the plan.

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

MANAGEMENT RESPONSE:
ODHS agrees with this recommendation.

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Corrective Action:

- *Child Care Program to continue to ensure that school age report is being reviewed timely and submit an annual summary to the lead agency per the Inter-Agency Agreement (IAA). School age subsidy report to be reviewed monthly by ODHS from October, November, January, March, April and May. ODHS will not review work for March and November due to amount of time children are not attending school or are on Spring break periods and Winter holidays.*
- *Child Care Program is requesting a quarterly report from the Fraud Investigations Unit (FIU) with status updates on fraud investigations involving child care providers receiving subsidy payments on behalf of families eligible for ERDC benefits and ensure appropriate referrals are sent to OPAR for recoupment of improper payments.*
- *CCDF State Plan is currently being updated to reflect any updates or to remove items that are outdated.*

Anticipated Completion Date: December 31, 2021

2020-028 Department of Education

Improve controls to ensure expenditures are liquidated by federally mandated date

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Name and Number:	Child Care Development Fund Cluster (93.575, 93.596)
Federal Award Numbers and Years:	G999005, 2018
Compliance Requirement:	Period of Performance
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$1,452,166 (known)

Criteria: 45 CFR 98.60

The Oregon Department of Education (department) receives federal awards for the Child Care Development Fund program (CCDF) in three categories, each with a specified time period by which funds must be spent. The department uses coding within the state's accounting system to prevent payments beyond each fund category's liquidation period.

We tested fiscal year 2020 payments and found four transactions, totaling \$1,452,166, that were not liquidated by the required date and, therefore, not allowed to be expended from the federal award number G999005, 2018. The system coding the department relied on is not designed to prevent payments beyond the liquidation period.

We recommend department management review and revise how it relies on the accounting system coding to ensure payments are liquidated by federally mandated dates. We also recommend department management reimburse the 2018 grant award.

MANAGEMENT RESPONSE:

We agree with this finding and the recommendation that the department revise how it relies on the accounting system to ensure payments are liquidated by federally mandated dates.

ODE has made the corrective entries for the finding and will take the following steps to ensure payments are liquidated federally mandated dates:

- 1) *Review obligation and liquidation dates with program and grants team.*
- 2) *Create procedure for Period of Availability and Liquidation Procedure.*
- 3) *Review existing agreements, modifications to agreements and new agreements to ensure obligation and liquidation dates of grant funds are met.*

Anticipated Completion Date: August 2021

**2020-029 Department of Education
Improve controls over expenditures**

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Name and Number: Child Care Development Fund Cluster (93.575, 93.596)
Federal Award Numbers and Years: 90YE0200-03-00, 2020; G999004, 2020; G999005, 2019; G996005, 2018-2020
Compliance Requirement: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency, Noncompliance
Prior Year Finding: N/A
Questioned Costs: \$40,282 (known); \$688,610 (likely)

Criteria: 45 CFR 75.403(a); 45 CFR 75.430(a)

Federal regulations state that allowable costs are costs necessary and reasonable for the performance of federal awards. Payroll costs directly related to a federal award are allowable costs, provided they are reasonable for the services rendered and are supported.

The department has implemented the following procedures to ensure allowable costs are charged to the program. Managers approve monthly timesheets submitted by employees in the state's payroll system. When managers do not approve by a specified date, the payroll system will automatically approve the timesheet, shown with the words "system approval." In such cases, managers are to document their approval with signatures on paper timesheets. Additionally, each employee should have a signed position description, which details the duties of the position and the amount of time to be charged for each duty.

We tested a nonstatistical random sample of 25 employees to ensure payroll was appropriately charged to the program. We also tested 7 additional employees with certain payroll months identified as outliers. We verified payroll timesheets were reviewed by a manager and signed position descriptions were retained per state guidelines, and identified the following exceptions:

- Six timesheets did not have evidence of manager approval, and the department could not locate the signed physical timesheets.
- Position descriptions could not be located for two employees. Management verified one of these employees did not work on the Child Care Development Fund program (CCDF), however, a CCDF default labor cost code was entered in the payroll system for this employee. A total of three months' salary was incorrectly charged to the federal program, resulting in \$25,679 in known questioned costs and \$575,222 in likely questioned costs when projected to the population. The second employee was verified to have 100% of duties assigned to CCDF.

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- For eight employees, the position descriptions provided were unsigned and did not include the name of the employee. The department stated that it is best practice for position descriptions to be signed and retained but that it does not always happen. We did not question these costs as department management verified job duties were appropriate to the program.

We also tested a nonstatistical random sample of 13 service and supply expenditures. We found one was not entered into the accounting system correctly due to a data keying error. The department subsequently corrected the \$14,603 charged to the federal program after we informed them of the error.

We recommend department management improve its review of timesheets, ensure position descriptions are completed and retained, and strengthen its review of data entry. We also recommend department management reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:

The ODE agrees with the audit finding and the recommendation provided by the OAD.

In addressing this finding, ODE intends to take the following actions:

- 1) Fully implement the use of Workday for the storage of all signed position descriptions. This will be a required process for all managers and will enable the Human Resources Team to do quality control for new hires which don't have a position description uploaded. Any position without an uploaded PD will prompt immediate follow-up by the Human Resources Team for corrective action.*
- 2) Increase communication, training, and follow-up to all managers responsible for electronically approving staff timesheets. The expectation is that all monthly timesheet approvals be performed electronically by the assigned manager or their delegate. In addition, Executive Management will clearly reinforce this expectation and take necessary disciplinary action for managers that consistently do not comply. For situations, which may occur from time to time, where a manager inadvertently does not electronically approve their employee timesheet, the Human Resources Team will ensure the manager provide a manually signed timesheet for those automatic approvals. These timesheets will be collected by the Human Resources Team and maintained in a central directory for documentation.*
- 3) Establish a new procedure and practice on the application of cost centers to employee position cost. Specifically, ODE will examine the practice of the use of default cost centers for Federal Funds. As part of this procedure and practice, the ODE will ensure that a) prior to the use of Federal Fund cost centers, a follow-up examination be conducted to ensure position responsibilities warrant the use, and b) any use of default cost centers with Federal Funds, has controls in place to ensure that the position, or the use of that position, is always mobilized appropriately.*

ODE intends to take immediate action in each of these areas and will complete by December 31, 2021, however, due to the pandemic, and the impact it may have on fully implementing Action Item 1, this particularly item may be delayed until June 30, 2022.

In terms of the funding identified as unallowable cost, ODE has already taken immediate action to correct this cost and reimburse the federal program in which it was charged.

Anticipated Completion Date: December 31, 2021

2020-030 Oregon Military Department

Strengthen controls to ensure financial reports are accurate and adequately supported by accounting records

Federal Awarding Agency: U.S. Department of Defense
Assistance Listing Name and Number: National Guard Military Operations and Maintenance Projects (12.401)
Federal Award Numbers and Years: W912JV-18-2-1002, 2018; W912JV-19-2-1001, W912JV-19-2-1011, W912JV-19-2-1022, W912JV-19-2-1040, 2019; W912JV-20-2-1001, W912JV-20-2-1007, W912JV-20-2-1010, W912JV-20-2-1021, 2020
Compliance Requirement: Reporting
Type of Finding: Material Weakness, Noncompliance
Prior Year Finding: 2019-021
Questioned Costs: N/A

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

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

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

We reviewed a random sample of 32 SF-270 reports for fiscal year 2020 and found the following:

- For 9 reports, the amounts reported for cumulative federal and non-federal expenditures did not agree to the accounting records because the department used a combination of the accounting records and a subsidiary system as the basis for requesting reimbursement and because the department does not separately account for non-federal expenditures by federal fiscal year. Additionally, some expenditures are driven by construction contracts that span several years, resulting in the reconciliation process occurring several years after the grant award begins. Overall, the process results in cumulative federal expenditures being understated on the federal reports and contributes to the department's cash flow challenges.
- In response to the prior year finding, the department changed its process during December 2019 to rely on the accounting records for reporting amounts rather than the subsidiary system. However, differences were still identified on reports submitted after December 2019.

We recommend department management ensure corrections are made in the accounting records as errors are identified and consider implementing the use of additional data fields within the accounting system to promote accurate federal reporting. Finally, we recommend the department separately account for non-federal expenditures by federal award.

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MANAGEMENT RESPONSE:

The Oregon Military Department concurs with the finding and recommendations as outlined above.

The Oregon Military Department (OMD) will undertake the following corrective actions to address the recommendations made by the Secretary of State's Audits Division and ensure that corrections are made in the accounting records as errors are identified.

- a. Continue our assessment of use of the Statewide Financial Management Application (SFMA).*
- b. Continue to ensure that Datamart queries are included as the primary supporting documentation validating both Federal and Non-Federal share of requested reimbursements.*
- c. Create and implement a reconciliation process between the Financial Administration Division (AGC) Senior Master Cooperative Agreement (MCA) Accountant, the Installation Division (AGI) Budget Analyst and the Federal Construction Facility Maintenance Officer (CFMO).
 - i. This process will focus on ensuring the SFMA, the iEMS system and the federal accounting systems are reconciled at a minimum quarterly. Should there be reconciling items found the requirement will be that those items be addressed/corrected before the completion of the following quarters reconciliation.*
 - ii. A copy of the completed reconciliation document will be signed by both the AGC Senior MCA Accountant and the AGI Budget Analyst and stored electronically in the appropriate files.*
 - iii. A calendar will be developed identifying dates for reconciliations to occur.**
- d. A new non-federal funds matching PCA will be created that ties to one, and only one, federal fiscal year, and will also tie to the same Grant No/Phase as the federal funds PCAs for that same program and fiscal year. This will allow the agency to be able to match, and report, non-federal fund expenditures for each specific fiscal year.*
- e. OMD will seek to correct any discrepancies in the accounting record as soon as they are identified.*

Anticipated Completion Date: September 30, 2021

**2020-031 Oregon Military Department
Strengthen controls to ensure expenditures are not obligated beyond the period of performance**

Federal Awarding Agency:	U.S. Department of Defense
Assistance Listing Name and Number:	National Guard Military Operations and Maintenance Projects (12.401)
Federal Award Numbers and Years:	W912JV-19-2-1001, 2019
Compliance Requirement:	Period of Performance
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$25,682 (known)

Criteria: National Guard Regulations 5-1, Chapter 11-2

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

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We judgmentally reviewed payroll expenditures recorded to federal fiscal year 2019 funds in the accounting records that appeared to be obligated after September 30, 2019. Our review of supporting documentation found:

- In three payroll months, payroll for 5 employees was incorrectly coded to the federal fiscal year 2019 grant award and the department could not locate payroll corrections. Total questioned costs in these cases were \$25,682.

If the underlying accounting records do not properly account for transactions, the department could inappropriately request reimbursement for obligations that are outside the period of performance for the grant.

We recommend department management implement control procedures to ensure payroll is coded to the correct federal grant awards and identify and correct all errors noted.

MANAGEMENT RESPONSE:

The Oregon Military Department concurs with the finding and recommendation as outlined above.

The Oregon Military Department will undertake the following corrective actions to address the recommendations made by the Secretary of State's Audits Division:

- a. *Create a process and procedure where the responsible Accountant within the Financial Administration Division and the Budget Analyst within the Installations Division are coordinating on the assignment of cost codes for payroll expenses. This coordinated effort, along with the robust reconciliation process listed above, should result in the elimination of coding errors.*
- b. *The Financial Administration Division will process corrective entries to move \$25,682 to the appropriate federal grant year. We will notify Secretary of State when these transactions are complete.*

Anticipated Completion Date: June 30, 2021

2020-032 Oregon Military Department
Strengthen controls to ensure level of federal support for expenditures is adequately documented

Federal Awarding Agency:	U.S. Department of Defense
Assistance Listing Name and Number:	National Guard Military Operations and Maintenance Projects (12.401)
Federal Award Numbers and Years:	W912JV-20-2-1001, 2020
Compliance Requirement:	Allowable Costs/Cost Principles; Matching
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$372 (known), \$122,465 (likely)

Criteria: National Guard Pamphlet 420-10, Chapter 7-2; National Guard Regulations 5-1, Chapter 3 and 11; 2 CFR 200.333

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

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support code indicates the facility is authorized for 75% federal support, the generated costs will be federally supported at 75%.

Federal regulations also require grantees to retain supporting documentation for audit for up to 6 years and 3 months. Without adequate supporting documentation, expenditures are not able to be determined accurate or allowable for the program.

We reviewed a random sample of 40 expenditures and for two transactions related to one vendor the department was unable to provide documentation that detailed additional costs billed above the monthly billing rates per the purchase order with the vendor. This resulted in known questioned costs of \$94. We also determined some of the federal match rates used in the two transactions were not correctly calculated for the facilities included. Using the department's methodology for calculating federal match rates for facilities with multiple match rates depending on federal support of activities in each facility area, we identified known questioned costs of \$278 and \$122,465 in likely questioned costs when total known costs were projected to the population.

Without adequate documentation, the department is unable to support expenditures charged to the federal award.

We recommend department management ensure that adequate documentation is retained to support the expenditures and the matching rates charged to the federal award.

MANAGEMENT RESPONSE:

The Oregon Military Department concurs with the finding and recommendation outlined in the letter and above.

The Oregon Military Department has undertaken the following corrective actions to address the recommendations made by the Secretary of State's Audits Division:

- a. The Division of Operational Expenses (DOE) has been updated to reflect the annually certified Facility Installations Stationing Plan (FISP).*
 - i. Processes have been established to ensure the DOE is updated annually to coincide with the annual FISP review and certification.*

Anticipated Completion Date: April 14, 2021

2020-033 Oregon Military Department
Fully implement subrecipient risk assessments

Federal Awarding Agency: U.S. Department of Homeland Security
Assistance Listing Name and Number: Disaster Grants – Public Assistance (Presidentially Declared) (97.036)
Federal Award Numbers and Years: FEMA-4258-DR-OR, 2016; FEMA-4296-DR-OR, 2017; FEMA-4328-DR-OR, 2017; FEMA-4432-DR-OR, 2019; FEMA-4452-DR_OR, 2019; FEMA-4499-DR-OR, 2020; FEMA-4519-DR-OR, 2020
Compliance Requirement: Subrecipient Monitoring
Type of Finding: Significant Deficiency, Noncompliance
Prior Year Finding: N/A
Questioned Costs: N/A

Criteria: 2 CFR 200.331(b)

Federal regulations stipulate that pass-through entities 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. Monitoring activities should be completed based on the results of the subrecipient’s determined risk.

During fiscal year 2020, the department developed procedures to assess subrecipient risk of noncompliance with program requirements. These procedures include a risk assessment matrix tool, and a self-assessment risk questionnaire sent to subrecipients at the beginning of each new disaster. Department staff enter questionnaire responses into the risk assessment matrix and calculate the subrecipient’s overall risk score to determine the level of monitoring required.

We selected a sample of 12 subrecipients for review. The department had not completed the risk assessment matrix for 10 of the selected subrecipients. Management also noted that the self-assessment risk questionnaires had not been received for a number of the subrecipients in our test sample.

The department’s risk assessment procedures are a new process. Management stated that the procedures are still being developed and have not been fully implemented due to staffing issues.

Risk assessments help prioritize subrecipients for monitoring and guide the breadth and depth of procedures to be applied. Without this guidance, the department may not provide an adequate level of monitoring, which could lead to an increased risk of noncompliance with program requirements.

We recommend department management continue to implement and document its risk assessments process for each subrecipient.

MANAGEMENT RESPONSE:

The Oregon Office of Emergency Management concurs with the finding and recommendations as outlined in the letter and above.

The Oregon Office of Emergency Management (OEM) will undertake the following corrective actions to address the recommendations made by the Secretary of State’s Audits Division:

- a. OEM will continue to develop the risk assessment policy and procedures, including following up with questionnaires sent to subrecipients but not yet received.*

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- b. *OEM will develop a subrecipient monitoring policy in accordance with 2 CFR 200. This policy will include discussion on how OEM prioritizes subrecipient monitoring based on the results of the risk assessment.*
- c. *As of February 8, 2021, OEM has hired a Public Assistance Grants Accountant who has finished documenting all outstanding risk assessment questionnaires received from sub-recipients.*

Anticipated Completion Date: June 30, 2022

**2020-034 Oregon Military Department
Improve accuracy of quarterly performance reporting**

Federal Awarding Agency: U.S. Department of Homeland Security
Assistance Listing Name and Number: Disaster Grants – Public Assistance (Presidentially Declared) (97.036)
Federal Award Numbers and Years: FEMA-4258-DR-OR, 2016; FEMA-4296-DR-OR, 2017; FEMA-4328-DR-OR, 2017; FEMA-4432-DR-OR, 2019; FEMA-4452-DR_OR, 2019; FEMA-4499-DR-OR, 2020; FEMA-4519-DR-OR, 2020
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency, Noncompliance
Prior Year Finding: N/A
Questioned Costs: N/A

Criteria: 2 CFR 200.328(b)(1)

Federal regulations require pass-through entities to establish and maintain effective internal control that provides reasonable assurance the award is managed in compliance with regulations and terms and conditions of the award. Effective controls ensure submitted reports are both accurate and complete. The Disaster Grants – Public Assistance award requires the department to submit quarterly performance reports. The department is responsible for completing a number of fields within the report with applicable financial information, including applicant expenditures to date, total grantee drawdown, and federal funds disbursed by disaster and subgrantee.

The department’s existing controls are not effective to ensure the reports are complete and accurate prior to submission to the federal awarding agency. We reviewed two of the four performance reports submitted during fiscal year 2020, and found inaccurate information was reported in two reports. For example, we reviewed eight projects included on the report submitted for the quarter ending June 30, 2020. Selected projects comprised 46% of the reported total applicant expenditures to date field. Errors were identified in five of the eight reviewed projects. Specifically, we found:

- A \$270,000 overstatement caused by a transposition error.
- Two instances where the department could not fully support the expenditures reported in the applicant expenditures to date field, resulting in a potential overstatement of \$1.7 million.
- Expenditures totaling \$1.6 million that were not included in the applicant expenditures to date field.

Similar errors in the same projects were noted on the performance report for the quarter ending September 30, 2019.

Management stated that previous staff, with reporting responsibilities, did not always prepare accurate reports. However, management's review of the reports did not identify the errors.

We recommend department management improve existing controls to ensure quarterly performance reports are complete and accurate prior to report submission.

MANAGEMENT RESPONSE:

The Oregon Office of Emergency Management concurs with the finding and recommendations as outlined in the letter and above.

The Oregon Office of Emergency Management (OEM) will undertake the following corrective actions to address the recommendations made by the Secretary of State's Audits Division:

- a. *OEM's Finance Manager will review and approve all financial data entered by the Public Assistance Accounting in the quarterly performance report before submission to FEMA.*
 - i. *This process will focus on ensuring that accurate payment data is reported on the quarterly progress reports.*

Anticipated Completion Date: June 30, 2021

2020-035 Oregon Employment Department

The department should ensure identity verifications occur to reduce improper payments

Federal Awarding Agency:	U.S. Department of Labor
Assistance Listing Name and Number:	Unemployment Insurance (17.225)
Federal Award Numbers and Years:	UI-34080-20-55-A-41, 2020; UI-34737-20-55-A-41, 2020
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	\$198,913 (known), \$65,756 (likely)

Criteria: 2 CFR 200.53; 20 CFR 604.1

The Oregon Employment Department (department) is responsible for establishing internal controls to ensure that benefits are only paid to eligible individuals. To ensure that claimants filing for regular unemployment insurance (UI) are not deceased at claim inception, the department verifies their identity through the federal Unemployment Insurance Interstate Connection Network (ICON) system in real-time. This verification compares the claimant's social security number (SSN), name, and date of birth with Social Security Administration records. At the beginning of the pandemic this site experienced processing delays due to increased claim activity that were not resolved until April 2020. At this time the department continued real-time verification of identity for regular UI claims, and staff worked on the backlog of identity verifications from the period where the ICON system was delayed. Their review of the backlog was completed in October 2020.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act established the Pandemic Unemployment Assistance program (PUA), a program focusing on individuals who typically do not qualify for UI benefits. Due to programming constraints, the department did not begin to verify identities of PUA claimants through ICON until December 2020. When the programming was

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updated, all PUA claimants were batch processed for identity verification through ICON. To assist in mitigating PUA claim risks, the department implemented the ID Verification module of the National Association of State Workforce Agency's Integrity Data Hub and began processing PUA and regular claims in July 2020. For those claimants where an issue occurred, benefit weeks had been paid until the department put a stop flag on the claim. The programming provided for daily batch verifications for new claimants, and any issue identified resulted in no claim payments until the issue was resolved.

Due to the significant increase in benefit claims as a result of the onset of the COVID-19 pandemic and implementation of the CARES Act, we partnered with the United States Treasury (UST) to cross-match individuals who had attempted to claim unemployment benefits during the fiscal year with individuals who were reported as deceased in at least one of the five death databases available to the UST. The UST identified 502 unique matches. The UST also analyzed the Oregon data for quality in key information fields (e.g. SSN, name, date of birth etc.), and identified 626 individuals where key information appeared erroneous or incomplete.

We provided the deceased matches and data quality errors to the department for review and determination of improper payments. Based on responses provided by the department, we judgmentally selected claimants to review to determine whether the department's determination and improper payment amounts, if any, appeared reasonable. We reviewed all of the deceased matches where the department identified improper payments and confirmed the following:

- 10 claimants with known improper payments totaling \$93,869, with \$55,655 being funded as part of the PUA and Federal Pandemic Unemployment Compensation (FPUC) programs; and
- 11 claimants with potential improper payments totaling \$44,322, with \$26,400 being funded by the FPUC program.

We also reviewed all of the data quality errors where the department identified improper payments and confirmed the following:

- 30 claimants with known improper payments totaling \$105,044, with \$96,157 being funded by the PUA and FPUC programs; and
- 1 claimant with potential improper payments totaling \$21,434 all funded by the PUA and FPUC programs.

We recommend department management complete the review of claims where identity verification has not been resolved, and establish overpayment recoveries for all known improper payments.

MANAGEMENT RESPONSE:

The Oregon Employment Department agrees with this finding.

Corrective Action: The Department will complete the review of the outstanding potentially improper payments. These investigations will result in either a cleared case or the establishment of overpayment recoveries for any improper payments.

Anticipated Completion Date: June 30, 2021

2020-036 Oregon Commission for the Blind
Implement controls to ensure the accuracy of federal financial reporting

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Name and Number:	Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)
Federal Award Numbers and Years:	H126A180055, 2018; H126A190055, 2019; H126A200055, 2020
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	2017-031
Questioned Costs:	N/A

Criteria: 2 CFR 200.303(a)

Federal regulations require financial reports include all activity of the reporting period and be supported by applicable accounting records. The commission did not have an effective review in place during the year to ensure these reports are accurate and supported by accounting records. As a result, we identified errors on the Federal Financial Report (SF-425) and the Annual Vocational Rehabilitation Program/Cost Report (RSA-2).

Four SF-425 reports were submitted covering federal awards that were active during fiscal year 2020. We tested three reports and identified the following errors:

- The base indirect payroll reported on Line 11d for each of the three reports tested did not include all Pre-Employment Transition Services payroll expenditures. This error also resulted in errors on Lines 11e and 11f as these are based in part on Line 11d.
- The incorrect indirect cost rate was reported on Line 11b.1 for the grant phase 19, quarter ending March 31, 2019 report. This error also resulted in errors on Lines 11e and 11f as these are based in part on Line 11b.

We tested the annual RSA-2 report submitted for 2019 and identified the following errors:

- Amounts reported on Schedule II, Line 1.c and 1.d were incorrectly reported resulting in an overstatement of Line 1.c and understatement of Line 1.d by \$36,398.
- The amount reported on Schedule III, Line 15 was \$50,000 less than the supporting accounting record.
- An amount of \$1,040 was incorrectly reported in Schedule III resulting in an overstatement of Line 21 and understatement of Line 18 by that amount.

Data collected through the SF-425 and RSA-2 reports is used by the federal government to evaluate and monitor the financial and programmatic performance of the Vocational Rehabilitation program. As such, it is important that the data be accurately collected and reported.

We recommend commission management implement an effective review of its federal financial reports prior to filing. This will ensure reports contain accurate information, are supported by accounting records, and follow federal reporting guidelines. We also recommend that the final versions of the erroneous reports be corrected and resubmitted.

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MANAGEMENT RESPONSE:

We agree with the recommendation.

The agency has already implemented separation of duties surrounding the completion and review of the federal financial reports. This includes an independent review of the reports for accuracy and compliance prior to filing. This separation of duties will be documented in writing as an internal control and training will be given to all applicable staff.

The agency will work with the Rehabilitation Services Administration to correct the erroneous final reports by resubmitting corrected versions.

Anticipated Completion Date: August 1, 2021

**2020-037 Oregon Commission for the Blind
Improve documentation of management review of program costs**

Federal Awarding Agency: U.S. Department of Education
Assistance Listing Name and Number: Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)
Federal Award Numbers and Years: H126A180055, 2018; H126A190055, 2019; H126A200055, 2020
Compliance Requirement: 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 200.430, 200.303

Commission management is responsible for maintaining adequate internal controls over the approval of expenditures of federal awards. Proper segregation of responsibilities is a necessary element of effective controls.

During testing of internal controls over allowable costs and allowable activities we found the following:

- We randomly selected a statistical sample of 11 timesheets. One employee timesheet was not signed as approved by management.
- We randomly selected a statistical sample of 10 program expenditure transactions. One transaction, a request for reimbursement of program expenditures, was approved by the same person requesting the reimbursement with no indication of approval by separate staff.

The issues appeared to be caused when established controls for review, approval, and documentation were not followed. Lack of documented approval or segregation of responsibilities could lead to unallowable costs or activities charged to the program or misappropriation of federal funds.

We recommend commission management provide staff with additional training and develop procedures for timesheet and expenditure review and retain electronic copies of any paper documentation to support the review or revision of the timesheets.

MANAGEMENT RESPONSE:

We agree with the recommendation.

While the audit identified only one timesheet and one expense reimbursement without proper approval, we believe that our internal controls should be strengthened.

The agency will enhance internal controls to ensure that all timesheets and expenditures are properly documented and approved. This will include developing written procedures to address timesheet and expenditure reviews and providing training to all staff. The new procedures addressing time sheet review will require that electronic copies of paper documentation be maintained to support the review or revision of timesheets.

Anticipated Completion Date: August 1, 2021

**2020-038 Department of Human Services
Strengthen controls over program expenditures**

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Name and Number:	Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)
Federal Award Numbers and Years:	H126A180054, 2018; H126A190054, 2019; H126A200054, 2020
Compliance Requirement:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 34 CFR 361.50(e)

The state is required to establish policies related to the timely authorization of services. All recorded transactions should be supported by copies of source documents and other supporting information and provide clear evidence that the transaction was properly authorized. We reviewed a statistical sample of 56 client and nonclient program expenditures to ensure they were properly documented and approved and noted the following:

- A contract payment for \$115,587.67 for Youth Transition Program services was approved by contract payment staff. The approval exceeded the individual's \$50,000 signature authority.
- A \$1,500 payment was made for client job placement services. The department provided copies of the vendor invoice, a completed authorization for purchase, and the client individualized plan for employment, which included the service billed. However, none of the documents were signed as approved, and signed copies could not be provided.

Controls at the department were not followed to prevent or detect the errors noted. Unallowable costs or activities could be charged to the program if transactions are not reviewed by staff with appropriate authority, or the review is not documented.

We recommend department management review policies and procedures surrounding documentation and approval of transactions, and provide additional staff training on processes involved, including verification of signature authority during the invoice review process.

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MANAGEMENT RESPONSE:

VR Management agrees with the finding.

Corrective action will include:

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

Anticipated Completion Date: October 2021

**2020-039 Oregon Business Development Department
Document review of the annual performance and evaluation reports**

Federal Awarding Agency:	U.S. Department of Housing and Urban Development
Assistance Listing Name and Number:	Community Development Block Grant (CDBG) (14.228)
Federal Award Numbers and Years:	B-10-DC-41-0001, 2010; B-11-DC-41-0001, 2011; B-12-DC-41-0001, 2012; B-13-DC-41-0001, 2013; B-14-DC-41-0001, 2014; B-15-DC-41-0001, 2015; B-16-DC-41-0001, 2016; B-17-DC-41-0001, 2017; B-18-DC-41-0001, 2018; B-19-DC-41-0001, 2019
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.303(a)

Federal regulations require management to establish and maintain effective internal controls over federal awards and financial reporting to ensure compliance with statutes, regulations, and the terms and conditions of the federal award.

The department does not have documented policies or procedures to ensure the annual Performance and Evaluation Report is reviewed prior to submission and to ensure that evidence of the review is maintained. Department management has not required this review to be formalized or documented. As a result, we were not able to verify whether reports were reviewed prior to being submitted to the federal government. A lack of documented policies and procedures and inadequate review could result in incomplete and inaccurate reports being submitted to the federal government.

As part of our review of compliance with the Reporting requirement, we selected a statistically valid sample of the submitted reports. Of the eleven reports submitted for grant year 2019, we reviewed four and identified immaterial errors and inaccuracies throughout the reports.

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

MANAGEMENT RESPONSE:

We would like to acknowledge our general agreement with the audit finding and recommendation for improvement.

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

Anticipated Completion Date: January 2021

**2020-040 Oregon Department of Fish and Wildlife
Implement Monitoring and Maintenance of Real Property**

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

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

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.

MANAGEMENT RESPONSE:

The Oregon Department of Fish and Wildlife (ODFW) generally agrees with the findings in the report.

The recommendations are actively being addressed by efforts within the Agency, and these efforts will continue until fully implemented. One major effort was the hiring of a Real Property Manager in March of 2019 in order to create a Real Property Program.

The Department plans to enhance the current real estate management policy (est. June 2019) in the area of land management. The resulting supplement to the existing policy will include land management policies with appropriate guidance and processes for inspection, monitoring, and maintenance practices that will be regularly reported to Department leadership.

- *Expanded policy efforts are currently under development in alignment with the audit recommendations provided by Wildlife and Sport Fish Restoration (WSFR) Corrective Action Plan. The target date for implementation of the Department's enhanced land monitoring policy and procedures is August 31, 2021.*

In support of this date, a first draft of the supplemental land management policy is expected to be completed by the middle-to-end of April and will be segmented into the following areas for responsibility:

- *Acquisition and Disposal – Administrative Services Division*
- *Asset Inventory – Administrative Services Division*
- *Reporting and Monitoring – Management Resources Division*
- *Ongoing Maintenance and Inspection – Regional Managers*

Following the finalization of a procurement effort originally launched in 2019, the Department finalized the purchase of an asset management software program and implemented a test version of that software in late February of 2021. The current asset inventory data, including each parcel of land and funding source, will be migrated into the newly acquired software database. The asset management software product from Asset Panda will provide reporting capabilities that will be used to ensure that station supervisors have access to a complete and accurate inventory of all lands they are responsible for. The reports will provide the station supervisors visibility of land parcels acquired with Federal Grants.

- *The Agency is working with the vendor to finalize a complete implementation schedule including data migration, transition, and staff training following a kick-off meeting on March 10, 2021. ODFW anticipates that the software will be implemented and used by the Agency by mid-2021.*
- *The implementation of the asset management system will be pivotal in making progress toward providing station managers with a clear and accurate list of lands associated with their area of responsibility.*

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In 2020, the Department developed an annual facility condition assessment process. This process was piloted for key properties and facilities in 2020 and is planned to be implemented in 2021. The Department plans to expand this assessment process to include land assets in 2021. Annual property and land assessments will evaluate property and land conditions as well as, where applicable, review and evaluation of continued adherence to program requirements for United States Fish and Wildlife (USFW) grant-funded properties.

- The Agency is working to finalize and expand the assessment process to include land assets in 2021. The Agency's goal is to implement processes and conduct assessments for the Agency's facility and land assets by the end of 2021.*

Anticipated Completion Date: December 31, 2021

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
Department of Agriculture					
10.001	Agricultural Research Basic and Applied Research		\$ -	\$ 739	\$ 739
10.025	Plant and Animal Disease, Pest Control, and Animal Care		-	2,680,210	
	Pass Through From: Oregon State University	4575900000000		1,160	
	<i>Total 10.025</i>				2,681,370
10.069	Conservation Reserve Program		71,894	-	71,894
10.093	Voluntary Public Access and Habitat Incentive Program		-	532,078	532,078
10.170	Specialty Crop Block Grant Program - Farm Bill		1,083,991	511,520	1,595,511
10.171	Organic Certification Cost Share Programs		-	206,553	206,553
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds		1,042,000	-	1,042,000
10.290	Agricultural Market and Economic Research		-	479	479
10.534	CACFP Meal Service Training Grants		-	14,460	14,460
10.537	Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants		-	12,700	12,700
10.541	Child Nutrition - Technology Innovation Grant		-	9,810	9,810
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		19,332,064	36,661,025	55,993,089
10.558	COVID-19 - Child and Adult Care Food Program		5,609,327	-	5,609,327
10.558	Child and Adult Care Food Program		23,589,665	605,730	24,195,395
10.560	State Administrative Expenses for Child Nutrition		793,869	4,158,872	4,952,741
10.575	Farm to School Grant Program		50,222	618	50,840
10.576	Senior Farmers Market Nutrition Program		-	952,249	952,249
10.578	WIC Grants to States (WGS)		-	175,448	175,448
10.579	Child Nutrition Discretionary Grants Limited Availability		219,828	103,871	323,699
10.582	Fresh Fruit and Vegetable Program		2,094,823	8,498	2,103,321
10.664	Cooperative Forestry Assistance		143,554	5,017,383	5,160,937
10.674	Wood Utilization Assistance		-	6,701	6,701
10.676	Forest Legacy Program		3,552,879	189,252	3,742,131
10.678	Forest Stewardship Program		-	163,952	163,952
10.680	Forest Health Protection		-	1,321,279	1,321,279
10.691	Good Neighbor Authority		-	1,557,960	1,557,960
10.697	State & Private Forestry Hazardous Fuel Reduction Program		-	168,636	168,636
10.703	Cooperative Fire Protection Agreement		-	43,357	43,357

10.902	Soil and Water Conservation		-	495,534	
	Pass Through From: American Forest Foundation	15212351240		380,280	
	<i>Total 10.902</i>				875,814
10.912	Environmental Quality Incentives Program		223,217	353,610	576,827
10.U01	17GN11060400022		-	39,263	39,263
10.U02	17GN11061600024		-	729	729
10.U03	2014CS11061500006		-	99,191	99,191
10.U04	68 0436 1600 23		-	343,133	343,133
10.U05	WRP66043617015		-	3,027	3,027
SNAP Cluster					
10.551	COVID-19 - Supplemental Nutrition Assistance Program		\$ -	\$ 145,518,603	\$ 145,518,603
10.551	Supplemental Nutrition Assistance Program		-	872,029,854	872,029,854
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
			4,615,896	115,684,325	120,300,221
Total SNAP Cluster			\$ 4,615,896	\$ 1,133,232,782	\$ 1,137,848,678
Child Nutrition Cluster					
10.553	COVID-19 - School Breakfast Program		\$ 4,499,287	\$ -	\$ 4,499,287
10.553	School Breakfast Program		24,436,660	338,629	24,775,289
10.555	COVID-19 - National School Lunch Program		10,034,061	-	10,034,061
10.555	National School Lunch Program		88,464,300	710,277	89,174,577
10.556	COVID-19 - Special Milk Program for Children		2,993	-	2,993
10.556	Special Milk Program for Children		61,191	-	61,191
10.559	COVID-19 - Summer Food Service Program for Children		31,149,800	-	31,149,800
10.559	Summer Food Service Program for Children		4,980,011	191,225	5,171,236
Total Child Nutrition Cluster			\$ 163,628,303	\$ 1,240,131	\$ 164,868,434
Food Distribution Cluster					
10.565	Commodity Supplemental Food Program		\$ 802,836	\$ -	\$ 802,836
10.568	Emergency Food Assistance Program (Administrative Costs)		1,340,429	-	1,340,429
10.569	Emergency Food Assistance Program (Food Commodities)		29,226,029	-	29,226,029
Total Food Distribution Cluster			\$ 31,369,294	\$ -	\$ 31,369,294
Total Department of Agriculture			\$ 257,420,826	\$ 1,191,292,220	\$ 1,448,713,046

The accompanying notes are an integral part of this schedule.

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
Department of Commerce					
11.012	Integrated Ocean Observing System (IOOS) Pass Through From: University of Washington <i>Total 11.012</i>	1916001537	\$ -	\$ - 93,227	\$ - 93,227
11.407	Interjurisdictional Fisheries Act of 1986 Pass Through From: Pacific States Marine Fish Com <i>Total 11.407</i>	936002376	-	57,071 230,763	287,834
11.419	Coastal Zone Management Administration Awards		53,926	1,942,425	1,996,351
11.420	Coastal Zone Management Estuarine Research Reserves		-	734,664	734,664
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program		-	46,857	46,857
11.436	Columbia River Fisheries Development Program		-	6,144,970	6,144,970
11.437	Pacific Fisheries Data Program Pass Through From: Pacific States Marine Fish Com <i>Total 11.437</i>	936002376	-	296,891 926,219	1,223,110
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program		9,840,511	9,969,031	19,809,542
11.439	Marine Mammal Data Program Pass Through From: Pacific States Marine Fish Com <i>Total 11.439</i>	936002376	-	15,024 52,661	67,685
11.441	Regional Fishery Management Councils Pass Through From: North Pacific Fishery Mgmt Con Pass Through From: Pacific Fishery Mgmt Council <i>Total 11.441</i>	920060367 910982918	-	45,135 53,765 127,539	226,440
11.467	Meteorologic and Hydrologic Modernization Development		-	271,109	271,109
11.472	Unallied Science Program		-	41,806	41,806
11.473	Office for Coastal Management		4,925	190,122	195,047
11.478	Center for Sponsored Coastal Ocean Research Coastal Ocean Program		-	89,680	89,680
11.U01	1305M318PNFFS0231		-	2,493	2,493
11.U02	1333MJ19PNRMA0066		-	20,000	20,000

11.U03	19104P		-	3,112		
	Pass Through From: Pacific States Marine Fish Com	936002376		11,435		
	<i>Total 11.U03</i>					14,547
11.U04	19136G		-	6,017		
	Pass Through From: Pacific States Marine Fish Com	936002376		15,235		
	<i>Total 11.U04</i>					21,252
11.U05	1918G		-	3,315		
	Pass Through From: Pacific States Marine Fish Com	936002376		26,019		
	<i>Total 11.U05</i>					29,334
Economic Development Cluster						
11.307	Economic Adjustment Assistance		\$	-	\$	8,828,951
					\$	8,828,951
Total Economic Development Cluster						
			\$	-	\$	8,828,951
					\$	8,828,951
Total Department of Commerce						
			\$	9,899,362	\$	30,245,537
					\$	40,144,899
Department of Defense						
12.106	Flood Control Projects		\$	23,851	\$	136,651
						160,502
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services			-		48,936
						48,936
12.400	Military Construction, National Guard			-		6,934,209
						6,934,209
12.401	National Guard Military Operations and Maintenance (O&M) Projects			-		59,152,418
						59,152,418
12.404	National Guard ChalleNGe Program			-		5,852,801
						5,852,801
12.610	Community Economic Adjustment Assistance for Combatible Use and Joint Land Use Studies			-		15,056
						15,056
12.U01	20106P		-	125,719		
	Pass Through From: Pacific States Marine Fish Com	936002376		324,836		
	<i>Total 12.U01</i>					450,555
12.U02	W911SR1320002		-	3,103		3,103
12.U03	W9127N10200080037		-	(482)		(482)
12.U04	W9127N1320002		-	(880)		(880)
12.U05	W9127N14200090005		-	103,508		103,508
Total Department of Defense						
			\$	23,851	\$	72,695,875
					\$	72,719,726

The accompanying notes are an integral part of this schedule.

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Department of Housing and Urban Development					
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		\$ 20,656,419	\$ 258,607	\$ 20,915,026
14.231	Emergency Solutions Grant Program		1,900,282	145,000	2,045,282
14.239	Home Investment Partnerships Program		1,830,721	5,943,750	7,774,471
14.241	Housing Opportunities for Persons with AIDS		450,164	605,825	1,055,989
14.256	ARRA - Neighborhood Stabilization Program		-	9,670	9,670
14.267	Continuum of Care Program		-	17,820	17,820
14.275	Housing Trust Fund		-	7,223,838	7,223,838
14.326	Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities		-	119,673	119,673
14.400	Equal Opportunity in Housing		-	671	671
14.U01	B08DN410001		62,950	18,995	81,945
Total Department of Housing and Urban Development			\$ 24,900,536	\$ 14,343,849	\$ 39,244,385
Department of the Interior					
15.035	Forestry on Indian Lands		\$ -	\$ 106,505	\$ 106,505
15.214	Non-Sale Disposals of Mineral Material		50,798	-	50,798
15.223	Recreation and Visitor Services		-	227,304	227,304
15.225	Recreation and Visitor Services		-	3,406	3,406
15.228	BLM Wildland Urban Interface Community Fire Assistance		-	44,442	44,442
15.230	Invasive and Noxious Plant Management		-	265,377	265,377
15.231	Fish, Wildlife and Plant Conservation Resource Management		-	881,997	881,997
15.233	Forests and Woodlands Resource Management		-	9,148	9,148
15.234	Secure Rural Schools and Community Self-Determination		-	75,450	
	Pass Through From: Josephine County	1936002300		83,310	
	<i>Total 15.234</i>				158,760
15.245	Plant Conservation and Restoration Management		-	10,798	10,798
15.504	Title XVI Water Reclamation and Reuse		-	84,949	84,949
15.517	Fish and Wildlife Coordination Act		-	16,928	16,928
15.614	Coastal Wetlands Planning, Protection and Restoration		191,590	17,211	208,801
15.615	Cooperative Endangered Species Conservation Fund		211,716	1,647,983	1,859,699
15.616	Clean Vessel Act		228,792	250,392	479,184
15.622	Sportfishing and Boating Safety Act		-	714	714

15.626	Enhanced Hunter Education and Safety	69,139	83,524	152,663
15.630	Coastal Program	-	8,828	8,828
15.634	State Wildlife Grants	-	1,507,501	
	Pass Through From: Center for Natural Lands Management	680233573	31,876	
	<i>Total 15.634</i>			1,539,377
15.655	Migratory Bird Monitoring, Assessment and Conservation	-	7,994	7,994
15.657	Endangered Species Conservation - Recovery Implementation Funds	43,645	495,061	538,706
15.661	Lower Snake River Compensation Plan	-	4,278,095	4,278,095
15.666	Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention	69,811	-	69,811
15.807	Earthquake Hazards Program Assistance	-	4,866	4,866
15.808	U.S. Geological Survey Research and Data Collection	-	37,977	37,977
15.810	National Cooperative Geologic Mapping	-	114,293	114,293
15.814	National Geological and Geophysical Data Preservation	-	42,711	42,711
15.817	National Geospatial Program: Building The National Map	-	80,716	80,716
15.904	Historic Preservation Fund Grants-In-Aid	240,213	753,790	994,003
15.916	Outdoor Recreation Acquisition, Development and Planning	923,704	329,046	1,252,750
15.U01	4012020	-	2,182	2,182
15.U02	140L1219P0037	-	21,600	21,600
15.U03	140L4318P0102	-	97,806	97,806
15.U04	632171909	-	3,698	3,698
15.U05	BANGSIPA	-	73,725	73,725
15.U06	F15AC00767	-	5,402	5,402
15.U07	F17AC00448	-	8,766	8,766
15.U08	F17AC00449	-	(734)	(734)
15.U09	F19AC00282	-	7,753	7,753
15.U10	L09AC16024L14AC00034	-	15,835	15,835
15.U11	R18AP00012	-	165,302	165,302
Fish and Wildlife Cluster				
15.605	Sport Fish Restoration	\$ 31,447	\$ 7,902,225	\$ 7,933,672
15.611	Wildlife Restoration and Basic Hunter Education	-	16,798,290	16,798,290
Total Fish and Wildlife Cluster		\$ 31,447	\$ 24,700,515	\$ 24,731,962
Total Department of the Interior				
		\$ 2,060,855	\$ 36,604,042	\$ 38,664,897

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, 2020

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 Justice					
16.017	Sexual Assault Services Formula Program		\$ 289,302	\$ 15,596	\$ 304,898
16.320	Services for Trafficking Victims		-	2,145	2,145
16.321	Antiterrorism Emergency Reserve		17,808	-	17,808
16.540	Juvenile Justice and Delinquency Prevention		140,306	35,474	175,780
16.543	Missing Children's Assistance		-	510,243	510,243
16.550	State Justice Statistics Program for Statistical Analysis Centers		-	360,982	360,982
16.554	National Criminal History Improvement Program (NCHIP)		163,252	29,720	192,972
16.575	Crime Victim Assistance		24,226,838	1,142,450	25,369,288
16.576	Crime Victim Compensation		-	1,528,878	1,528,878
16.582	Crime Victim Assistance/Discretionary Grants		<i>135,696</i>	<i>10,209</i>	
	Pass Through From: National Association of VOCA Assistance Administrators	00000000		<u>3,023</u>	
	<i>Total 16.582</i>				148,928
16.585	Drug Court Discretionary Grant Program		-	-	
	Pass Through From: Harney County	1023		<u>22,824</u>	
	<i>Total 16.585</i>				22,824
16.588	Violence Against Women Formula Grants		1,545,441	271,599	1,817,040
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		-	-	
	Pass Through From: Clackamas Women's Services	1045		<u>77,550</u>	
	<i>Total 16.590</i>				77,550
16.593	Residential Substance Abuse Treatment for State Prisoners		-	10,339	10,339
16.595	Community Capacity Development Office		-	134,937	134,937
16.606	State Criminal Alien Assistance Program		-	2,215,055	2,215,055
16.738	Edward Byrne Memorial Justice Assistance Grant Program		<i>548,661</i>	<i>745,552</i>	
	Pass Through From: Crook County	1015		<i>297</i>	
	Pass Through From: Wallowa County	1048		<u><i>901</i></u>	
	<i>Total 16.738</i>				1,295,411
16.741	DNA Backlog Reduction Program		-	781,756	781,756
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		-	247,110	247,110

16.750	Support for Adam Walsh Act Implementation Grant Program	-	122,901	122,901
16.813	NICS Act Record Improvement Program	-	627,470	627,470
16.816	John R. Justice Prosecutors and Defenders Incentive Act	-	1,330	1,330
16.827	Justice Reinvestment Initiative	127,776	125,845	253,621
16.922	Equitable Sharing Program	-	70	70
16.U01	2018IGBX0005	196,817	-	196,817
Total Department of Justice		\$ 27,391,897	\$ 9,024,256	\$ 36,416,153
Department of Labor				
17.002	Labor Force Statistics	\$ -	\$ 1,273,257	\$ 1,273,257
17.005	Compensation and Working Conditions	-	161,867	161,867
17.225	ARRA - Unemployment Insurance	-	(310,471)	(310,471)
17.225	COVID-19 - Unemployment Insurance	-	3,194,815,719	3,194,815,719
17.225	Unemployment Insurance	-	1,541,294,550	1,541,294,550
17.235	Senior Community Service Employment Program	1,097,922	24,390	1,122,312
17.245	Trade Adjustment Assistance	-	11,191,848	11,191,848
17.268	H-1B Job Training Grants	406,471	176,381	582,852
17.271	Work Opportunity Tax Credit Program (WOTC)	-	254,050	254,050
17.273	Temporary Labor Certification for Foreign Workers	-	321,445	321,445
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	(70,104)	76,414	6,310
17.285	Apprenticeship USA Grants	455,343	279,859	735,202
17.503	Occupational Safety and Health State Program	-	5,993,274	5,993,274
Employment Service Cluster				
17.207	Employment Service/Wagner-Peyser Funded Activities	\$ -	\$ 11,606,492	\$ 11,606,492
17.801	Disabled Veterans' Outreach Program (DVOP)	-	2,838,850	2,838,850
Total Employment Service Cluster		\$ -	\$ 14,445,342	\$ 14,445,342
WIOA				
17.258	WIOA Adult Program	\$ 7,364,030	\$ 775,599	\$ 8,139,629
17.259	WIOA Youth Activities	7,923,734	213,456	8,137,190
17.278	WIOA Dislocated Worker Formula Grants	10,536,428	1,201,196	11,737,624
Total WIOA Cluster		\$ 25,824,192	\$ 2,190,251	\$ 28,014,443
Total Department of Labor		\$ 27,713,824	\$ 4,772,188,176	\$ 4,799,902,000
Department of Transportation				
20.106	Airport Improvement Program	\$ -	\$ 2,665,261	\$ 2,665,261
20.200	Highway Research and Development Program	67,852	88,025	155,877

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State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

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
20.301	Railroad Safety		-	10,393	10,393
20.319	ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants		94,067	173,953	268,020
20.321	Railroad Safety Technology Grants		-	122,161	122,161
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research		65,742	81,081	146,823
20.509	Formula Grants for Rural Areas and Tribal Transit Program		15,065,910	150,675	15,216,585
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program		-	137,716	137,716
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		405,278	1,024,557	1,429,835
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements		-	32,460	32,460
20.700	Pipeline Safety Program State Base Grant		-	546,690	546,690
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		160,191	47,474	207,665
20.725	PHMSA Pipeline Safety Underground Natural Gas Storage		-	2,693	2,693
Highway Planning and Construction Cluster					
20.205	Highway Planning and Construction Pass Through From: Oregon State University <i>Total 20.205</i>	1611730890	\$ 42,236,533	\$ 446,808,711 <i>(15,308)</i>	\$ 489,029,936
20.219	Recreational Trails Program		2,137,410	132,000	2,269,410
20.224	Federal Lands Access Program		165,834	261,703	427,537
Total Highway Planning and Construction Cluster			\$ 44,539,777	\$ 447,187,106	\$ 491,726,883
Federal Transit Cluster					
20.526	Bus and Bus Facilities Formula Program		\$ 3,306,744	\$ -	\$ 3,306,744
Total Federal Transit Cluster			\$ 3,306,744	\$ -	\$ 3,306,744
Highway Safety Cluster					
20.600	State and Community Highway Safety		\$ 864,826	\$ 981,807	\$ 1,846,633
20.611	Incentive Grant Program to Prohibit Racial Profiling		538,194	552,968	1,091,162
20.616	National Priority Safety Programs		1,463,518	2,396,070	3,859,588
Total Highway Safety Cluster			\$ 2,866,538	\$ 3,930,845	\$ 6,797,383

Transit Services Programs Cluster

20.513	Enhanced Mobility of Seniors and Individuals with Disabilities	\$	15,261,387	\$	804,027	\$	16,065,414
Total Transit Services Programs Cluster		\$	15,261,387	\$	804,027	\$	16,065,414

Total Department of Transportation

\$	81,833,486	\$	457,005,117	\$	538,838,603
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Department of the Treasury

21.016	Equitable Sharing	\$	-	\$	30,917	\$	30,917
21.019	COVID-19 - Coronavirus Relief Fund		26,686,776		101,386,518		128,073,294
21.U01	ASSET FORFEITURE		-		66		66

Total Department of the Treasury

\$	26,686,776	\$	101,417,501	\$	128,104,277
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Equal Employment Opportunity Commission

30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964	\$	-	\$	444,071	\$	444,071
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Total Equal Employment Opportunity Commission

\$	-	\$	444,071	\$	444,071
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General Services Administration

39.002	Disposal of Federal Surplus Real Property	\$	48,819	\$	-	\$	48,819
39.003	Donation of Federal Surplus Personal Property		534,225		193,402		727,627

Total General Services Administration

\$	583,044	\$	193,402	\$	776,446
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National Endowment for the Arts

45.025	COVID-19 - Promotion of the Arts Partnership Agreements	\$	243,040	\$	-	\$	243,040
45.025	Promotion of the Arts Partnership Agreements		686,453		21,018		707,471

Total National Endowment for the Arts

\$	929,493	\$	21,018	\$	950,511
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Institute Of Museum and Library Services

45.310	Grants to States	\$	721,475	\$	1,399,910	\$	2,121,385
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Total Institute Of Museum and Library Services

\$	721,475	\$	1,399,910	\$	2,121,385
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Small Business Administration

59.061	State Trade Expansion	\$	442,385	\$	21,929	\$	464,314
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Total Small Business Administration

\$	442,385	\$	21,929	\$	464,314
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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, 2020

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 Veterans Affairs					
64.015	Veterans State Nursing Home Care		\$ -	\$ 24,332,226	\$ 24,332,226
64.035	Veterans Transportation Program		443,206	49,287	492,493
Total Department of Veterans Affairs			\$ 443,206	\$ 24,381,513	\$ 24,824,719
Environmental Protection Agency					
66.032	State Indoor Radon Grants		\$ -	\$ 22,649	\$ 22,649
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		174,952	254,164	429,116
66.040	State Clean Diesel Grant Program		328,168	25,579	353,747
66.432	State Public Water System Supervision		-	1,214,805	1,214,805
66.454	Water Quality Management Planning		-	181,000	181,000
66.460	Nonpoint Source Implementation Grants		174,856	-	174,856
66.461	Regional Wetland Program Development Grants		-	2,366	2,366
66.472	Beach Monitoring and Notification Program Implementation Grants		-	187,973	187,973
66.605	Performance Partnership Grants		-	10,290,570	10,290,570
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		159,500	184,902	344,402
66.700	Consolidated Pesticide Enforcement Cooperative Agreements		-	510,057	510,057
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		-	58,230	58,230
66.708	Pollution Prevention Grants Program		67,418	19,824	87,242
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative		-	411,033	411,033
66.804	Underground Storage Tank Prevention, Detection and Compliance Program		-	374,430	374,430
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program		-	1,054,000	1,054,000
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements		-	123,231	123,231
66.817	State and Tribal Response Program Grants		-	932,238	932,238
66.818	Brownfields Assessment and Cleanup Cooperative Agreements		-	16,962	16,962
Clean Water State Revolving Fund Cluster					
66.458	Capitalization Grants for Clean Water State Revolving Funds		\$ 24,750,898	\$ -	\$ 24,750,898
Total Clean Water State Revolving Fund Cluster			\$ 24,750,898	\$ -	\$ 24,750,898

Drinking Water State Revolving Fund Cluster

66.468	Capitalization Grants for Drinking Water State Revolving Funds	\$	12,213,428	\$	4,132,138	\$	16,345,566
Total Drinking Water State Revolving Fund Cluster		\$	12,213,428	\$	4,132,138	\$	16,345,566

Total Environmental Protection Agency

\$	37,869,220	\$	19,996,151	\$	57,865,371
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Department of Energy

81.041	State Energy Program	\$	-	\$	644,195	\$	644,195
81.042	Weatherization Assistance for Low-Income Persons		2,519,393		366,117		2,885,510
81.087	Renewable Energy Research and Development		-		-		
	Pass Through From: Clean Energy Alliance	102	44,058				44,058
	<i>Total 81.087</i>						
81.104	Environmental Remediation and Waste Processing and Disposal		-		(185)		(185)
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions		-		-		
	Pass Through From: Western Governor's Alliance	45			77,541		77,541
	<i>Total 81.106</i>						
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance		6,202		98,864		
	Pass Through From: Washington State University	103			2,317		
	Pass Through From: WA State Dept of Commerce	6000			27,210		
	<i>Total 81.117</i>						134,592
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis		11,200		922,996		934,196
81.U01	77347		673,358		51,678		725,036
81.U02	83358		879,670		145,344		1,025,014
81.U03	20112G		-		63,322		
	Pass Through From: Pacific States Marine Fish Com	936002376			195,551		258,873
	<i>Total 81.U03</i>						
81.U04	20117G		-		82,118		
	Pass Through From: Pacific States Marine Fish Com	936002376			274,586		356,704
	<i>Total 81.U04</i>						

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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
81.U05	20130G		-	211,188	
	Pass Through From: Pacific States Marine Fish Com	936002376		550,893	
	<i>Total 81.U05</i>				762,081
81.U06	2021G		-	116,169	
	Pass Through From: Pacific States Marine Fish Com	936002376		363,353	
	<i>Total 81.U06</i>				479,522
81.U07	2076G		-	9,336	
	Pass Through From: Pacific States Marine Fish Com	936002376		31,119	
	<i>Total 81.U07</i>				40,455
81.U08	2091G		-	27,932	
	Pass Through From: Pacific States Marine Fish Com	936002376		83,733	
	<i>Total 81.U08</i>				111,665
81.U09	2095G		-	7,416	
	Pass Through From: Pacific States Marine Fish Com	936002376		24,559	
	<i>Total 81.U09</i>				31,975
81.U10	402 00		-	(1,745)	(1,745)
81.U11	4020002020		-	10,309	
	Pass Through From: Confed Tribes Umatilla Indian	930624734		13,489	
	<i>Total 81.U11</i>				23,798
81.U12	70589		(1,752)	-	(1,752)
81.U13	74313REL22		-	(2,289)	(2,289)
81.U14	74313REL30		-	1,058	1,058
81.U15	74313REL45		-	61,015	61,015
81.U16	74313REL46		-	173,784	173,784
81.U17	74313REL47		-	270,174	270,174
81.U18	74313REL52		-	72,286	72,286
81.U19	74313REL56		-	84,761	84,761
81.U20	74313REL57		-	430,728	430,728
81.U21	74313REL58		-	62,193	62,193

81.U22	74313REL59	-	1,051,084	1,051,084
81.U23	74313REL60	336,171	1,281,180	1,617,351
81.U24	74313REL61	-	956,183	956,183
81.U25	74313REL62	-	171,674	171,674
81.U26	74313REL63	-	160,620	160,620
81.U27	74313REL64	-	149,774	149,774
81.U28	74313REL65	-	543,913	543,913
81.U29	74313REL66	-	488,659	488,659
81.U30	74313REL67	-	1,291,140	1,291,140
81.U31	74313REL68	-	1,139,767	1,139,767
81.U32	74313REL70	-	468,544	468,544
81.U33	74313REL71	-	55,673	55,673
81.U34	74313REL72	-	1,173,922	1,173,922
81.U35	74313REL73	-	515,172	515,172
81.U36	74313REL74	-	1,177,796	1,177,796
81.U37	74313REL75	98,436	425,882	524,318
81.U38	74313REL76	-	140,275	140,275
81.U39	74313REL77	-	972,616	972,616
81.U40	75382	-	(439)	(439)
81.U41	T1902300	-	4,338	
	Pass Through From: Confed Tribes Warm Springs Ind	390383362	15,369	
	Total 81.U41			19,707

Total Department of Energy

\$	4,566,738	\$	17,736,254	\$	22,302,992
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Department of Education

84.002	Adult Education - Basic Grants to States	\$	5,392,428	\$	789,723	\$	6,182,151
84.010	Title I Grants to Local Educational Agencies		139,976,053		2,506,363		142,482,416
84.011	Migrant Education State Grant Program		19,655,863		1,822,890		21,478,753
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth		1,241,767		-		1,241,767
84.048	Career and Technical Education -- Basic Grants to States		11,512,305		1,806,286		13,318,591
84.051	Career and Technical Education -- National Programs		59,208		5,393		64,601
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States		752,868		63,514,444		64,267,312
84.144	Migrant Education Coordination Program		-		24,631		24,631
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind		-		385,071		385,071
84.181	Special Education-Grants for Infants and Families		4,362,692		197,214		4,559,906

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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
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)		-	610,555	610,555
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities		-	257,252	257,252
84.196	Education for Homeless Children and Youth		495,065	159,370	654,435
84.282	Charter Schools		2,636,372	16,197	2,652,569
84.287	Twenty-First Century Community Learning Centers		11,278,073	394,127	11,672,200
84.323	Special Education - State Personnel Development		780,459	181,009	961,468
84.358	Rural Education		834,632	49,430	884,062
84.365	English Language Acquisition State Grants		5,649,918	7,116	5,657,034
84.367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)		21,208,700	531,663	21,740,363
84.368	Competitive Grants for State Assessments (formerly Grants for Enhanced Assessment Instruments)		-	-	
	Pass Through From: North Carolina Dept of Ed	3000	(12,853)		
	<i>Total 84.368</i>				(12,853)
84.369	Grants for State Assessments and Related Activities		-	5,106,772	5,106,772
84.377	School Improvement Grants		2,659,026	145,887	2,804,913
84.424	Student Support and Academic Enrichment Program		9,692,958	373,903	10,066,861
84.425D	COVID-19 - Education Stabilization Fund		349,832	-	349,832
84.U01	77213		-	6,395	6,395
84.U02	83621		-	20,849	20,849
84.U03	91990020C0021		-	25,099	25,099
84.U04	EDIES14C0097		-	156,538	156,538
Special Education Cluster (IDEA)					
84.027	Special Education Grants to States		\$ 117,193,472	\$ 6,444,997	\$ 123,638,469
84.173	Special Education Preschool Grants		3,476,078	277,945	3,754,023
Total Special Education Cluster (IDEA)			\$ 120,669,550	\$ 6,722,942	\$ 127,392,492
Total Department of Education			\$ 359,194,916	\$ 85,817,119	\$ 445,012,035

Elections Assistance Commission

90.401	Help America Vote Act Requirements Payments	\$	-	\$	1,619,174	\$	1,619,174
90.404	2018 HAVA Election Security Grants		71,930		356,103		428,033
Total Elections Assistance Commission		\$	71,930	\$	1,975,277	\$	2,047,207

Department of Health and Human Services

93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	\$	45,729	\$	-	\$	45,729
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		-		274,353		274,353
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		469,368		-		469,368
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		169,354		556,214		725,568
93.051	Alzheimer's Disease Demonstration Grants to States		215,072		75,370		290,442
93.052	COVID-19 - National Family Caregiver Support, Title III, Part E		337,478		-		337,478
93.052	National Family Caregiver Support, Title III, Part E		2,253,810		45,584		2,299,394
93.066	State Vital Statistics Improvement Program		-		406,390		406,390
93.069	Public Health Emergency Preparedness		3,811,252		2,855,428		6,666,680
93.070	Environmental Public Health and Emergency Response		42,685		1,475,667		
	Pass Through From: Benton County	40000000025			5		
	<i>Total 93.070</i>						1,518,357
93.071	Medicare Enrollment Assistance Program		274,755		12,644		287,399
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance		(11,666)		215,993		
	Pass Through From: Oregon Health & Sciences University	20000000011			15,945		
	<i>Total 93.073</i>						220,272
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance		-		9,564		
	Pass Through From: Multnomah County	40000000010			27,685		
	<i>Total 93.079</i>						37,249
93.082	Sodium Reduction in Communities		-		438,636		438,636
93.090	COVID-19 - Guardianship Assistance		-		212,898		212,898
93.090	Guardianship Assistance		-		8,985,174		8,985,174
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		12,999		334,446		347,445
93.103	Food and Drug Administration Research		(850)		1,054,055		1,053,205
93.110	Maternal and Child Health Federal Consolidated Programs		-		108,850		108,850

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, 2020

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
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		-	630,107	630,107
93.127	Emergency Medical Services for Children		-	122,832	122,832
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		-	196,775	196,775
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention		-	3	3
93.136	Injury Prevention and Control Research and State and Community Based Programs		1,182,037	3,399,602	
	Pass Through From: Oregon Health & Science University	237083114		130,413	
	<i>Total 93.136</i>				4,712,052
93.150	Projects for Assistance in Transition from Homelessness (PATH)		605,855	11,310	617,165
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		7,142	473,816	480,958
93.217	Family Planning Services		248,540	42,848	291,388
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program		-	487,914	487,914
93.236	Grants to States to Support Oral Health Workforce Activities		-	297,057	297,057
93.240	State Capacity Building		-	408,505	408,505
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance		5,883,254	1,882,097	
	Pass Through From: Benton County	1025		22,338	
	<i>Total 93.243</i>				7,787,689
93.251	Universal Newborn Hearing Screening		49,462	220,370	269,832
93.262	Occupational Safety and Health Program		287,122	208,592	495,714
93.268	Immunization Cooperative Agreements		221,664	47,764,791	47,986,455
93.270	Viral Hepatitis Prevention and Control		144,154	313,318	457,472
93.275	Substance Abuse and Mental Health Services-Access to Recovery		-	(48)	(48)
93.279	Drug Abuse and Addiction Research Programs		-	-	
	Pass Through From: Oregon Health Sciences University	20000000011		26,221	
	<i>Total 93.279</i>				26,221

93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance		31,334	269,184	
	Pass Through From: Natl Assoc Chronic Dis Direct	40000000015		17,509	
	<i>Total 93.283</i>				318,027
93.305	PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)		-	1,048,318	1,048,318
93.317	COVID-19 - Emerging Infections Programs		-	31,863	31,863
93.317	Emerging Infections Programs		619,612	3,429,047	4,048,659
93.323	COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		-	5,232	5,232
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		321,369	3,116,340	3,437,709
93.324	State Health Insurance Assistance Program		147,999	242,287	390,286
93.336	Behavioral Risk Factor Surveillance System		-	348,127	348,127
93.354	COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		2,929,231	1,578,614	4,507,845
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		401,269	1,189,946	1,591,215
93.369	ACL Independent Living State Grants		-	592,754	592,754
93.378	Integrated Care for Kids Model		742,463	15,613	758,076
93.380	Public Health Cancer Genomics Program		-	241,664	241,664
93.413	The State Flexibility to Stabilize the Market Grant Program		-	225,094	225,094
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health		-	-	
	Pass Through From: Natl Assoc Chronic Dis Direct	40000000015	1,561	339,702	
	<i>Total 93.421</i>				341,263
93.423	State Innovation Waivers		-	96,327,339	96,327,339
93.424	NON-ACA/PPHF---Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations		-	-	
	Pass Through From: Cncl of St & Terr Eped (CSTE)	40000000027		23,265	
	<i>Total 93.424</i>				23,265
93.426	Improving the Health of Americans through Prevention and Management of		103,427	2,092,204	2,195,631
93.434	Every Student Succeeds Act/Preschool Development Grants		1,681,351	1,437,035	3,118,386
93.464	ACL Assistive Technology		527,099	-	527,099
93.500	Pregnancy Assistance Fund Program		496,142	251,091	747,233
93.506	ACA Nationwide Program for National and State Background Checks for Direct		-	1,266,508	1,266,508
93.517	Affordable Care Act – Aging and Disability Resource Center		-	498	498

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, 2020

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
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds		-	(91,104)	(91,104)
93.556	Promoting Safe and Stable Families		1,470,303	2,164,770	3,635,073
93.558	Temporary Assistance for Needy Families		1,864,042	154,119,154	155,983,196
93.563	Child Support Enforcement		10,762,948	51,667,835	62,430,783
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs		-	2,008,143	2,008,143
93.568	COVID-19 - Low-Income Home Energy Assistance		266,694	-	266,694
93.568	Low-Income Home Energy Assistance		31,099,898	2,057,853	33,157,751
93.569	COVID-19 - Community Services Block Grant		291,283	-	291,283
93.569	Community Services Block Grant		5,517,810	406,961	5,924,771
93.579	U.S. Repatriation		-	339	339
93.584	Refugee and Entrant Assistance Targeted Assistance Grants		-	(834)	(834)
93.586	State Court Improvement Program		-	528,058	528,058
93.590	Community-Based Child Abuse Prevention Grants		-	138,792	138,792
93.597	Grants to States for Access and Visitation Programs		82,765	18,773	101,538
93.599	Chafee Education and Training Vouchers Program (ETV)		-	575,404	575,404
93.600	Head Start		-	58,751	58,751
93.603	Adoption and Legal Guardianship Incentive Payments		-	673,977	673,977
93.630	Developmental Disabilities Basic Support and Advocacy Grants		-	820,468	820,468
93.643	Children's Justice Grants to States		-	30,356	30,356
93.645	Stephanie Tubbs Jones Child Welfare Services Program		-	3,436,184	3,436,184
93.652	Adoption Opportunities		-	541	541
93.658	COVID-19 - Foster Care Title IV-E		-	1,416,140	1,416,140
93.658	Foster Care Title IV-E		3,103,839	109,624,242	112,728,081
93.659	COVID-19 - Adoption Assistance		-	2,007,020	2,007,020
93.659	Adoption Assistance		-	42,980,714	42,980,714
93.667	Social Services Block Grant		3,880,181	19,053,001	22,933,182
93.669	Child Abuse and Neglect State Grants		-	(140,946)	(140,946)
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		1,528,768	2,501	1,531,269
93.674	John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood		-	2,119,313	2,119,313
93.733	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)		35,280	129,233	164,513

93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	-	156,085	156,085
93.738	PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	-	-	
	Pass Through From: Multnomah County	40000000010	81,423	
	<i>Total 93.738</i>			81,423
93.747	Elder Abuse Prevention Interventions Program	-		
	Pass Through From: ABA	1044	7,134	
	<i>Total 93.747</i>			7,134
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	-	(12,821)	(12,821)
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	76,055	279,353	355,408
93.767	ARRA - Children's Health Insurance Program	-	(6)	(6)
93.767	COVID-19 - Children's Health Insurance Program	-	4,816,943	4,816,943
93.767	Children's Health Insurance Program	-	292,092,255	292,092,255
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	54,888	-	54,888
93.788	Opioid STR	14,807,664	1,111,233	15,918,897
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX)	-	3,166,884	3,166,884
93.800	Organized Approaches to Increase Colorectal Cancer Screening	117,705	684,564	802,269
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	264,973	34,232	299,205
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens	-	195,394	195,394
93.881	The Health Insurance Enforcement and Consumer Protections Grant Program	-	420,005	420,005
93.889	National Bioterrorism Hospital Preparedness Program	887,015	1,684,074	2,571,089
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	-	3,361,887	3,361,887
93.917	COVID-19 - HIV Care Formula Grants	6,882	-	6,882
93.917	HIV Care Formula Grants	-	4,117,353	4,117,353
93.940	HIV Prevention Activities Health Department Based	1,136,668	1,592,104	2,728,772
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus	557,407	533,314	1,090,721
93.945	Assistance Programs for Chronic Disease Prevention and Control	-	359,158	359,158
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	-	119,662	119,662
93.958	Block Grants for Community Mental Health Services	11,948,219	1,999,092	13,947,311

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, 2020

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
93.959	Block Grants for Prevention and Treatment of Substance Abuse		19,625,371	836,941	
	Pass Through From: Eagle Technologies, Inc	40000000024		11,314	
	<i>Total 93.959</i>				20,473,626
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		-	943,915	943,915
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools		38,277	259,677	297,954
93.991	Preventive Health and Health Services Block Grant		86,156	587,480	673,636
93.994	Maternal and Child Health Services Block Grant to the States		3,321,495	1,453,524	4,775,019
Aging Cluster					
93.044	COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		\$ 1,415,454	\$ -	\$ 1,415,454
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		5,202,793	163,948	5,366,741
93.045	COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services		4,302,581	-	4,302,581
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services		8,863,462	157,931	9,021,393
93.053	Nutrition Services Incentive Program		1,752,265	995	1,753,260
Total Aging Cluster			\$ 21,536,555	\$ 322,874	\$ 21,859,429
CCDF Cluster					
93.575	COVID-19 - Child Care and Development Block Grant		\$ -	\$ 5,660,156	\$ 5,660,156
93.575	Child Care and Development Block Grant		7,316,654	50,119,612	57,436,266
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		4,524,024	27,629,651	32,153,675
Total CCDF Cluster			\$ 11,840,678	\$ 83,409,419	\$ 95,250,097
Medicaid Cluster					
93.775	State Medicaid Fraud Control Units		\$ -	\$ 1,969,860	\$ 1,969,860
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		-	5,321,576	5,321,576
93.778	ARRA - Medical Assistance Program		-	15,066,152	15,066,152
93.778	COVID-19 - Medical Assistance Program		-	190,247,499	190,247,499
93.778	Medical Assistance Program		-	8,163,744,767	8,163,744,767
Total Medicaid Cluster			\$ -	\$ 8,376,349,854	\$ 8,376,349,854

Maternal, Infant, and Early Childhood Home Visiting Cluster

93.870	Maternal, Infant, and Early Childhood Home Visiting Grant Program		\$	5,722,254	\$	2,220,204	\$	
	Pass Through From: State of WA Dept of Early Living	40000000026				43,914		
	<i>Total 93.870</i>							7,986,372

Total Maternal, Infant, and Early Childhood Home Visiting Cluster

\$	5,722,254	\$	2,264,118	\$	7,986,372
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Total Department of Health and Human Services

\$	176,184,146	\$	9,366,880,073	\$	9,543,061,219
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Corporation For National and Community Service

94.003	State Commissions		\$	(4,688)	\$	209,040	\$	204,352
94.006	AmeriCorps			2,775,154		-		2,775,154
94.009	Training and Technical Assistance			3,863		32,142		36,005
94.013	Volunteers in Service to America			-		-		
	Pass Through From: Corp for Ntl & Comm Service	10000000007				79,030		
	<i>Total 94.013</i>							79,030

Total Corporation For National and Community Service

\$	2,774,329	\$	320,212	\$	3,094,541
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Office of National Drug Control Policy Reauthorization Act of 2006

95.001	High Intensity Drug Trafficking Areas Program		\$	-	\$	3,580,136	\$	3,580,136
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Total Office of National Drug Control Policy Reauthorization Act of 2006

\$	-	\$	3,580,136	\$	3,580,136
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Social Security Administration

96.008	Social Security - Work Incentives Planning and Assistance Program		\$	-	\$	66,391	\$	66,391
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Disability Insurance/SSI Cluster

96.001	Social Security Disability Insurance		\$	-	\$	25,842,825	\$	25,842,825
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Total Disability Insurance/SSI Cluster

\$	-	\$	25,842,825	\$	25,842,825
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Total Social Security Administration

\$	-	\$	25,909,216	\$	25,909,216
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Department of Homeland Security

97.008	Non-Profit Security Program		\$	320,747	\$	-	\$	320,747
97.012	Boating Safety Financial Assistance			1,406,488		79,252		1,485,740
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)			-		362,167		362,167
97.029	Flood Mitigation Assistance			142,591		370,517		513,108

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, 2020

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		27,451,643	56,838,630	84,290,273
97.039	Hazard Mitigation Grant		699,228	57,906	757,134
97.041	National Dam Safety Program		-	159,159	159,159
97.042	Emergency Management Performance Grants		4,582,302	625,441	5,207,743
97.044	Assistance to Firefighters Grant		-	306,641	306,641
97.045	Cooperating Technical Partners		5,777	316,167	321,944
97.046	Fire Management Assistance Grant		-	7,834,381	7,834,381
97.047	Pre-Disaster Mitigation		75,612	353,504	429,116
97.067	Homeland Security Grant Program		5,596,009	1,290,368	6,886,377
97.082	Earthquake Consortium		-	6,106	6,106
Total Department of Homeland Security			\$ 40,280,397	\$ 68,600,239	\$ 108,880,636
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,081,992,692	\$ 16,302,093,093	\$ 17,384,082,785

**Notes to the Schedule of
Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020**

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. For the year ended June 30, 2020, the 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 the component units. Readers may obtain complete financial statements for SAIF, UO, OSU, PSU, OHSU, WOU, SOU, EOU, OIT, the State Fair Council, and OAHAC from their respective administrative offices or from the Oregon Department of Administrative Services, Chief Financial Office, 155 Cottage Street NE, Salem, Oregon 97301-3969.

Note 2. DeMinimis Cost Rate

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

Note 3. Programs Involving Non-Cash Assistance

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

Assistance Listing #	Title	Type of Assistance	Value
10.555	National School Lunch Program	Food Commodities	\$16,978,900
10.559	Summer Food Service Program for Children	Food Commodities	28,000
10.565	Commodity Supplemental Food Program	Food Commodities	582,923
10.569	Emergency Food Assistance Program (Food Commodities)	Food Commodities	29,226,029
39.003	Donation of Federal Surplus Personal Property	Surplus Property	727,627
93.268	Immunization Cooperative Agreements	Vaccines	42,677,857
	Total		<u>\$90,221,336</u>

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

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 CFDA 17.225 (Unemployment Insurance Program). Of the \$4,735,799,799.63 reported as expenditures for the Unemployment Insurance program, \$1,451,880,286.12 represented expenditures of State funds held in the Unemployment Trust Fund.

Note 5. Revolving Loan Fund (RLF) Grant (CFDA 11.307)

The Expenditures for the Revolving Loan Fund (RLF) Grant (CFDA 11.307) made during the year ended June 30, 2020, are calculated as follows:

1) Balance of RLF loans outstanding at the end of the fiscal year	\$7,562,361
2) Cash and investment balance in the RLF at the end of fiscal year	4,207,398
3) Administrative expenses paid out of RLF income during the recipient's fiscal year	2,176
4) The unpaid principal of all loans written off during the fiscal year	<u>0</u>
Total	\$11,771,935
5) The Federal Share of RLF (2,000,000/2,667,000)	<u>75%</u>
6) Federal Awards Expended during the fiscal year	<u><u>\$8,828,951</u></u>

Note 6. Fair Market Value of Personal Protective Equipment (unaudited)

The fair market value of donated personal protective equipment received during the year ended June 30, 2020 is \$11,306,222.61.

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, 2019. It also includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2018 that were uncorrected at June 30, 2019.

- Finding 2019-001: **Department of Human Services/Oregon Health Authority**
 Ensure Accrual Methodologies are Complete
 Material Weakness
- Recommendation: Department management ensure year-end accrual methodologies are complete and include consideration of all relevant expenditures.
- Status: Partial corrective action taken. The agency response is as follows:

 OFS will continue to develop further quality control reviews on transactions to reduce accrual errors.
- Finding 2019-002: **Department of Administrative Services**
 Ensure a Complete Review of SFMA D23 Fund Profiles
 Significant Deficiency
- Recommendation: Department management ensure all established internal control policies are followed when setting up and maintaining D23 fund profiles to ensure accounting transactions within agency funds are accurately and properly recorded.
- Status: Corrective action taken.
- Finding 2019-003: **Department of Administrative Services**
 Ensure Change Management Controls over Data Testing and Validation are in Place for Future Implementations to Workday
 Significant Deficiency
- Recommendation: Department management ensure all data validation testing recommended by generally accepted information system standards is performed for future changes to Workday and testing plans and results are documented and retained.
- Status: Corrective action taken.

State of Oregon
Schedule of Prior Year Findings

Finding 2019-004: **Department of Administrative Services**
Strengthen Controls over Dual Access to Workday and OSPA
Significant Deficiency

Recommendation: Department management develop and implement a process to review access to Workday and OSPA to ensure ongoing segregation of duties between Workday and OSPA. Finally, we recommend management review changes made by the four employees with dual update access to ensure no unauthorized changes were made during the time they had update access to both systems.

Status: Corrective action taken.

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

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

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

As of March 24, 2020, DAS developed and implemented a process to ensure the self-assignment of roles are monitored daily and addressed immediately:

- A report of the self-assignment of roles runs daily regardless of results or no results.
- The Workday Security Administrator monitors the daily self-assignment report, and notifies the CHRO Information System Manager of any self-assignment of roles and the actions that were taken in the self-assigned role.
- The CHRO Information System Manager communicates any self-assignment of roles with the agency HR Director, along with a reminder of the security agreement requirements that are acknowledged by every Security Partner.
- Documentation of the communication from the CHRO Information System Manager to the agency HR Directors and the agency communication regarding the action and resolution of the action is maintained centrally by the Workday Security Administrator.
- If a self-assignment of a role is determined to be a security incident, Cyber Security Services, Security Operations Center will be notified immediately.

DAS thoroughly reviewed the two employees noted in the SOS findings and determined that access was corrected and no further inappropriate action was taken by the individuals.

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

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

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

The Higher Education Coordinating Commission generally agrees with the review's findings and concurs with the audit conclusions.

The deficiency mentioned above occurred when HECC was understaffed and lacked management oversight and direction. DAS resolved the issue, with HECC agency approval, by providing the entry forms for input. Current staff have been trained to avoid the error in the future.

HECC has begun to perform monthly reviews of all transactions so that we may detect and correct errors as they occur. This biennium, all prior months have been reviewed prior to accounting month close and issues that have been detected have been researched, corrected, and documented.

HECC reviews each appropriation and its details to ensure proper coding and allocation.

A desk manual that is substantially complete and is guiding the work of all HECC accountants. HECC will continue to update the manual as new policies and procedures are approved and implemented.

Anticipate Completion Date: June 30, 2021.

Finding 2019-007: **Oregon Department of Transportation**
Strengthen Review of Motor Fuels Tax Entry
Significant Deficiency

Recommendation: Department management strengthen review procedures to help ensure transactions are accurately recorded and classified in the accounting records.

Status: Corrective action taken.

Finding 2018-002: **Oregon Health Authority**
Improve Controls for Monitoring MMIS Claims Edits and Audits
Material Weakness

Recommendation: Management implement monitoring processes to provide assurance over the accuracy of the MMIS claims edits and audits, as well as implement processes

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to understand the edits and audits controls and test their effectiveness and completeness. Additionally, management should continue to work with their service provider to maintain a comprehensive inventory of current MMIS edits and audits.

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

There still remain only four individuals who can actually add edits and audits to the system. Additionally, we are implementing a process that will involve three other managers in HSD who will review any proposed changes before we proceed. This will add a layer of review that will ensure edits and audits are being placed into the MMIS correctly. This group that will meet regularly to review edits and audits is an additional layer of practices already in effect, as outlined below in the last update. The additional process also allows for managers to know when edit and audit changes are going into MMIS so they be aware should there be an error in change that could cause claims to deny or flush. This would allow them to be prepared to help correct any issues that arise from an update to the MMIS. BSU continues to work with DXC on the testing of claims edits and audits and quarterly deliverables continue to be developed. The items of the previous update are still accurate.

Finding 2018-003: **Oregon Health Authority**
Strengthen Review Controls for Contracts Recorded in Subsidiary System
Significant Deficiency

Recommendation: Management strengthen the review of contracts to ensure the correct funding sources are included and that contracts and the subsidiary system agree.

Status: Corrective action taken.

Finding 2018-004: **Oregon Health Authority**
Strengthen Controls over Cost Recoveries
Significant Deficiency

Recommendation: Department management implement procedures to gain an understanding of controls over transactions processed by service organizations and follow established procedures to ensure all revenue due to the department is received.

Status: Corrective action taken.

Finding 2018-005:	Department of Administrative Services <u>Buildings' Estimated Useful Lives Not Reviewed in Accordance with Policy</u> Significant Deficiency
Recommendation:	The Planning and Construction Management program review the useful lives of buildings and building improvements in accordance with department policy.
Status:	Corrective action taken.
Finding 2018-006:	Oregon Business Development Department <u>Continue to Improve Investment Financial Reporting Controls</u> Material Weakness
Recommendation:	Management <ul style="list-style-type: none">• Ensure its review of each investment fund valuation, for financial reporting purposes, is timely completed and sufficiently documented.• Correct the errors identified in the accounting system and all errors in the department's tracking spreadsheets and set it up so the department can accurately track each investment's commitment, investment cost and distributions.• Establish policy and procedures to accurately track each investment's commitment, investment cost and distribution and that enables staff to correctly record the various investment-related transactions.
Status:	Partial corrective action taken. The agency response is as follows: OBDD Fiscal Review Daily: Fiscal processes and accounts for all distributions and capital calls related to the OGA. Fiscal maintains the main spreadsheet that reconciles to Meketa for capital balances and aligns valuation information received from the GPs. Quarterly Reports: Fiscal reviews quarterly reports received from the funds and reconciles them against actual distributions and capital calls, and the second reconciliation is with Meketa. Discrepancies are corrected between the fund manager, Meketa and OBDD Fiscal to get all records corrected and up to date. Confirm that the unfunded commitment amount agrees with the fund and Meketa, as well as the amount of capital contributed and distributions received.

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Confirm that all accounting entries were made according to GASB/FASB and GAAP as appropriate.

- Ensure that the investment cost is correct.
- Ensure that the investment income is correct.
- Review fund manager's summary of recent events if available on report.
- Review financial information provided including balance sheet, profits/losses, cash position, burn rate, EBITDA, Revenues (debt terms and maturity).
- Review additional investments the portfolio company has made that quarter.
- Review explanations of fluctuations in the valuation from quarter to quarter. Clarify any questions.

This is all complete before Meketa issues the Quarterly reports for the OGA.

Fair Value Valuation Review

Quarterly (following receiving quarterly reports from funds) Fiscal will look at the information provided on the new quarterly and compare how things changed with the value of the fund from the prior quarter.

We will then look into the information further to discern why the change in valuation took place and if it makes sense. If not, we send an email to Meketa to gather information regarding the changes and the explanation from the fund specifically.

We do engage Meketa as a third-party provider who does give an opinion on the valuation and overall fund performance of every fund within the OGA portfolio. They have extensive experience with portfolio management and capital markets. But that said, OBDD is ultimately responsible to understand the valuation, reliability of data, and information provided by outside parties.

Annually (following receiving the audited financial statements for funds) Fiscal will review the financial statements and look for the following:

- The source of the fair value information:
- Quoted market prices
- Audited financial statements or other statements received
- Appraisals (how often)
- Reliability of the fair value information

Statements provided by the fund itself: are these sufficiently independent to rely on?

Audited financial statements for the fund are preferred, make sure they are represented in accordance with US generally accepted accounting principles.

An unmodified opinion was rendered by the auditors.

Information can be extracted in order to value your share of the fund (for example, a net asset value per share).

Consider the timeliness of fair value information:

- Statements provided by the fund are often lagging, make sure the info is as of the financial statement date.
- Audited financial statements are often not available until 5-6 months after year end.

Look at Description of valuation techniques for:

- Nature of any material changes in valuation techniques.
- Nonrecurring fair value measurements and the reason.
- Disclosures for any other pertinent information.
- Fund strategy and method for determining fair value.

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, 2019. It also includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2018 that were uncorrected at June 30, 2019.

- Finding 2019-008: **Department of Human Services**
Improve Accuracy of Performance Data Reports
Temporary Assistance for Needy Families (TANF) (93.558)
Reporting
Material Weakness, Material Noncompliance
- Initial Year: 2010
- Recommendation: Department management provide additional coding elements related to expenditure data to allow for identification of federal expenditures within the dataset, and implement processes and procedures to ensure data reports accurately reflect case status and activity of the reporting period.
- Status: Partial corrective action taken. The agency response is as follows:

A business change request was submitted on March 11, 2020 to the current eligibility system, Legacy. Policy and business analysts continue to meet and review ONE business requirements for accuracy as well as continuing technical assistance with Federal Administration for Children and Families (ACF). Once a review of all business requirements are completed, a change request will be submitted to the Integrated Eligibility project to correct business requirements as necessary.
- Finding 2019-009: **Department of Human Services**
Improve Compliance with Work Verification Plan Requirements
Temporary Assistance for Needy Families (TANF) (93.558)
Special Tests and Provisions
Material Weakness, Material Noncompliance
- Initial Year: 2019
- Recommendation: Department management strengthen controls to ensure adherence to the department's work verification plan documentation of participation and projection of hours of participation, and to ensure data entered into the automated data processing system is accurate and complete.
- Status: Partial corrective action taken. The agency response is as follows:

The Department's TANF policy team, in partnership with the training unit, will create training materials for field staff specifically addressing attendance documentation requirements and projection of work hours. The policy team will then conduct technical assistance with contactors who capture and maintain attendance records, as well as targeted communication to field staff specific to attendance documentation and retention. Quality Assurance (QA), in partnership with TANF policy, will conduct targeted reviews over the course of a few months following

technical assistance and communication. QA and policy will work with a research analyst to ensure a statistical sample is pulled and reviewed. Targeted reviews will identify areas where additional technical assistance and communication is necessary.

TANF Policy in partnership with the training unit created materials and scheduled training for field staff on July 21, 2020. TANF Policy in partnership with Employment and Training scheduled technical assistance with contractors on July 28 and 29, 2020.

Targeted communication with field staff who are responsible for retention of attendance documentation is scheduled for September 2020. Targeted reviews are scheduled to begin in August 2020.

Anticipated Completion Date: December 31, 2020.

Finding 2019-010: **Department of Human Services**
Ensure Appropriate Information is Used for Determining Benefit Amounts
Temporary Assistance for Needy Families (TANF) (93.558)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: \$412 (known); \$577,056 (likely)

Initial Year: 2019

Recommendation: Department management strengthen controls to ensure clients benefit payments are appropriately determined.

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

The Department's TANF policy team will create protocols for both JOBS Disqualifications (DQ) and Child Support sanctions (CS) to provide clear guidance to field staff regarding the effective date of benefit restoration once requirements have been met. The training unit, in partnership with TANF policy, will create a quick reference guide (QRG) based on the protocols which will be made available on the training unit website. Policy and training unit will provide communication and training to field staff regarding protocols and QRG.

Training materials are in process and communication is scheduled for September 2020.

Anticipated Completion Date: December 31, 2020.

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Finding 2019-011:	Department of Human Services <u>Maintain Documentation to Support Client Eligibility</u> Temporary Assistance for Needy Families (TANF) (93.558) Eligibility Significant Deficiency
Initial Year:	2019
Recommendation:	Department management coordinate resources to better maintain and more readily provide sufficient eligibility documentation.
Status:	Partial corrective action taken. The agency response is as follows: The TANF policy team, in partnership with the training unit, will provide communication and training to field staff regarding the eligibility requirements for the employability screening (415A) and child support cooperation (428A) forms. The policy team will provide targeted communication to the Business Operations Specialists team who are responsible for managing the local processes to ensure documents are properly scanned into the Electronic Document Management System (EDMS). Quality Assurance (QA), in partnership with policy, will conduct targeted reviews monthly to ensure the 415A and 428A are completed at eligibility determination and document scanning processes are being adhered to. QA and policy will work with a research analyst to ensure a statistical sample is pulled and reviewed. Targeted reviews will identify areas where additional technical assistance and communication is necessary. Training materials are being created and communication with staff is scheduled to start in August. Oregon will be piloting a new eligibility system, ONE, beginning May 2020 with full rollout scheduled by end of calendar year 2020. It is anticipated ONE will resolve some of the errors based on system functionality. Anticipated Completion Date: December 31, 2020.
Finding 2019-012:	Department of Human Services/Oregon Health Authority <u>Strengthen Controls over Cost Allocation Process</u> Temporary Assistance for Needy Families (TANF) (93.558) Medicaid Cluster (93.777, 93.778) Adoption Assistance – Title IV-E (93.659) Immunization Cooperative Agreements (93.268) Opioid STR (93.788) Allowable Costs/Cost Principles Significant Deficiency, Noncompliance Questioned Costs: TANF \$1,824,260 (known), Medicaid \$36,234 (known)
Initial Year:	2018
Recommendation:	Department and authority management ensure the cost allocations are processed according to the federally approved cost allocation plans.

Status: Corrective action taken.

Finding 2019-013: **Oregon Health Authority**
Improve Controls for Monitoring MMIS Claims Edits and Audits
Medicaid Cluster (93.777, 93.778)
Activities Allowed or Unallowed; Special Tests and Provisions
Material Weakness

Initial Year: 2018

Recommendation: Authority management implement procedures to monitor user access and potential unauthorized changes to the application, as well as continue to implement processes to verify the effectiveness and completeness of the claims edits and audits function.

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

There still remain only four individuals who can actually add edits and audits to the system. Additionally, we are implementing a process that will involve three other managers in HSD who will review any proposed changes before we proceed. This will add a layer of review that will ensure edits and audits are being placed into the MMIS correctly. This group that will meet regularly to review edits and audits is an additional layer of practices already in effect, as outlined below in the last update. The additional process also allows for managers to know when edit and audit changes are going into MMIS so they be aware should there be an error in change that could cause claims to deny or flush. This would allow them to be prepared to help correct any issues that arise from an update to the MMIS. BSU continues to work with DXC on the testing of claims edits and audits and quarterly deliverables continue to be developed.

Finding 2019-014: **Oregon Health Authority**
Ensure MMIS Data Tables are Accurate and Updated Timely
Medicaid Cluster (93.777, 93.778)
Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Material Weakness
Questioned Costs: Unknown

Initial Year: 2019

Recommendation: Authority management continue their analysis and correct all incorrect provider payments. We also recommend authority management ensure tables are updated timely and accurately when CMS provides updates.

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

All of the claims impacted by the incorrect table in MMIS are awaiting approval from the Medicaid Policy Unit for reprocessing.

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In addition, a correction was made in MMIS to change the incorrect table rate and rule so that future claims will be processed at the proper rate. A total of six System Mass Adjustment Processes (SMAP's) were conducted to pay at the lower rate. The final total amount to be recovered or recouped by the state would be \$348,079.

Finding 2019-015: **Oregon Health Authority**
Improve Documentation for Provider Eligibility
Medicaid Cluster (93.777, 93.778)
Special Tests and Provisions
Significant Deficiency

Initial Year: 2012

Recommendation: Authority management strengthen controls to ensure documentation supporting a provider's eligibility determination is retained.

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

During the 2019 Revalidation cycle the state began requiring updated Provider Enrollment Agreements (PEAs) for all revalidating organizations. Revalidation is required every 5 years for Medicaid providers. By the end of 2020, the state will require PEAs from all newly enrolling and revalidating organization and individual providers. By the end of 2020, full implementation, enrollment applications and revalidations without attached PEA's will no longer be accepted. These requirements will ensure all providers have a current PEA.

Provider validations may be missed due to manual processes. In 2019, the state began pulling missed validation reports on a quarterly basis and completing a new set of validations for providers missing any validations. Beginning in February 2020, the state implemented to process to pull the missed validation reports no less frequently than monthly to ensure missed validations are corrected at the earliest opportunity. The state is currently exploring automated processes to ensure provider validations are completed at the time of enrollment, revalidation and reactivation. The state continues to check all providers against OIG, SAM and Death Master databases monthly as required.

Anticipated Completion Date: December 31, 2020.

Finding 2019-016:	Department of Human Services/Oregon Health Authority <u>Improve Documentation and Controls for Client Eligibility Determinations</u> Medicaid Cluster (93.777, 93.778) Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility Significant Deficiency, Noncompliance Questioned Costs: \$48,472 (known)
Initial Year:	2010
Recommendation:	Department and authority management strengthen controls to perform timely eligibility redeterminations and verification of client income and ensure eligible clients are appropriately enrolled in both Medicare and Medicaid. Additionally, we recommend management provide periodic training to caseworkers to reduce the risk of administrative errors. We also recommend management correct all identified issues and reimburse the federal agency for unallowable costs.
Status:	<p>Partial corrective action taken. The agency response is as follows:</p> <p>The department is committed to providing timely benefits to only those individuals who are appropriately determined eligible.</p> <p>One of the five individuals identified who did not have their eligibility verified within 12 months was receiving MAGI Medicaid benefits. The MAGI redetermination was initiated timely, but the information returned to the agency, by the individual, was not processed timely. Since the time of this individual's redetermination, the department has taken the following steps:</p> <ul style="list-style-type: none">• Implemented a more thorough process for workload management with increased reporting and data analysis to better resource ongoing work• Hired staff to monitor workload• Expanded capacity and locations of the SSP/OHP Processing Center, hiring additional eligibility staff in the process• Continuously analyzing resource allocation, making adjustments when needed. <p>For the remaining findings, the department expects that with the implementation of the new Integrated Eligibility (IE) System statewide during 2020, there will be greater operational opportunities to strengthen our client eligibility controls, specifically related to the timeliness and accuracy of eligibility initial determinations and redeterminations along with improved electronic retention of required data elements such as signed applications. Additionally, the IE system implementation includes cross policy, system and advanced policy training to support staff, eligibility workers and case managers statewide. We believe this training will also assist in ensuring we are building and developing an informed workforce with consistent knowledge of federal and state eligibility policies.</p>

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The department will correct all identified issues and recoup the funds by February 2021, from the provider who was overpaid and will reimburse the federal agency for unallowable costs.

Anticipated Completion Date: February 28, 2021.

Finding 2019-017: **Department of Human Services**
Complete System Modifications to Ensure Proper Reporting of Program Expenditures
Foster Care – Title IV-E (93.658), Non-Major Program
Medicaid Cluster (93.777, 93.778)
Allowable Costs/Cost Principles
Noncompliance
Questioned Costs: Foster Care \$50,811 (known)
Medicaid \$10,577 (known)

Initial Year: 2012

Recommendation: Department management review OR-Kids transaction processing and complete system modifications as appropriate to ensure proper financial reporting of program expenditures. We also recommend department management review prior year and current year transactions and reimburse the federal agency for grant expenditures claimed inappropriately.

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

The IV-E questioned costs of \$50,810.54 were corrected with document BT189872 (effective date 08/11/20) and reported on the 09/30/20 IV-E report. The Medicaid adjustment of \$10,577 was made with document number BT190147 (effective date 08/30/20) and reported on line 10a in Q1 for FFY21, Audit Tracking number CIN A-10-20-60714.

A report has been developed to identify adjustments that impact a state grant rather than the federal grant and is in the final validation stage. Once the report is validated, the report will be used to accurately report federal expenditures. The new report will be used for the reporting period ending June 30, 2021.

Finding 2019-018: **Department of Human Services**
Strengthen Controls to Ensure the Accuracy and Completeness of “Applicable Child” Data
Adoption Assistance – Title IV-E (93.659)
Level of Effort
Significant Deficiency

Initial Year: 2014

Recommendation: Department management continue to correct known applicable child eligibility data issues in OR-Kids to ensure data used to estimate the savings in state expenditures is complete and accurate.

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

The three AA determinations with the wrong answer selection were corrected on 2/14/20 to reflect the appropriate answer. FPR provided 'Applicable Child Only' guidance to IV-E specialists via email on 3/19/20 to ensure that they understand how to complete an Adoption Agency determination accurately. The Adoption Assistance Determination batch process from case 2 to case 3 was corrected on JIRA 32928 and was released to production on 4/1/20. The affected Adoption Assistance determinations were corrected and refinanced on JIRA 32926, 32934, and 33412. These all went into production on 4/1/20. ADP Adoption Report 3012 was fixed to correctly identify all eligible statuses for IV-E Adoption Assistance to include: applicable child, not applicable child and applicable/not applicable child. The new report went into production on 6/29/20. During follow-up in 2020, there was a display error identified that was caused by a field transferring incorrectly from case 2 to case 3. This error did not affect financing. A data fix was completed on 1/27/21. Two cases had the pending status directly updated to reflect the "AC and NAC" option on the determinations in February 2021.

Finding 2019-019:	Oregon Health Authority <u>Comply with Subrecipient Monitoring Requirements</u> Opioid STR (CFDA 93.788) Subrecipient Monitoring Significant Deficiency, Noncompliance
Initial Year:	2019
Recommendation:	Authority management comply with subrecipient monitoring requirements, develop and implement internal controls to ensure risk assessments are performed and documented for each subrecipient, and monitoring activities are completed and documented in conformance with risk assessment results.
Status:	Partial corrective action taken. The agency response is as follows: The Health Systems Division (HSD) implemented the use of a risk assessment tool for each subrecipient of federal grant funds for all future SAMHSA grants administered by HSD. HSD also developed a tool to document post award monitoring for subrecipients based on their respective risk assessments. Both tools were developed in March of 2020. The implementation of these tools will begin in September 2020.
Finding 2019-020:	Oregon Health Authority <u>Improve Controls over Federal Performance Reporting</u> Opioid STR (CFDA 93.788) Reporting Significant Deficiency
Initial Year:	2019
Recommendation:	Authority management develop and implement controls to ensure performance progress reports are complete and accurate prior to report submission.

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

The Health Systems Division (HSD) developed a tool to track internal control processes to ensure progress reports are completed and accurate prior to submission for future SAMHSA grants. This tool includes each step for the internal control and identifies the responsible entity. This tool was developed in March of 2020 and the implementation of the tool will begin in September 2020.

Finding 2019-021: **Oregon Military Department**
Strengthen Controls to Ensure Financial Reports are Accurate and Adequately Supported by Accounting Records
National Guard Military Operations and Maintenance Projects (12.401)
Reporting
Material Weakness, Noncompliance

Initial Year: 2019

Recommendation: Department management ensure corrections are made in the accounting records as errors are identified. Additionally, we recommend department management ensure monthly reconciliations occur between its subsidiary system and accounting records and consider implementing the use of additional data fields within the accounting system to promote accurate federal reporting. Finally, we recommend the department separately account for non-federal expenditures by federal award.

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

OMD strengthened our review and approval processes prior to payments being made in order to minimize errors associated with fiscal years, vendors, duplicate payments etc.

OMD implemented a process where the Cooperative Agreement Accountant, the AGI Budget Analyst and the Federal Finance person ensure each SF-270 matches the State Financial Management System, the program subsidiary system iEMS and the federal financial system GFIBS.

OMD met with staff from the DHS to discuss how to more fully utilize the State Financial Management Application. The meeting resulted in multiple suggestions for improvement to include the use of indexes and RTI's to help effectively track state match expenditures.

OMD is reviewing how to implement recommended changes, but those actions were materially affected by the impacts of the COVID-19 pandemic. We met as a group on August 11, 2020 to restart conversations on implementing changes and it is still our intention to have a corrective action in place soon. To date we have had multiple conversations as an enterprise regarding the need for these corrective actions to occur, but we have not had an opportunity to fully implement the solutions. We are striving to complete these process implementations prior to the start of State Fiscal Year 2022.

OMD determined that iEMS is a useful subsidiary system for our Installations Division to use as an internal tracking tools for their federal

funds. However, the system will no longer be relied on to serve as the system of record for any federal reimbursements. Effective April 30, 2020 Datamart queries became the primary supporting documentation associated with federal reimbursements requests.

OMD is working towards implementing a reconciliation process, but those actions were materially affected by the impacts of the COVID-19 pandemic. We met as a group to restart conversations on this topic on August 11, 2020 and it is still our intention to have a corrective action in place soon. To date we have had multiple conversations as an enterprise regarding the need for these corrective actions to occur, but we have not had an opportunity to fully implement the solutions. We are striving to complete these process implementations prior to the start of State Fiscal Year 2022.

The Senior Master Cooperative Agreement Accountant is developing a three-way reconciliation form that will be used by the Financial Administration Division, the AGI Budget Analyst and the Federal Finance person. The reconciliation will occur on a monthly basis and be based on the actual expenses incurred and reimbursements processed during the preceding month.

OMD is still working on a process to complete this corrective action. We are planning to meet as a group in September to reengage on a path forward. As a stop gap measure we are developing a short term alternative to create multiple single year General Fund PCA's to match our Federal Funds PCA's until we can more fully implement changes to our financial structure.

Finding 2019-022:	<p>Oregon Military Department <u>Strengthen Controls to Ensure Expenditures Do Not Exceed Obligated Amounts</u> National Guard Military Operations and Maintenance Projects (12.401) Period of Performance Significant Deficiency, Noncompliance Questioned Costs: \$230,656 (known)</p>
Initial Year:	2019
Recommendation:	Department management ensure construction tracking sheets are appropriately reconciled to the accounting records to ensure payments do not exceed budgeted amounts.
Status:	<p>Partial corrective action taken. The agency response is as follows:</p> <p>OMD is working towards implementing these processes, but those actions were materially affected by the impacts of the COVID-19 pandemic. We met as a group to restart conversations on this topic on August 11, 2020 and it is still our intention to have a corrective action in place soon. To date we have had multiple conversations as an enterprise regarding the need for these corrective actions to occur, but we have not had an opportunity to fully implement the solutions. We are striving to complete these process implementations prior to the start of State Fiscal Year 2022.</p>

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

Initial Year: 2019

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

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

The Emergency Food Assistance Program (TEFAP) – The Department is currently working with Food and Nutrition Services (FNS) partners to update three required monitoring tools for TEFAP and Commodity Supplemental Food Program (CSFP). Per federal requirements the monitoring schedule for TEFAP is one annual storage facility review and one quadrennial comprehensive review of the sub-recipient agency, OFB. The Department will make corrections and updates to the current annual storage facility review tool per FNS and SOS guidance to meet the recommendation for documenting specific records reviewed during on site monitoring. The department will create and implement a quadrennial comprehensive review tool with FNS guidance and partnership. The Department will receive FNS approval on the finalized monitoring tools.

Commodity Supplemental Food Program (CSFP) – Per federal requirements the monitoring schedule for CSFP is to complete a biennial inventory and compliance review of the sub-recipient agency, OFB. The department will continue to work with FNS to update and correct the biennial monitoring tool to reflect FNS and SOS guidance to meet the recommendation for documenting specific records reviewed during on site monitoring. The Department will receive FNS approval on the finalized monitoring tools.

Due to the coronavirus pandemic original timelines and reviews needed to be adjusted.

TEFAP – The Department is working with FNS and plans to have these monitoring tools completed by March 2021 for implementation this FFY2021. The Department is waiting to hear from FNS regarding national guidance for how states will conduct on-site annual storage facility review for FFY2020 and FFY2021 due to the ongoing COVID health crisis.

CSFP – The Department plans to have these monitoring tools completed and approved through FNS by March 2021 for implementation this FFY21. The Department is waiting to hear from FNS regarding national guidance for how states will conduct on-site annual storage facility review for FFY2020 and FFY2021 due to the ongoing COVID health crisis.

Finding 2019-024:	Oregon State Police <u>Strengthen Controls for Verifying Suspension and Debarment</u> Fire Management Assistance Grant (97.046) Suspension and Debarment Significant Deficiency
Initial Year:	2019
Recommendation:	Department management strengthen existing controls to include verification of suspension and debarment for vendors with non-procurement agreements that equal or exceed \$25,000. We further recommend the department maintain evidence demonstrating the verification was performed.
Status:	Corrective action taken.
Finding 2018-008:	Department of Human Services <u>Improve Accuracy of Performance Data Reports</u> Temporary Assistance for Needy Families (TANF) (93.558) Reporting Material Weakness, Material Noncompliance
Initial Year:	2010
Recommendation:	Department management implement processes and procedures to ensure data reports accurately reflect case status and activity of the reporting period.
Status:	Partial corrective action taken. The agency response is as follows: A business change request was submitted on March 11, 2020 to the current eligibility system, Legacy. Policy and business analysts continue to meet and review ONE business requirements for accuracy as well as continuing technical assistance with Federal Administration for Children and Families (ACF). Once a review of all business requirements are completed, a change request will be submitted to the Integrated Eligibility project to correct business requirements as necessary.
Finding 2018-013:	Oregon Health Authority <u>Improve Controls for Monitoring MMIS Claims Edits and Audits</u> Medicaid Cluster (93.777, 93.778) Activities Allowed or Unallowed, Special Tests and Provisions Material Weakness
Initial Year:	2018
Recommendation:	Management implement monitoring processes to provide assurance over the accuracy of MMIS claims edits and audits, as well as implement processes to understand the edits and audits controls and test their effectiveness and completeness. Additionally, management should continue to work with their service provider to maintain a comprehensive inventory of current MMIS edits and audits.

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

There remain only four individuals who can actually add edits and audits to the system. Additionally, we are implementing a process that will involve three other managers in HSD who will review any proposed changes before we proceed. This will add a layer of review that will ensure edits and audits are being placed into the MMIS correctly. This group that will meet regularly to review edits and audits is an additional layer of practices already in effect, as outlined below in the last update. The additional process also allows for managers to know when edit and audit changes are going into MMIS so they be aware should there be an error in change that could cause claims to deny or flush. This would allow them to be prepared to help correct any issues that arise from an update to the MMIS. BSU continues to work with DXC on the testing of claims edits and audits and quarterly deliverables continue to be developed. The items of the previous update are still accurate.

Finding 2018-015: **Department of Human Services/Oregon Health Authority**
Improve Documentation for Client Eligibility Determinations
Medicaid Cluster (93.777, 93.778)
Allowable Costs/Cost Principles, Eligibility, Matching
Significant Deficiency, Noncompliance
Questioned Costs: \$54,164 (known)

Initial Year: 2010

Recommendation: Management strengthen controls to perform timely eligibility redeterminations and verification of client income, and ensure eligible clients are appropriately enrolled in both Medicare and Medicaid. Additionally, we recommend management provide periodic training to caseworkers to reduce the risk of administrative errors. We also recommend management correct all identified issues and reimburse the federal agency for unallowable costs.

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

As of May 2020, approximately 90% of APD rule changes required for the implementation of the integrated ONE system on July 6, 2020 are complete and training materials have been updated to reflect these changes. The remaining 10% of rule changes will be effective on July 6, 2020. Cross program training, which covers, MAGI, OSIPM and Medicare Savings Programs, is in process and will be delivered prior to the new system's rollout in each area. This will ensure that staff across Aging and People with Disabilities and Self-Sufficiency programs are knowledgeable in all Medicaid programs, and that eligibility is determined timely, accurately, and with the required verifications.

In addition, an adjustment for \$35,153 FF (100% FF) was processed and reported on CMS-64 FFY20Q2.

Finding 2018-016: **Department of Human Services/Oregon Health Authority**
Improve Documentation for Provider Eligibility Determinations and
Provider Revalidations
Medicaid Cluster (93.777, 93.778)
Special Tests and Provisions
Significant Deficiency, Noncompliance
Questioned Costs: \$8,518 (known)

Initial Year: 2012

Recommendation: Department and authority management strengthen controls to ensure documentation supporting a provider's eligibility determination is retained. We also recommend department management reimburse the federal agency for cost paid related to the ineligible provider.

Status: Corrective action taken.

Finding 2018-018: **Department of Human Services**
Financial Transaction Processing Errors in Child Welfare System
Foster Care – Title IV-E (93.658)
Medicaid Cluster (93.775, 93.777, 93.778)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: \$277,004 (Foster Care known), \$5,949 (Medicaid known)

Initial Year: 2012

Recommendation: Department management review OR-Kids transaction processing and complete system modifications as appropriate to ensure proper financial reporting of program expenditures. We also recommend department management review prior year and current year transactions and reimburse the federal agency for grant expenditures claimed inappropriately.

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

A portion of this audit finding was mitigated by OR-Kids JIRA# 25911 – System not allowing placement corrections on service types with age bracketed services. This system correction will now calculate the Placement Begin Date against the participant's DOB, allowing retroactive placement corrections for all age bracketed service types. This change was put into production in Build 3.7.1.0 – Maintenance Release 9, on January 23, 2019.

A report has also been developed to identify adjustments that impact a state grant rather than the federal grant and is in the final validation stage. Once the report is validated, the report will be used to accurately report federal expenditures. The new report will be used for the reporting period ending June 30, 2021.

State of Oregon
Schedule of Prior Year Findings

The date of the new report has been changed to 6/30/2021. For IV-E, an adjustment was made with document BT183513, and \$277,004 was repaid and reported on the 9/30/19 CB-496. For Medicaid, an adjustment was made with document BT186519 on 2/10/20, and \$5,949 was repaid and entered into the CMS for FFY20Q2.

Finding 2018-019: **Department of Human Services**
Strengthen Review over Costs Charged to Program
Foster Care – Title IV-E (93.658)
Allowable Costs/Cost Principles, Matching
Significant Deficiency
Questioned Costs: \$116 (known)

Initial Year: 2015

Recommendation: Department management ensure payments are adequately reviewed to verify payments are for the correct federal financial participation rate and calculated correctly. We also recommend department management reimburse the federal agency for unallowable costs.

Status: Corrective action taken.

Finding 2018-020: **Department of Human Services**
Improve Contract Monitoring
Foster Care – Title IV-E (93.658)
Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Significant Deficiency

Initial Year: 2017

Recommendation: Department management ensure adequate contract monitoring processes are in place to provide assurance that the department is receiving the services provided for in these waiver based contracts.

Status: Not Warranting Further Action. The agency response is as follows:

These findings are connected to the use of Title IV-E federal funds. For these specific services and contracts, the IV-E funds were only allowed under the Title IV-E waiver, which ended September 30, 2019. Therefore, there are no longer concerns about inappropriate federal fund claiming because these contracts are only using the General fund. No new contracts were entered into during State fiscal year 2019 or 2020 that would use Title IV-E funds.

Finding 2018-021: **Department of Human Services/Oregon Health Authority**
Strengthen Controls over Changes to Cost Allocation Plans
Medicaid Cluster (93.777, 93.778)
Foster Care – Title IV-E (93.658)
Supplemental Nutritional Assistance Program (SNAP) Cluster (10.551, 10.561)
Temporary Assistance for Needy Families (TANF) (93.558)
Allowable Costs/Cost Principles
Significant Deficiency

Initial Year: 2018

Recommendation: Management ensure changes to the cost allocation process are included in its change log to ensure all changes are incorporated in subsequent plan submissions. Further, the department should ensure the discrepancies identified are corrected in the next plan submission.

Status: Corrective action taken.

Finding 2018-026: **Department of Education**
Strengthen Tracking Controls over Matching Requirements
Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)
Matching
Significant Deficiency

Initial Year: 2018

Recommendation: Department management strengthen its controls over the matching requirement to ensure consistent monitoring activities occur.

Status: Corrective action taken.

Finding 2018-028: **Higher Education Coordinating Commission**
Ensure Timely Submission of Cost Allocation Plan
WIA/WIOA Adult Program (17.258)
WIA/WIOA Youth Activities (17.259)
WIA/WIOA Dislocated Worker Formula Grants (17.278)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: \$1,346,380 (known)

Initial Year: 2018

Recommendation: Department management ensure a plan or rate is submitted to the federal government within six months after the end of the fiscal year.

Status: Corrective action taken.

State of Oregon
Schedule of Prior Year Findings

- Finding 2018-031: **Department of Environmental Quality**
Improve Controls over Federal Financial Reporting
Performance Partnership Grants (66.605)
Reporting
Significant Deficiency, Noncompliance
- Initial Year: 2018
- Recommendation: Management work with their federal liaisons to correct the reports, and implement controls to ensure future reports contain accurate information, follow federal reporting guidelines, and are supported by accounting records.
- Status: Corrective action taken.
-
- Finding 2018-033: **Department of Education**
Ensure Subrecipient Monitoring Includes Evaluation of Risk
Special Education (IDEA) Cluster (84.027; 84.173)
Subrecipient Monitoring
Significant Deficiency, Noncompliance
- Initial Year: 2018
- Recommendation: Department management establish effective internal controls to help ensure that the assessment of each subrecipient's risk of noncompliance is performed and adequately documented.
- Status: Corrective action taken.
-
- Finding 2018-034: **Department of Education**
Ensure Subrecipient Monitoring Includes Federal Fiscal Requirements
Special Education (IDEA) Cluster (84.027; 84.173)
Subrecipient Monitoring
Significant Deficiency, Noncompliance
- Initial Year: 2014
- Recommendation: Department management implement fiscal monitoring processes that ensure subrecipients have accounting and internal control systems adequate to administer federal fiscal requirements.
- Status: Corrective action taken.

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

Summaries of selected performance and information technology audit reports issued during 2020 are included here for informational purposes as subjects may relate to federal programs administered in Oregon.

REPORT TITLE AND NUMBER: **Coronavirus Relief Fund Reimbursements; Management Letter 107-2020-10-01**

REPORT DATE: October 2020

RESULTS IN BRIEF: This is a real time review of the Department of Administrative Service's efforts under the Coronavirus Aid, Relief, and Economic Security (CARES Act) to reimburse local governments with funds from the Coronavirus Relief Fund, a part of the CARES Act. This letter is meant to help DAS quickly address identified risks and issues. Our initial work focused on \$200 million in planned DAS reimbursements to counties, cities, and special districts as part of the CRF.

Local governments can apply to DAS for reimbursement of spending in specific categories outlined by the U.S. Treasury Department, which is overseeing the CRF at the federal level. The state, as the primary recipient of the funds, is ultimately responsible if local government sub-recipients do not meet federal criteria for spending the money.

Local government spending reimbursed by DAS in Round 1, which ran from March 1, 2020, to May 15, 2020, was mainly for payroll and leave costs for employees.

Overall Conclusion

Overall, we found that 22 of the 34 Round 1 reimbursements we examined in detail had clear and adequate documentation to support their reimbursements, including some examples of very thorough and complete documentation.

Despite finding 12 reimbursements with documentation problems, we judged that only three of the reimbursements appeared at a high risk of being questioned by municipal or federal auditors. We also found issues that we believe DAS and local governments can address before the December 30 cutoff date for CRF funding. The funding available after Round 1 totals roughly \$154 million.

Key Issues Identified

- Local governments are interpreting differently the federal government's guidance on what spending is allowed.
- CARES Act funds used for payroll expenses -tracking, allocation, documentation varies.
- CARES Act funds used for personnel leave expenses varies significantly.
- Several local governments made significant errors.
- Some local governments provided incomplete backup documentation.
- DAS is providing limited guidance to local governments and limited monitoring of reimbursement requests.

Appendix A

Citing the ambiguity of the federal guidance and a lack of resources, DAS's three-person CRF team has limited its role in distributing funds. In Round 1, the agency looked at explanations for the limited number of reimbursements that fell in the "Other" category. The state also had local governments sign a contract with DAS that says the local governments are responsible for following the guidance and the state can recover money if municipal or federal auditors find their requests were not allowable.

For local governments with questions about allowability, DAS has advised them to look at U.S. Treasury guidance and consult their legal counsel. DAS officials say they do not want to make allowable cost determinations or offer advice that turns out to be wrong.

DAS did send out a questionnaire to local governments asking about their past audits of federal compliance, their accounting system, qualifications of entity staff, and other matters. DAS officials also plan to do a risk review that assesses the risks of reimbursement requests being unallowable, but that does not involve further monitoring of local government submissions or review of documentation.

Under federal Uniform Guidance standards supported by the Treasury, DAS is required to monitor CRF sub-recipient activities as necessary to ensure sub-awards are used for authorized purposes. We will provide the details of our review to DAS so the agency can follow-up with local governments.

Potential Actions to Address Issues

In our judgment, DAS could help better ensure accuracy and reduce risks of expenses being questioned by:

- Reminding local governments to:
 - Check past and future submissions for math, date, and classification errors so they can make corrections prior to claiming all their CRF allocation;
 - Check to ensure they have adequate documentation to support the individual transactions;
 - Consider whether to substitute low-risk expenses before the CRF deadline if they have taken an aggressive approach; and
 - Document the precise federal guidance they relied on when concluding that costs are allowable for reimbursement.
- Requiring local governments to submit descriptions of their use of funds and a transaction-based summary schedule that ties to the reimbursement requested for future reimbursement requests;
- Developing a sub-recipient monitoring plan that includes risk-based reviews of reimbursement accuracy and back-up documentation.

REPORT TITLE AND NUMBER: **Chronic and Systemic Issues in Oregon’s Mental Health Treatment System Leave Children and Their Families in Crisis; Report 2020-32**

REPORT DATE: September 2020

RESULTS IN BRIEF: Nearly one million people rely on mental health services received through the Oregon Health Plan. OHP serves low-income families, including many of the most vulnerable children in the state. Mental health and mental illness impact virtually every aspect of life, including homelessness, suicidal ideation, educational difficulties, and reduced workplace production.

The Oregon Health Authority (OHA) estimates it will spend \$3.2 billion on behavioral health services for the 2019-21 period. The state recognizes Oregon’s behavioral health systems for children is in crisis and is failing to serve children, youth, and families who are involved with multiple systems and have complex needs.

What We Found

1. Data shortfalls and a lack of performance measurement prevent OHA from monitoring mental health treatment capacity, community needs, and outcomes to identify service gaps and improve the system.
2. Chronic workforce shortages throughout the mental health system increase system strain and trauma for vulnerable children and youth in residential treatment facilities and COVID-19 budget impacts may prevent workforce supplementation.
3. Weakness and limitations of state statutes have contributed to Oregon’s fragmented delivery of mental health services and de-prioritized funding for care. The statutes do not fully support effective and efficient delivery of mental health treatment.
4. OHA does not adequately monitor General Fund dollars disbursed to counties for community mental health programs.
5. A lack of consistent leadership, strategic vision, and governance contributes to system disarray. For the past decade agency leadership has frequently turned over and no guiding strategic plan is in place to provide a foundation for consistent direction.

What We Recommend

We made 22 recommendations to OHA that address the agency’s data shortfalls, workforce recruitment and retention, statutory impediments, county fund monitoring, and governance challenges. These recommendations are consistent with recommendations in a joint report from OHA and the Department of Human Services published in March 2018.

OHA agreed with all of our recommendations. Their response can be found at the end of the report.

Appendix A

REPORT TITLE AND NUMBER: **IT Modernization Program Project Review; Management Letter 471-2020-07-01**

REPORT DATE: July 2020

RESULTS IN BRIEF: To support the Unemployment Insurance (UI) program, the Oregon Employment Division (OED) uses a variety of computer systems to perform actions such as collecting wage records and taxes from Oregon employers and processing and paying UI claims submitted by unemployed workers. OED developed the two major systems that perform these actions in the early 1990s. Previous audits in 2012 and 2015 found these systems functioned adequately in general, but also concluded that they were inflexible, poorly documented, and difficult to maintain. Our 2015 audit included a recommendation to prepare for replacement of these systems.

The UI Modernization Project, which is intended to replace the aging computer systems supporting receipt of UI taxes and payment of UI benefits, is the first project chartered under the Modernization Program. The project is also intended to transform business processes to take advantage of opportunities and benefits available through new system capabilities. This project began in 2018; OED currently estimates UI tax implementation will be completed by the end of 2021, and UI benefits implementation will be completed by the third quarter of 2024.

Until recently, this deliberate pace for implementing system improvements to the UI program was not overly problematic. Unemployment was at record low levels and the timing appeared ideal for embarking on the UI Project. OED management indicated in January 2020 that their focus over the last few years had been on learning as much as possible from other states and more recently from the vendors whose products they were evaluating. This emphasis on due diligence was intended to help make an informed decision regarding which vendor's product to procure.

In January 2020, prior to the COVID-19 pandemic, the Oregon Secretary of State Audits Division began an information technology audit of OED's Modernization Program. Our audit focused on reviewing the status of the program and major risks facing the program and the associated UI Modernization Project. Our initial review found the program and UI Project are still in the relatively early stages, with detailed planning required once the UI Project chooses a solution vendor.

The environment changed dramatically in March 2020, when initial unemployment claims increased at an unprecedented rate due to the COVID-19 shutdown. The inflexible and dated legacy systems require OED employees to perform some actions manually and they have been unable to keep up with the surge of unemployment claims. OED has also experienced challenges in updating the eligibility rules built into the computer systems that needed to be modified under the CARES Act, and in building a new UI program that did not previously exist, the Pandemic Unemployment Assistance program. These issues resulted in a large backlog of unprocessed unemployment claims from March to June 2020, even though OED added hundreds of staff to help manage the surge.

In review and discussion of the highest risks with OED and with external oversight entities, we identified four major categories of risk that require particular attention from the program. While these are not the only categories of risks and issues the agency needs to manage, they appear the most pressing.

- Shifting agency priorities have caused challenges, made worse by COVID-19
 - We suggest OED update its program management plans and schedule to address possible contingencies associated with changes in agency priorities.
- Legacy systems planning is behind schedule and is being further impacted by priority changes
 - We suggest OED ensure its detailed planning consider the effects of possible delays in legacy system planning and the effects on the overall timing of the program.
- Staffing challenges represent a significant risk area for the program and project
 - We suggest OED evaluate potential root causes for staffing departures and take steps to address any patterns that might lead to future turnover.
- Program schedule and milestone estimation represent a major risk
 - We suggest OED ensure the estimation methodology used for scheduling considers potential contingencies identified in other areas, such as agency priorities, legacy system planning activities, and staffing.

Overall, OED appears to have conducted sufficient initial work to prepare for its Modernization Program, though issues and risks will exist throughout the life of the program that it will need to manage. OED may have been more prepared to handle the sudden onslaught of new claims with newer, more flexible computer systems in place. A newer system would have enhanced OED's ability to respond to the changes to UI rules, but we noted that some other states with modernized systems have also struggled with the unprecedented increase in unemployment. We also recognize that there will likely always be a percentage of claims that require significant manual intervention, no matter what system is in place, and the current spike in unemployment would have taxed OED's ability to respond even with a new system. However, a new system would likely have helped OED to better manage the current crisis.

Appendix A

REPORT TITLE AND NUMBER: **Oregon Can More Effectively Use Family Services to Limit Foster Care and Keep Children Safely at Home; Report No. 2020-26**

REPORT DATE: July 2020

RESULTS IN BRIEF: Keeping children out of foster care can prevent life-long harm, provided effective services can stabilize their families. Oregon's child welfare system removes children at a higher rate and returns them to foster care more often than the national average, adding to already high caseworker workloads. Children also receive fewer post-investigation services than the national average.

Congress's new "Family First" act directs states to deliver evidence-backed family services that support parents and children, helping to keep children out of foster care or return them home quickly.

More efficient and effective services are critical to maximize child safety, family well-being, and the limited dollars available for services.

What We Found

1. Effective preventive services can keep children at home, increase family well-being, and reduce costs, racial disparities, and child deaths.
2. Case workers within the Department of Human Services (DHS) Child Welfare division are faced with high workloads and tight deadlines, and struggle to help parents access and engage in effective services to prevent removals.
3. Oregon's disparate system of child and family services, with services offered by multiple programs and agencies, makes it more difficult for Child Welfare to reduce child abuse and preserve families.
4. The availability and quality of crucial services vary substantially by geographic area. These services include in-home safety services, mental health care, substance use disorder treatment, and affordable housing, all addressing key reasons children enter foster care.
5. Child Welfare can more effectively manage provider performance and match families with appropriate services.

What We Recommend

We made 10 recommendations to DHS to work with its partners to improve coordination and focus on child abuse prevention, help caseworkers stabilize and reunify families, and improve service access in rural areas. The agency also needs to better use data to identify effective providers, address service gaps, improve provider performance, and provide clear reports to policymakers on service availability and effectiveness.

State funding is uncertain given the economic effects of COVID-19. We included recommendations that do not require substantial resources but can help shift Child Welfare's focus to keeping more children safely at home.

DHS agreed with nine of our recommendations and partially agreed with one. Their response can be found at the end of the report.

REPORT TITLE AND NUMBER: **ODE Can Better Support Students Experiencing Disabilities Through Improved Coordination and Monitoring of Services; Report No. 2020-24**

REPORT DATE: June 2020

RESULTS IN BRIEF: The purpose of this audit was to determine whether the Oregon Department of Education (ODE) and its Office of Enhancing Student Opportunities, which oversees special education throughout the state, can better support students experiencing disabilities, particularly as they transition from early childhood to school-age programs.

For the 2018-19 school year, over 80,000 children in kindergarten through the 12th grade were identified by ODE as students experiencing disabilities.

The federal Individuals with Disabilities Education Act (IDEA) requires that students experiencing disabilities receive a free, appropriate public education in the least restrictive environment. Disabilities covered under IDEA include developmental delays, hearing and visual impairments, emotional disturbance, orthopedic impairments, autism, traumatic brain injury, other health impairments, and specific learning disabilities.

What We Found

1. From 2018 to 2019, only 33.4% of Oregon children eligible for special education through Early Intervention/Early Childhood Special Education (EI/ECSE) programs received an adequate level of services, as defined by ODE. For children eligible for ECSE services, only 61.6% of children with low needs, 6.2% with medium, and 0.7% with high needs received an adequate level of services.
2. Oregon schools receive twice the standard per-student allocation of state funds for students experiencing disabilities, yet this only applies for up to 11% of a district's student population. The number of students experiencing disabilities frequently surpasses this 11% cap, meaning the need for services exceeds existing resources.
3. Local education agencies and ODE are anticipating increased resources with the enactment of the Student Success Act, although this will likely not be enough to fully fund special education in Oregon.
4. Rural districts compete with larger, urban school districts for special education teachers and educational aides. Rural districts also have limited access to specialists and more severe shortages of primary care and childcare providers, who assist with the identification of children experiencing disabilities.
5. EI/ECSE programs benefit from the use of a statewide case management data system to coordinate services. No such data system exists for special education programs for school-age children in grades K-12.

What We Recommend

We made 13 recommendations to ODE about improving coordination and monitoring of services for students experiencing disabilities.

ODE agreed with six of our recommendations, partially agreed with three, and disagreed with four. Their response can be found at the end of the report.

REPORT TITLE AND NUMBER: **Using the U.S. Treasury's Do Not Pay System for Health and Human Services Programs Will Save Taxpayers Money; Report No. 2020-05**

REPORT DATE: February 2020

RESULTS IN BRIEF: The Oregon Audits Division was the first state audit organization in the nation to be granted access to the U.S. Treasury's Do Not Pay System. The system is designed to help identify, prevent, and inform government programs on the potential to recover improper payments in federally funded, state-administered health and human services programs.

The Department of Human Services (DHS) and Oregon Health Authority (OHA) operate multiple federally funded public assistance programs that serve over 1 million Oregonians. Oregon spends about half of the state's budget on Health and Human Services programs, about \$13 billion annually. Savings from reducing improper payments can increase resources available to serve those in need. Congress and the Office of Management and Budget have made reducing improper payments a strategic goal.

The Improper Payments Elimination and Recovery Improvement Act of 2012 created a new federal program, Do Not Pay, in the U.S. Treasury. Do Not Pay is available for free to any government agency administering a federally funded program. Improper payments cost taxpayers nationwide an estimated \$141 billion across 90 federal programs in 2017.

What We Found

1. By using Do Not Pay to identify ineligible recipients, over \$790,000 in recovery and cost avoidance was identified, generating a return on investment of about \$286 in savings for every \$1 spent.
2. Do Not Pay's data analytics can provide assurance that processes are working effectively, as well as help improve existing processes by identifying data quality issues, compliance issues, and gaps in internal controls.
 - a. Do Not Pay can help identify data quality issues.
 - b. OHA was not in full compliance with Medicaid provider screening requirements.
 - c. Data analytics identified a weakness in internal controls. These weaknesses allowed payments for public assistance to be issued on behalf of deceased and ineligible individuals.

What We Recommend

DHS and OHA should work with the U.S. Treasury to obtain access to Do Not Pay's worker portal and establish recurring data matches against Do Not Pay data sources. They should establish joint policies and procedures for using Do Not Pay, verify data matches through Requests for Information if other sources are unavailable, and work with authorities to correct erroneous reports of death. Lastly, they should work with Do Not Pay to establish data quality checks of critical information systems.

Both agencies agreed with all of our recommendations. Their response can be found at the end of the report.

REPORT TITLE AND NUMBER: **Oregon's Child Welfare Information System Is Adequate for Case Management, but Enhancements Are Needed to Improve Usability; Report No. 2020-01**

REPORT DATE: February 2020

RESULTS IN BRIEF: The mission of the Department of Human Services (DHS) is to help Oregonians in their own communities achieve well-being and independence through opportunities that protect, empower, respect choice, and preserve dignity. The agency provides services to assist Oregon's vulnerable groups, including programs for aging adults, people with disabilities, and children in foster care. Child Welfare programs at DHS aim to improve family capacity to provide safe and permanent living environments for children in foster care in Oregon.

Oregon's Child Welfare caseworkers rely on data in OR-Kids to make decisions that affect the safety and well-being of children in foster care. OR-Kids is a critical tool that should support case management activities. Child Welfare managers and policy makers rely on OR-Kids data to inform program oversight. Data in OR-Kids is reported to the federal government and inaccuracies could put federal funding at risk.

What We Found

1. The OR-Kids information system is functional for basic case management, in that it facilitates the storage and retrieval of case information. However, it is difficult to use, which decreases caseworker efficiency and puts Child Welfare data quality at risk.
2. The Department of Human Services (DHS) has not fully identified which Child Welfare data is most critical and does not have a data governance program in place to manage data quality.
3. Training is important to ensure that caseworkers and supervisors maintain data quality when they enter information into OR-Kids. However, the OR-Kids training program could be strengthened.
4. Rather than replacing OR-Kids, DHS has elected to transition the existing system to meet new federal requirements. The agency is moving forward with the project but is very early in this process and needs to monitor ongoing risks.

What We Recommend

To improve OR-Kids usability and data quality management, DHS should continue to engage with program staff and other users to address usability concerns; implement a data governance function; fully identify critical data; and improve the OR-Kids training program. To ensure processes and controls are in place to successfully transition OR-Kids to a Comprehensive Child Welfare Information System, the department should acquire a qualified project manager and maintain engagement with project oversight entities.

DHS agreed with all of our recommendations. Their response can be found at the end of the report.



Key Audit Members

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About the Secretary of State Audits Division

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

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