

The background of the cover features a photograph of the Oregon State Capitol building, a large neoclassical structure with a prominent dome topped by a golden statue. In the foreground, a modern, abstract fountain with multiple tiers of water spraying out is visible. The scene is set in a park-like area with green lawns and trees, including some with pink blossoms on the right side. The entire image is overlaid with a dark teal semi-transparent rectangle that contains the text.

# Statewide Single Audit Report

Fiscal Year 2022

July 2023  
2023-21



Secretary of State  
LaVonne Griffin-Valade



Audits Director  
Kip Memmott

The Honorable Tina Kotek  
Governor of Oregon

We have conducted a statewide audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This report encompasses the year ended June 30, 2022, and is required for the State to continue receiving federal financial assistance, which, as shown in this report, totals approximately \$21 billion.

As required by the Single Audit Act, we issued a report dated February 27, 2023, on the State of Oregon's financial statements. That report was included in the State of Oregon's *Annual Comprehensive Financial Report* for the year ended June 30, 2022.

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, 2022.
- *Schedule of Findings and Questioned Costs.* This schedule lists 17 current year audit findings regarding internal control related to financial reporting. It also lists 50 current year audit findings regarding compliance with the requirements of federal programs and related internal controls.

Uniform Guidance requires management to provide a plan of corrective action on the findings and recommendations for the fiscal year ended June 30, 2022. 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, 2022, excluding discretely presented component units. The notes, which accompany the schedule, are considered an integral part of the schedule.
- *Schedule of Prior Year Findings.* This schedule lists the current status of prior year findings that remained uncorrected at the end of fiscal year 2021.

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 disclaimer of opinion on the Emergency Solutions Grants Program. We issued an adverse opinion on the Emergency Rental Assistance Program. We issued qualified opinions on the Coronavirus State and Local Fiscal Recovery Fund, Temporary Assistance for Needy Families (TANF), Low-Income Home Energy Assistance Program (LIHEAP), Block Grants for Community Mental Health Services, and Block Grants for Prevention and Treatment of Substance Abuse. We issued unmodified opinions on all other major federal programs.

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

*Office of the Secretary of State, Audits Division*

State of Oregon

## Table of Contents

### INDEPENDENT AUDITOR’S REPORTS:

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*..... 1

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 ..... 4

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS:

Summary of Auditor’s Results..... 11

Financial Statement Findings ..... 13

Federal Awards Findings and Questioned Costs..... 31

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

Schedule of Expenditures of Federal Awards..... 94

Notes to the Schedule of Expenditures of Federal Awards..... 124

### SCHEDULE OF PRIOR YEAR FINDINGS:

Prior Year Financial Statement Findings ..... 126

Prior Year Federal Award Findings and Questioned Costs..... 133

### APPENDIX A: Summaries of Related Audit Reports

Issued by the Oregon Secretary of State Audits Division ..... 161

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

The Honorable Tina Kotek  
Governor of Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon as of and for the year ended June 30, 2022, 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 27, 2023.

Our report includes a reference to other auditors who audited 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 auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

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

### Report on Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2022-001, 2022-002, 2022-003, 2022-005, 2022-007, and 2022-010 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered the deficiencies described in the accompanying schedule of findings and questioned costs as items 2022-004, 2022-006, 2022-008, 2022-009, and 2022-011 through 2022-017 to be significant deficiencies.

## Report on Compliance and Other Matters

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

## The State of Oregon's Response to Findings

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in

accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Office of the Secretary of State, Audits Division*

State of Oregon  
February 27, 2023



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

The Honorable Tina Kotek  
Governor of Oregon

### Report on Compliance for Each Major Federal Program

#### Adverse, Qualified, Unmodified, and Disclaimer of Opinions

We have audited the State of Oregon's (State) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2022; and we were engaged to audit the State's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Assistance Listing Number (ALN) 14.231 Emergency Solutions Grant Program for the year ended June 30, 2022. The State's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Disclaimer of Opinion on Emergency Solutions Grant Program (ALN 14.231)*

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

#### *Adverse Opinion on the Emergency Rental Assistance Program (ALN 21.023)*

In our opinion, because of the significance of the matter discussed in the Basis for Adverse, Qualified, Unmodified Opinions section of our report, the State did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Emergency Rental Assistance Program for the year ended June 30, 2022.



*Qualified Opinions on the Coronavirus State and Local Fiscal Recovery Fund (ALN 21.027), Temporary Assistance for Needy Families (ALN 93.558), Low Income Home Energy Assistance Program (ALN 93.568), Block Grants for Community Mental Health Services (ALN 93.958), and Block Grants for Prevention and Treatment of Substance Abuse (ALN 93.959)*

In our opinion, except for the noncompliance described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Coronavirus State and Local Fiscal Recovery Fund, Temporary Assistance to Needy Families, Low Income Home Energy Assistance Program, Block Grants for Community Mental Health Services, and Block Grants for Prevention and Treatment of Substance Abuse programs for the year ended June 30, 2022.

*Unmodified Opinion on Each of the Other Major Federal Programs*

In our opinion, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

**Basis for Disclaimer of Opinion on the Emergency Solutions Grant Program**

As described in the accompanying schedule of findings and questioned costs, we were unable to obtain audit evidence supporting the State’s compliance with the compliance requirements in the table below applicable to the Emergency Solutions Grant Program. As a result of these matters, we were unable to determine whether the State complied with the requirements applicable to the Emergency Solutions Grant Program.

| Assistance |                                   |           |  |
|------------|-----------------------------------|-----------|--|
| Listing #  | Program Name                      | Finding # | Compliance Requirement   |
| 14.231     | Emergency Solutions Grant Program | 2022-018  | Activities Allowed or Unallowed; Allowable Costs/Cost Principles |
|            |                                   | 2022-019  | Equipment and Real Property Management                           |
|            |                                   | 2022-020  | Special Tests and Provisions                                     |
|            |                                   | 2022-021  | Matching, Level of Effort, Earmarking                            |
|            |                                   | 2022-022  | Procurement and Suspension and Debarment                         |
|            |                                   | 2022-023  | Special Tests and Provisions                                     |
|            |                                   | 2022-024  | Procurement and Suspension and Debarment                         |

**Basis for Adverse, Qualified, and Unmodified Opinions**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

*Matters Giving Rise to Adverse Opinion on the Emergency Rental Assistance Program*

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

| Assistance |                                     |           |  |
|------------|-------------------------------------|-----------|--|
| Listing #  | Program Name                        | Finding # | Compliance Requirement   |
| 21.023     | Emergency Rental Assistance Program | 2022-025  | Activities Allowed or Unallowed; Allowable Costs/Cost Principles |
|            |                                     | 2022-026  | Activities Allowed or Unallowed; Eligibility                     |
|            |                                     | 2022-027  | Reporting  |
|            |                                     | 2022-028  | Reporting  |

*Matters Giving Rise to Qualified Opinions on the Major Federal Programs Listed Below*

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

| Assistance |  |           |                                 |
|------------|--|-----------|---------------------------------|
| Listing #  | Program Name   | Finding # | Compliance Requirement          |
| 21.027     | Coronavirus State and Local Fiscal Recovery Fund             | 2022-031  | Subrecipient Monitoring         |
| 93.558     | Temporary Assistance to Needy Families                       | 2022-036  | Reporting                       |
|            |  | 2022-037  | Special Tests and Provisions    |
|            |  | 2022-038  | Special Tests and Provisions    |
| 93.568     | Low Income Home Energy Assistance                            | 2022-032  | Subrecipient Monitoring         |
|            |  | 2022-033  | Reporting                       |
| 93.958     | Block Grants for Community Mental Health Services            | 2022-041  | Activities Allowed or Unallowed |
|            |  | 2022-042  | Activities Allowed or Unallowed |
|            |  | 2022-043  | Subrecipient Monitoring         |
| 93.959     | Block Grants for Prevention and Treatment of Substance Abuse | 2022-041  | Activities Allowed or Unallowed |
|            |  | 2022-043  | Subrecipient Monitoring         |

**Other Matter – Federal Expenditures Not Included in the Compliance Audit**

The State’s basic financial statements include the operations of the component units in the table below, which expended \$1.7 billion in federal awards which is not included in the State’s schedule of expenditures of federal awards during the year ended June 30, 2022. Our compliance audit does not include the operations of the below component units because they engaged other auditors to perform an audit of compliance.

| <b>Component Unit</b>              | <b>Federal Expenditures</b> |
|------------------------------------|-----------------------------|
| University of Oregon               | \$ 342,545,157              |
| Oregon State University            | 493,483,904                 |
| Portland State University          | 208,735,922                 |
| Oregon Health & Science University | 559,403,208                 |
| Western Oregon University          | 39,849,141                  |
| Oregon Institute of Technology     | 33,325,557                  |
| Southern Oregon University         | 36,006,820                  |
| Eastern Oregon University          | 24,169,505                  |
| <b>Total</b>                       | <b>\$1,737,519,214</b>      |

### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

#### *Auditor's Responsibilities for the Audit of Compliance for the Emergency Solutions Grant Program*

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

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

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over compliance. Accordingly, no such opinion is expressed.

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

#### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and are described in the accompanying schedule of findings and questioned costs as items 2022-034, 2022-035, 2022-040, 2022-045, 2022-046, 2022-049, 2022-051 through 2022-056, 2022-058 through 2022-061, 2022-063, and 2022-065 through 2022-067. Our opinion on each major federal program is not modified with respect to these matters.

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

Uniform Guidance requires auditing procedures to follow up on prior year findings, including programs that are not audited as major programs. Findings 2022-047 and 2022-048, as described in the accompanying schedule of findings and questioned costs, identified noncompliance or internal control deficiencies for the Opioid STR program (ALN 93.788). We express no opinion on this program.

#### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-018 through 2022-020, 2022-025 through 2022-033, 2022-035 through 2022-039, 2022-041 through 2022-044, and 2022-065 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 2022-021 through 2022-024, 2022-034, 2022-040, 2022-045 through 2022-055, 2022-057 through 2022-064, and 2022-066 through 2022-067 to be significant deficiencies.

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

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

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

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

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated February 27, 2023, 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

July 20, 2023, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is February 27, 2023

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year ended June 30, 2022**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified?  yes  no

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

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal control over major programs:

Material weaknesses identified?  yes  no

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

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

Disclaimer:  
Emergency Solutions Grant Program

Adverse:  
Emergency Rental Assistance Program

Qualified:  
Temporary Assistance to Needy Families  
Low Income Home Energy Assistance Program  
Coronavirus State and Local Fiscal Recovery Funds  
Block Grants for Community Mental Health Services  
Block Grants for Treatment and Prevention of Substance Abuse

Unmodified:  
All Other Major Programs

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



## Identification of Major Programs

### Assistance

| Listing # | Name of Federal Program or Cluster                           |
|-----------|--|
| 10.542    | Pandemic EBT Food Benefits                                   |
| 14.231    | Emergency Solutions Grant Program                            |
| 21.023    | Emergency Rental Assistance                                  |
| 21.027    | State and Local Fiscal Recovery Funds                        |
| 84.425    | Education Stabilization Fund                                 |
| 93.268    | Immunization Cooperative                                     |
| 93.323    | Epidemiology and Laboratory Capacity for Infectious Diseases |
| 93.558    | Temporary Assistance for Needy Families                      |
| 93.568    | Low-Income Home Energy Assistance Program                    |
| 93.659    | Adoption Assistance  |
| 93.667    | Social Services Block Grant                                  |
| 93.958    | Block Grants for Community Mental Health Services            |
| 93.959    | Block Grants for Prevention and Treatment of Substance Abuse |
| Cluster   | WIA/WIOA Cluster   |
| Cluster   | Highway Planning and Construction Cluster                    |
| Cluster   | Medicaid Cluster   |
| Cluster   | Disability Insurance/SSI Cluster                             |

Dollar threshold used to distinguish between type A and type B programs: \$31,233,606

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.

### 2022-001 Department of Human Services

#### Ensure federal program funding is recorded to the correct program

##### Material Weakness

Criteria: 2 CFR 200.400(a)-(d)

State agencies are required to administer federal funds in a manner consistent with the terms and conditions of the Federal award.

During fiscal year 2022, the Department of Human Services issued benefits under the new Pandemic EBT (P-EBT) program. The program used the same Oregon Eligibility system as the Supplemental Nutritional Assistance Program (SNAP), which interfaces the program transactions to the state's accounting system. Initial guidance from the federal government did not provide a separate assistance listing number for P-EBT, so the department did not set up separate coding in the system when implementing the P-EBT program to allow program expenditures to be recorded separately from the SNAP program expenditures.

Despite assurances from department management that the financial records would be corrected by the end of fiscal year 2022, the appropriate adjustments to separate the two programs were not made and had been only partially completed as of January 2023. This resulted in an adjustment in January to move approximately \$568.4 million in federal expenditures and revenues from SNAP to P-EBT.

**We recommend** the agency ensure any new federal programs have the correct coding applied to ensure accurate reporting of federal expenditure by each federal program.

##### **MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*The Office of Financial Services has corrected the assistance number for federal reporting for P-EBT. We will review internal procedures to ensure validation steps are included and incorporated in the process for establishing structure to support federal reporting requirements.*

*Anticipated Completion Date: May 31, 2023*

### 2022-002 Department of Human Services/Oregon Health Authority

#### Improve internal controls over lease entries

##### Material Weakness

Criteria: Governmental Accounting Standards Board Statement 87; Oregon Accounting Manual, Policy 15.60.30

During fiscal year 2022, the State of Oregon implemented GASB pronouncement 87, which relates to the accounting for leases. As a lessee, state agencies are required to capitalize leases at the present value of future payments to be made and to record a liability for the present value of future lease

payments to be made. As a lessor, state agencies are required to recognize a receivable and a deferred inflow of resources for the present value of payments to be received.

To implement the new pronouncement, accounting and procurement staff reviewed thousands of contracts to determine if they met the applicable reporting requirements. The increased workload was in addition to the employees' existing workloads. To assist in the calculations, management purchased new software for tracking the leases and calculating the entries for fiscal year 2022 as well as future fiscal years. However, the software was not acquired until May of 2022 and accounting staff did not have an opportunity to complete inputting the applicable data and verifying accuracy before the necessary entries were required.

During our review of leases, we selected a sample of 40 items where the departments recorded lessee entries. We identified the following errors in our review:

- 23 items were not recorded for the appropriate leased asset amount. Leased assets were undervalued by \$3.8 million (known error)
- 12 items were not recorded for the appropriate lease obligation amount. Lease obligations were undervalued by \$4.1 million (known error)
- 33 items were not recorded for the appropriate accumulated amortization amount. Accumulated amortization for leased assets was undervalued by approximately \$539 thousand (known error).

As part of the lessee entries, expenditures and other financing sources should be reported in the period the lease is initially recognized. The Department of Human Services did not report expenditures and offsetting other financing sources in any of the governmental funds which ultimately resulted in overstating the expenditures and other financing sources by over \$186.1 million in the General Fund and understating the Health and Social Services fund by the same amount. The Oregon Health Authority also did not report expenditures and offsetting other financing sources in any of the governmental funds, which ultimately resulted in an overstatement of the expenditures and other financing sources of \$12.6 million in the General Fund, understatement of over \$162 thousand in the Consumer Protection Fund, and an understatement of \$12.4 million in the Health and Social Services Fund.

We also identified one lease entered into by the Department of Human Services where the agency is the lessor. The Department of Human Services did not make the entries required by GASB pronouncement 87 to record the receivable and the deferred inflow of resources for the present value of payments to be received, resulting in an understatement of approximately \$1.4 million.

**We recommend** management strengthen internal controls to ensure leased asset, lease liability, and accumulated amortization is appropriately valued and ensure all leases meeting the criteria of GASB 87 are recorded. We also recommend management strengthen internal controls to ensure expenditures and offsetting other financing sources related to leases are recorded to the appropriate governmental funds.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The Office of Financial Services (OFS) has reviewed and corrected all initial lease entries within the GASB87 software as per the audit findings. OFS has also created a new D23 fund per guidance to*

*record entries in the appropriate financing source. OFS will create detailed GASB87 procedures to follow to ensure accurate reporting in the future years.*

*Anticipated Completion Date: May 31, 2023*

**2022-003 Department of Human Services/Oregon Health Authority**  
**Year-end financial entries require additional review to ensure conformity with accounting standards**

**Material Weakness**

Criteria: Governmental Accounting Standards Board (GASB) Statement 34; GASB Statement 99

For most of the year, the state's accounting system operates on a cash basis of reporting. At fiscal year-end, state agencies are required to update the accounting records to be in conformity with either the modified accrual or full accrual basis of accounting. In some cases, state agencies must estimate certain transactions expected to occur within the three months following fiscal year-end when they are applicable to the prior fiscal year. In other cases, the entries are required for events already known to have occurred.

During the audit, we reviewed the year-end entries and noted multiple errors requiring adjustment to the financial statements for items known to have occurred. We found:

- An entry incorrectly recorded a cash transaction that had been previously recorded resulting in a \$214.2 million overstatement.
- An entry incorrectly created \$296.7 million of American Rescue Plan (ARPA) expenditures based on fiscal year 2022 grant balances. Unlike most federal programs, ARPA was advance funded by the federal government and did not require the state spend the funds before receiving them from the federal government. Due to a misunderstanding of the ARPA funding, the entry was made to record expenditures that had not yet occurred. A user error caused this grant to be set up as a reimbursable grant rather than an advance funded grant.
- For one federal program, the year-end entries incorrectly removed federal revenues from the accounting records. The department contacted the Statewide Accounting and Reporting Services (SARS) unit to correct the misstatement for approximately \$94.7 million but it was incomplete and an additional adjustment of \$6.8 million was necessary to correct the issue.
- Near the end of fiscal year 2022, the Government Accounting Standards Board (GASB) issued statement 99, with implementation required the same year, changing the expenditure recognition requirements for the Supplemental Nutrition Assistance Program (SNAP). GASB 99 requires expenditures be recognized when client benefits are issued, rather than when benefits are spent. The department's year-end entry did not properly account for the change in reporting, resulting in an overstatement of approximately \$80.7 million to revenues and expenditures.
- Most federal programs operate using a combination of federal funds and state funds. In some cases, the state funds are spent from the General Fund, and in other cases, expenditures will be paid with specific revenue streams. For cash flow purposes, the

departments will spend money out of the General Fund if the other revenue streams are not available when the expenditure is made. When the funds become available, the departments will “refinance” the transactions in the accounting system to correctly report which funds ultimately paid the expense. As part of the year-end process, the departments forecast the necessary year-end entries to comply with accounting standards. The departments have multiple financial sub-systems and each year staff obtain estimates of potential year-end adjustments from these systems. The accounting staff was informed from another Financial Services unit that some of the refinancing adjustments for system interfaces would be made in a timeline to be reported as fiscal year 2022 transactions, and the accounting staff correctly recorded the entries. However, the refinancing transactions did not occur on the timeline as expected, and the financial statements required adjustments totaling \$47.4 million for one of these systems.

**We recommend** management ensure accounting entries are complete, accurate, and made in accordance with accounting standards. Additionally, management should develop and implement a process to modify year-end entries if expected adjustments do not occur within expected timeframes.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*The Office of Financial Services Statewide Financial Reporting (SFR) Unit will engage more closely with staff providing year-end system transaction details to ensure all elements of the data are accounted for are still anticipated to be completed by September 30. Specific to this finding, SFR has also adjusted the year end process for the cash accrual to avoid missing transactions affecting cash. Additionally, written processes are being updated with greater details.*

*Anticipated Completion Date: September 30, 2023*

**2022-004 Department of Administrative Services**  
**Ensure access control policies and procedures are consistently applied**  
**Significant Deficiency**

The Department of Administrative Services has established controls over access to the Statewide Financial Management Application (SFMA) and Oregon State Payroll Application (OSPA) information systems which are designed to restrict access to only authorized users based on user job descriptions and duties. Access requests are reviewed by the Statewide Accounting and Reporting Services (SARS) to ensure appropriate segregation of duties and only authorized users are granted system access. In addition, SARS conducts semi-annual reviews to ensure Agency Security Officer (ASO) authority is updated and user access is regularly reviewed by ASOs to ensure user access is appropriate, and any unauthorized users are revoked timely.

During the course of our audit, we noted the following six instances in which OSPA and SFMA system controls were not operating as designed:

- We noted one instance in which SARS processed duplicate OSPA system access requests for the same user which had been submitted by two different agency ASOs. Additionally,

this user was granted inappropriate access to a shared agency group for a period of four months;

- On two occasions, SARS processed system access requests for OSPA from ASOs who were not authorized approvers;
- On another occasion, SARS processed an OSPA access request form which did not include all required elements;
- One instance of access granted with incomplete documentation for an SFMA access request; and,
- One instance during the spring semi-annual review in which SARS did not process all updates to the list of authorized ASOs requested by an agency's Chief Financial Officer.

If established access controls are not adequately implemented, inappropriate or unauthorized system access could occur, resulting in increased risk of unauthorized transactions and/or material misstatements.

**We recommend** department management ensure all established system access internal control policies and procedures are followed when granting new access and control processes are monitored to ensure only authorized users can access and make changes to the state's financial and payroll system data.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*We have hired a new staff member to administer security for the statewide financial systems. As part of that new employee's onboarding, we will emphasize adherence to existing system security policies and procedures, ensure proper training of the new employee occurs, and routinely perform monitoring to ensure only properly authorized access is granted.*

*Anticipated Completion Date: July 1, 2022*

**2022-005 Oregon Business Development Department  
Strengthen accounting procedures**

**Material Weakness**

Criteria: OAM 10.15.00.103

State accounting policy requires management to develop procedures to ensure that transactions are correctly recorded in the state's accounting system for financial reporting purposes. State agencies are also expected to follow guidance provided by the Department of Administrative Services Statewide Accounting and Reporting Services (SARS) when implementing new accounting standards. SARS also issues a guide to year-end financial reporting agencies should follow.

During our financial audit work at the department, we identified the following errors in the accounting records:

- The department did not record its \$23 million April 2022 lottery bond principal and interest payment in the accounting system.
- The department did not record \$5.4 million in amortization of bond premium as part of year-end reporting procedures.

- The department did not make a \$34 million year-end entry to reclassify bonds payable to be paid in the next year as current, resulting in a classification misstatement of \$34 million.
- The department did not make a year-end entry to reclassify loan principal expected to be received in the next year as current loans receivable, resulting in a classification misstatement of over \$15.8 million.
- The department received \$325 million in American Rescue Plan Act federal funds as directed by legislation. As part of year-end closing, the department should have recognized a liability for any federal funds received but not spent by June 30, 2022. The department did not record the \$290 million liability for unearned revenue.
- The department did not correctly follow standards or guidance to implement a new accounting standard for leases. Prior accounting management incorrectly determined none of its agreements met the definition of a lease. Based on our review, the department re-examined their agreements and determined that some would meet the definition of a lease and should have been recorded. This resulted in approximately \$1.7 million of leased assets and lease liability not being recorded.

Prior to the close of the fiscal year, the department experienced significant turnover in its accounting staff, including the accounting manager. This turnover resulted in the loss of some knowledge related to the agency and its year-end closing financial reporting process and entries made. In addition, the department did not have any written policies and procedures to support the year-end closing process.

**We recommend** management develop and implement procedures to identify and ensure all year end closing entries are recorded in the accounting records and develop written policies and procedures for financial reporting. Additionally, we recommend management develop a process to ensure leases are properly captured and recorded.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*Oregon Business Development Department (Business Oregon) will have its Senior Accountants attend multiple trainings offered by the Department of Administrative Services (DAS) to prepare for fiscal year end 2023. Currently, two Senior Accountants are spending an hour a week reviewing past trainings offered by DAS which will be completed by June 2023, including Year-End Close Training, GASB 87 Leases Training, and Long-term Debt Training. The Senior Accountants and the Accounting Manager will attend the 2023 Year-End Training which will be held in June 2023.*

*In addition to the training, the Accounting Manager and Senior Accountants will develop procedures, document workpapers, and review the Guide to Year-End close during fiscal months 12 and 13 to ensure that all necessary entries have been made for FY2023.*

*Business Oregon will take steps to ensure leases are properly captured and recorded per GASB 87. In December 2021, Business Oregon reviewed all current leases and determined six leases qualified under GASB 87. Amortization schedules were created for all six leases and documentation was created around why these leases qualified under GASB 87. For any future leases that might be implemented, the Accounting Manager and Senior Accountants will use the Lease Data Matrix to evaluate if the lease qualifies under GASB 87 and will use T-Value to create amortization schedules for the qualifying leases.*



*Finally, Business Oregon will review the GASB 87 Lease training by DAS to determine necessary entries and will be reviewing the Guide to Year-End Close to ensure year-end lease entries are properly recorded.*

**2022-006 Department of Justice**  
**Improve internal controls over lease entries**  
**Significant Deficiency**

Criteria: Government Accounting Standards Board Statement No. 87; Oregon Accounting Manual, policy 15.60.30

During fiscal year 2022, the State of Oregon implemented a new accounting standard related to leases. In accordance with state policy and other guidance provided to agencies, the department was responsible to identify all applicable leases and ensure proper accounting and reporting of the leases.

We reviewed the department's support for 15 leases. Within this review we identified the following errors:

- The department used the incorrect discount rate for valuing the future payments for the 15 leases.
- The department incorrectly included the monthly operating expenses and property taxes in the capitalization of the leased asset.
- For one lease, the department did not have the correct number of payments based on the lease termination date in the contract amendment.

In aggregate, for leased buildings, this resulted in an overstatement of the leased buildings and the related lease liability of about \$17 million. These errors occurred as the department did not correctly implement the accounting standard using the training and resources provided to all state agencies.

**We recommend** department management implement controls over accounting for capital leases to ensure capital leases and associated accounts are properly valued in the financial records. The department should review its leases to identify and correct the various errors and make correcting entries in the accounting system.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*DOJ will review all leases and prepare correcting entries that remedy and address the following:*

- *Correct discount rate;*
- *Exclusion of monthly operating expenses and property taxes from lease valuation, and;*
- *Review and count of monthly payments for lease duration.*

*Anticipated Completion Date: May 31, 2023*

**Consider incorporating actuals in tax accrual calculations and ensure the calculations and reasoning are documented in a methodology**

**Material Weakness**

Criteria: GASB Codification Section N50.113

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 net of an allowance for uncollectible taxes as of June 30, and determine how much of the outstanding debt should be classified as current or noncurrent using historical data.

During the fiscal year, the department made changes to some of its tax accrual methodology and relied on data provided by its research department. However, the changes and the reasoning behind the changes were not formally documented as part of their written methodology. We identified the following issues with the department's year-end accrual:

- The initial calculation of uncollectible taxes based on the department's updated methodology resulted in a noticeably lower estimate reported compared to the prior year. Upon inquiry, the department initially struggled to explain the reason for the reduction. Eventually, the department provided an explanation with revised uncollectible data and calculations. Based on the difference between the initial and revised uncollectible data, the reported allowance for uncollectible taxes was understated by approximately \$223 million.
- The accrual process begins with known taxes receivables at June 30 and taxes collected in the month after June 30. The department reduces the total of the taxes collected in the month after June 30 by a historical percentage to estimate the portion related to taxes receivables known at June 30. However, the department could use a report from its system of taxes collected related to known receivables at June 30 instead of this estimate. Auditors obtained this report from the system to compare to the department's estimate and determined the department's estimate was overstated by approximately \$7.7 million.
- 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 and does not consider actual collections data available to them. When compared to actual receipts collected, the department overstated current taxes receivable by approximately \$44 million, resulting in adjustments to the personal income tax revenue account. Part of the difference between the department's estimate and actual receipts is a result of relying on historical percentages that include unusual changes due to the Covid pandemic.

**We recommend** department management consider including actual data from the system to the extent possible instead of solely relying on prior year activity that can be impacted when unusual events occur. In addition, the department should ensure its taxes receivable methodology and reasoning is fully documented so can be duplicated and explained.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*1<sup>st</sup> bullet point: The Oregon Department of Revenue updated its uncollectible tax calculations methodology in late 2021. DOR Financial Services reverted to pre-2021 methodology, when calculating year-end entries for fiscal year 2022, and this created the difference. The department has documented its new uncollectible methodology, written a process for data calculations and sharing between Collections, Finance, and Research. Finance has re-confirmed that its own procedures use the new methodology.*

*2<sup>nd</sup> bullet point: Issue will be resolved June 30, 2023 year-end close. Finance is currently updating its processes and work papers to pull actuals, instead of its old methodology of historical percentages.*

*3<sup>rd</sup> bullet point: To pull actuals and use no estimation, the department would need to wait until October to post accruals and receivable entries. The department currently does this for Corporate Activity Tax. However, because these programs feed the General Fund it is very unlikely the department can wait until October. Therefore, the department will pull as much data as it can, and work on a new methodology to estimate the remaining months. Because estimations are still used, there will likely be adjustments every year. The issue will be resolved June 30, 2023 year-end close. Finance is currently updating its processes and documentation to pull as many months of actual receipts as it can and will work with its Research Section to develop a new methodology to estimate the remaining months in the fiscal year.*

*Anticipated Completion Date: June 30, 2023*

## **2022-008 Oregon Military Department**

### **Ensure construction in progress tracking reconciles to accounting records**

#### **Significant Deficiency**

Criteria: OAM 15.60.10, Policy 101 & Procedure 111

The department provided a report of construction in progress which documented over 40 projects in progress. However, the department had not received all needed updates from project managers regarding completed projects which would indicate any projects that are ready for capitalization. This resulted in a \$14 million overstatement of construction in progress. It is important for the accounting department to have an updated list of the projects and costs and communicate with project managers to know when the cost should be capitalized and depreciated.

**We recommend** the department finish updating the construction in progress tracking records and ensure it reconciles to the accounting records.

#### ***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The Financial Administration Division will finalize updating tracking documents related to Construction in Progress. The Financial Administration Division will also implement, in concert with the Construction Branch of the Installations Division, a process where Project Managers provide updates to the Debt Management Accountant on a recurring basis throughout the fiscal year for all ongoing projects. These updates will drive determinations, made jointly by the Project Manager and the Debt Management Accountant, as to whether projects have reached substantial completion and are ready for Capitalization, or whether project cost should continue to reside within Construction in Progress.*

*Anticipated Completion Date: June 30, 2023*

**2022-009 Oregon State Police**  
**Improve controls over accounting of leases**  
**Significant Deficiency**

Criteria: Government Accounting Standards Board Statement No. 87; Oregon Accounting Manual, policy 15.60.30

During fiscal year 2022, the State of Oregon implemented a new accounting standard related to leases. In accordance with state policy and other guidance provided to agencies, the department was responsible to identify all applicable leases and ensure proper accounting and reporting of the leases.

We reviewed the department's support for 13 leases. Within this review we identified the following errors:

- For 6 leases, the lease term exceeded 15-years but the department used the 10-year Oregon Bond index rate instead of the 20-year Oregon Bond index rate
- For 4 leases, the lease payment amounts used did not agree to the lease contract and or contract addendums.

In aggregate, this resulted in an overstatement of the leased buildings and the related lease liability of about \$9.3 million. Various training and resources were provided to all state agencies around implementing the new standard. However, the department made technical errors during its implementation.

**We recommend** department management implement controls over accounting for capital leases to ensure capital leases and associated accounts are properly valued in the financial records. Department should also review its leases to identify and correct the various errors and make correcting entries in the accounting system.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*OSP believes that while this is a new requirement and we have over sixty leases to account for, we are responsible for identifying applicable leases and accurately valuing them on the financial statements. OSP Financial Services did in fact correctly set up the accounting structure needed to implement the new standard, correctly determined all leases that applied, and because we have many leases that have other complicating factors involved, such as options to extend, many funding sources, prorating mid-year leases, etc. this process was very complicated and time consuming.*

*OSP agrees that there were errors made regarding the correct bond index rate used while calculating the lease amortization, a 10-year bond index rate was used instead of a 20-year bond index rate resulting in an overstatement of the liability. There were also a few leases that the total contract amount did not match the amount that had been amortized. These errors have been corrected and post close adjustments completed.*

*OSP is proposing the following change to current process to ensure errors such as this do not occur in the future and the GASB issued Statement No. 87, Leases is accurately managed and reported.*

*We are developing and implementing an internal review process of the lease and technical details to ensure all leases we are including meet the requirements of the standard. This process will start with routine review of every contract, agreement, and lease while organizing them into a sustainable system to ensure we are accurately reporting the amount of lease liability in each fiscal year.*

*This process involves first reviewing our work on an internal basis, review of schedules conducted in a comprehensive review of each step of the process from identifying new lease agreements initiated, when existing leases are modified, lease terms change, down to addressing the journal entries and ensuring their accuracy and compliance with GASB — 87. The process also involves another review process externally to the preparation, to ensure that all areas have been addressed properly, nothing was missed, or additional guidance that may be helpful not originally considered.*

*Anticipated Completion Date: December 1, 2023*

**2022-010 Oregon Department of Emergency Management  
Improve controls over federal requests for reimbursement**

**Material Weakness**

Criteria: 2 CFR § 200.305; OAM 15.42.00

Oregon Department of Emergency Management (department) became a separate agency effective July 1, 2022 but prior was part of the Oregon Military Department (OMD). We audited federal revenue recorded at OMD, which included revenue related to the department. During our audit, the department struggled to determine which expenditures supported the federal request for reimbursement (RFR) as it was unclear from federal revenue documentation. In addition, the department was unable to locate certain expenditure documentation supporting the RFRs for 5 of 18 sample items. Agency management provided the following reasons which led to inadequate support documentation:

- No formal policy had been created to document the expenditures that are being reimbursed on federal RFR's.
- Key personnel who had the knowledge necessary to create the expense reports that tied to the RFR's, left the agency. Due to this, the department was unable to produce documentation that showed what expenditures tied to each RFR.
- Expenditure documentation was not consistently scanned and saved on shared drives (some documentation was still in hardcopy form).
- The department is a recent agency and was in the process of moving to a new office space. As such some hard copies for the expenditures were unable to be located.

**We recommend** department management create and implement procedures for tying the request for reimbursement (RFR) to the expenditure being reimbursed. Additionally, the department should create and implement procedures for archiving financial documents (RFR and expenditures).

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*Prior to July 2022, the Oregon Department of Emergency Management (ODEM) was an office within the Oregon Military Department (OMD). Past SOS audits have included recommendations for OMD to strengthen controls to ensure financial reports are accurate and adequately supported by accounting records. ODEM acknowledges that as a recent new agency there is a need to develop policies, procedures or protocols relating to tying records to requests for financial reimbursements and archiving financial documents.*

*ODEM will create and implement policies relating to processing RFRs, including how to ensure all documentation is properly tied to each reimbursement. ODEM will have all paper documents scanned and ensure proper electronic filing of documents and create standards relating to naming conventions and file structure. ODEM will also create and implement archiving policies for its financial records. ODEM is currently working with larger state agencies to gather examples of financial policies. The Finance Division and Mitigation Section have already actively begun clean-up of electronic files, ensuring consistency and clarity among current network drives, folders and file structures. ODEM's internal auditor is performing an audit of the grant accounting process with an anticipated end date of May 2023.*

*Anticipated Completion Date: December 31, 2023*

**2022-011 Oregon Department of Veterans' Affairs**  
**Knowledge, skills, and abilities necessary to prepare financial statements that are compliant with GAAP require improvement**  
**Significant Deficiency**

During the fiscal year 2022 audit of the Veterans' Loan Program's financial statements, auditors noted concerns regarding the department's ability to prepare the program's financial statements and notes to financial statements in compliance with generally accepted accounting principles, primarily because the department experienced significant turnover of accounting staff over the past year, including the accountant responsible for the preparation of the financial statements.

In our review of the initial and subsequent drafts of the financial statements and note disclosures we noted several errors:

- Within Management's Discussion and Analysis, we found sections of missing information, information that was not updated for the current year, incorrectly presented comparative financial information and information that did not reconcile to the basic financial statements.
- In the Notes to the Financial Statements, dates were not updated for the current fiscal year, amounts did not tie back to the basic financial statements or accounting records, and incorrect rates or amounts were reported.
- The Statement of Net Position and the Statement of Cash Flows were missing key line items or lacked adequate support, including missing required components in the Net Position section of the Statement of Net Position, and omission of Securities Lending Revenue and Expense line items in the Statement of Cash Flows.

**We recommend** department management dedicate resources to training staff responsible for the preparation of the financial statements and notes to the financial statements. We also recommend department management implement financial statement preparation procedures.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*Within the past year, ODVA has experienced turnover in the Financial Services Division Director (Chief Financial Officer) and Controller positions as well as four out of the remaining seven accounting positions in the finance division. That turnover as well as the lack of staff experience and documentation of internal procedures significantly contributed to the errors and omissions.*

*Corrective Action:*

- 1. Management will require additional training for staff responsible for the preparation of the financial statements and notes to the financial statements to ensure completeness and accuracy in those documents.*
- 2. Management will document financial statement preparation procedures to aid Financial Services Division staff and provide continuity during periods of staff turnover.*

*Anticipated Completion Date: June 30, 2023*

**2022-012 Oregon Department of Corrections**

**Ensure revenues are properly recorded**

**Significant Deficiency**

Criteria: OAM 15.35.00; Guide to Year-End Closing

State legislation required the Department of Administrative Services to transfer over \$969 million dollars in federal funds to the department from the Coronavirus Aid, Relief, and Economic Security Act Coronavirus Relief Fund and from the American Rescue Plan Act Coronavirus State Fiscal Recovery Fund. These federal funds were received in advance, but the department did not expend all the funds by June 30, 2022. State policy and guidance requires the department to recognize a liability for any federal funds received in advance but not spent by year end. Due to an oversight, the department overlooked recording this year-end financial reporting entry to reduce the federal revenue and recognize a liability resulting in a \$492 million misstatement.

**We recommend** department management to ensure year end closing guidance is followed in future years.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*We agree with the auditor's finding that we did not record a liability for unspent American Rescue Plan Act (ARPA) Coronavirus State Fiscal Recovery Fund revenue at June 30, 2022. In past biennia, DOC has primarily been funded by General Fund dollars, thus having a large part of our budget replaced with federal funds was both new and more complex. The funds were initially sent to DOC as separate transfers rather than as revenue, which contributed to the error.*



*We have added a step to our annual year-end checklist that requires review of federal and other advanced grants to determine whether any funds remain unspent at the end of the fiscal year and take action to record a liability for unearned revenue, if necessary. We have also added a step to our SEFA disclosure work program that verifies that any advance grants listed on the SEFA query are evaluated for unspent funds and a liability for unearned revenue recorded, if applicable.*

*Anticipated Completion Date: June 30, 2023*

## **2022-013 Department of Consumer and Business Services**

### **Improve reconciliation controls over security deposits**

#### **Significant Deficiency**

Criteria: OAM 10.00.00.PO.102

Department management is responsible for ensuring internal controls provide reasonable assurance that security deposits are accurately and completely reported. The Division of Financial Regulation (DFR) is responsible for regulating insurance companies and ensuring insurance companies deposit securities to be held for the faithful performance of their obligations. The department contracts with a custodian to be the depository for these securities, and insurers can request to exchange securities with DFR approval. To ensure securities are completely recorded in the financial records, DFR is responsible for preparing quarterly reconciliations between department records and custodian statements.

During the fiscal year, DFR did not complete quarterly reconciliations between department records and custodian statements due to staff turnover and prolonged vacancies. When reconciliations are not performed there is the potential for amounts recorded in the financial records to be incorrect.

**We recommend** department management ensure reconciliations are performed.

#### ***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The effective and efficient management of statutory deposits continues to be a high priority for the agency. DCBS aims to have clear and concise documented methodologies, procedures, and accounting working papers. Transparency is an important value to DCBS. Also, we aim to ensure that all documentation is available for internal and external review.*

*This deficiency did not result in a loss of funds, cause the program to be underfunded, or for DCBS to be at risk of being underfunded. There are other controls in place to ensure compliance from insurance companies.*

*DCBS will complete the following in relation to the audit recommendation and the values and aims noted above:*

- 1. Re-evaluate the methodology used for annual financial statement entries and reports related to statutory deposits. DCBS will also document methodologies used and create a procedure for the execution of the work by May 2023.*
- 2. Document methodologies used and procedures for statutory deposits data that is manually entered. In addition, DCBS will document how all data is reviewed, and by which personnel*

*in what position, before it is reported in financial statements. This work will be complete by June 2023.*

- 3. Create an individual training plan for the securities deposit position, including a plan for other staff to back up the securities deposit position by May 2023.*
- 4. Create a succession plan for the securities deposit position by July 2023.*
- 5. Develop detailed procedures for the securities deposit position that will require updating and maintaining, plus be easy to access for personnel backing up the position and oversight staff, with current draft due by July 2023.*
- 6. Make sure that quarterly reconciliations are completed by designated staff with the appropriate accounting knowledge, with a list of eligible reviewers to be expanded and finalized, by July 2023.*
- 7. Make sure reconciling entries are reviewed by staff with the appropriate accounting knowledge. Such reviews will be communicated to the securities deposit analyst and records will be corrected where needed. This work to be completed by July 2023.*

*Anticipated Completion Date: July 2023*

**2022-014 Department of Consumer and Business Services**  
**Implement controls to ensure security deposits are properly valued and accurately and completely reported**  
**Significant Deficiency**

Criteria: OAM 10.00.00.PO.102; GASB No. 31, paragraph 5; GASB No. 84, paragraph 23

Department management is responsible for ensuring internal controls provide reasonable assurance that security deposits are accurately and completely reported. The Division of Financial Regulation (DFR) regulates trust companies who deposit securities as a pledge for faithful conduct. DFR maintains a detailed listing of security deposits by trust company using quarterly statements provided by the trust companies. This listing provides the basis for determining whether trust companies are compliant with security deposit requirements, identifying the year-end balance for financial reporting, and calculating related inflows and outflows.

Financial reporting standards require these securities to be reported at book value and for all activity related to the securities, including withdrawals and exchanges, to be reported as inflows and outflows. During testing we noted the following errors:

- DFR's securities listing is used for multiple purposes; therefore, it requires including book, market, and par values. However, DFR did not use the correct values for some securities for reporting purposes and security deposits were overstated by \$1 million.
- During the fiscal year, the Financial Services Unit changed their procedure from quarterly to monthly calculations of inflows and outflows. Trust company statements are only available quarterly, and documentation for detailed transactions is only provided when securities are withdrawn. Creating monthly processes without the underlying statements resulted in inflows and outflows being overstated \$24.2 million and \$23.2 million, respectively.

**We recommend** the department develop internal controls and processes to ensure year-end balances and inflows and outflows activity are accurately and completely reported and supported by information readily available from trust companies.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*Accurate and complete financial reporting is a high priority for the agency. DCBS strives for excellence in financial reporting.*

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

- 1. DCBS will record trust company activities on a quarterly basis, in alignment with when the statements are available from trust companies. DCBS Financial Services will retain copies of the supporting quarterly statements. DCBS will update current procedures to reflect this change. This work will be complete by May 2023.*
- 2. DCBS Financial Services will collaborate with the DCBS Division of Financial Regulation (DFR) to ensure the procedures for recording trust company activities are clear for all involved. DCBS will ensure multiple people are trained on the process to ensure these activities are recorded accurately and in a timely manner. This work will be complete by June 2023.*

*This deficiency was a reporting error, did not result in a loss of funds, and did not impede DCBS' ability to properly manage the Division of Financial Regulation's banking program.*

*Anticipated Completion Date: June 2023*

**2022-015 Department of Consumer and Business Services**

**Improve controls over prior period correcting entries**

**Significant Deficiency**

Criteria: OAM 10.00.00.PO.102

Department management is responsible for establishing internal controls to provide reasonable assurance regarding the reliability of financial reporting. The department was required to make two correcting entries during the current fiscal year, 2022, to correct errors identified during the fiscal year 2021 audit. The department did not consider the impact of these entries on the activities and balances of fiscal year 2022, resulting in the following errors:

- Performance deposits were overstated \$2.3 million;
- Inflows were understated \$218 million;
- Outflows were understated \$220.2 million; and
- Healthcare provider taxes were overstated \$507 thousand.

**We recommend** department management establish internal controls to ensure the impacts of correcting entries on fiscal years involved are understood and appropriately reported.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

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

1. *Collaborate with DAS SARS to ensure all post-closing adjustments are made and better understand the impact of these adjustments on the financial statements. This work will be complete by August 2023.*
2. *DCBS Financial Services will add a task to the end-of-year checklist to ensure all correcting entries have been resolved from previous fiscal years. DCBS will ensure multiple accountants are trained on this process. This will be complete by August 2023.*
3. *DCBS Financial Services will provide additional training to staff on the Oregon Reinsurance Program (ORP) and the related health care provider taxes. Multiple accountants will be trained on the ORP and DCBS will ensure the accounting activities are completed, reviewed, and released by staff with the proper training. This work will be complete by August 2023.*

*None of the prior period correcting entries resulted in a loss of funds. To assist in tracking audit recommendations and needed adjustments, DCBS Financial Services hired an operations and policy analyst 3 in October 2022. This was a newly created position to assist in the important work done in Financial Services, and reflects DCBS' level of commitment to efficient and accurate financial reporting.*

*Anticipated Completion Date: August 2023*

**2022-016 Oregon Department of Transportation**  
**Recommend retaining support for software beginning balances**  
**Significant Deficiency**

Oregon Administrative Rules require agencies to retain documentation supporting capitalized assets, including software costs, for a minimum of 3 years after disposal of the asset (OAR 166-300-0020).

We requested documentation to support the July 1, 2021, opening balances for Data Processing Software. The department's asset listing included 495 individual software assets acquired between 1990 and 2022 totaling \$138.9 million. Of the 26 items selected for review, 5 had insufficient documentation to support the asset's balance and classification as a capital asset. All 5 of the exceptions relate to software assets acquired prior to 2008. The reported acquisition cost for the 5 software assets was \$1.8 million; projected to the population, the unsupported beginning balance was \$24.4 million.

After inquiring with agency staff, we found they misunderstood the record retention requirements for capital assets.

**We recommend** that department management ensure staff understand the retention requirements for capital asset costs to ensure that documentation is retained as required.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The Department will implement the following:*

- 1) *Change the process for the capital asset documentation from hard-copy to electronic.*
- 2) *Scan and save all fixed asset documentation to the Financial Services share drive.*
- 3) *Add language to financial policies defining the retention schedule requirements so that staff can easily verify the required schedule for fixed assets.*

*Anticipated Completion Date: June 30, 2023*

**2022-017 Oregon Liquor and Cannabis Commission**  
**Implement procedures for cash handling**  
**Significant Deficiency**

Criteria: OAM 10.10.00.PR.101; OAM 10.20.00.PR.124

Department management is responsible for ensuring internal controls are adequate to provide reasonable assurance that cash and check related transactions are properly controlled. Specifically, related to cash handling, state policy requires mail to be opened by two designated persons.

During inquiries regarding mail delivery and financial services processes, department management stated that at the main office incoming mail was opened, and contents examined by a single person as standard practice. Initially, mail is split open, sorted, and distributed to applicable financial staff. Mail is then opened and undergoes an additional sorting by a second individual prior to processing. Department procedures do not align with state policy for dual custody of cash and checks, and there were no compensating controls in place to ensure all checks received in the mail were recorded.

**We recommend** department management implement cash receipting procedures to ensure checks are safeguarded, properly tracked, and accounted for in the financial records in accordance with state policy.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*OLCC will implement the appropriate procedures to ensure compliance with state policy by March 31, 2023.*

*Anticipated Completion Date: March 31, 2023*

## Section III – Federal Awards Findings and Questioned Costs

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

### 2022-018 Oregon Housing and Community Services

#### Controls are needed to ensure program expenditures are allowable

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Housing and Urban Development                    |
| <b>Assistance Listing Number and Name:</b> | 14.231 Emergency Solutions Grants Program (COVID-19)                |
| <b>Federal Award Numbers and Years:</b>    | E-20-DW-41-0001, 2020 (COVID-19)                                    |
| <b>Compliance Requirement:</b>             | Activities Allowed or Unallowed,<br>Allowable Costs/Cost Principles |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance                           |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | \$245,362 (known) (COVID-19)  |

Criteria: 24 CFR 576.100; CPD-21-08 III.E.3

Emergency Solutions Grants-Cares Act (ESG-CV) funds may be used for the five regular Emergency Solutions Grants (ESG) program components, as well as administrative activities: street outreach, emergency shelter, homelessness prevention, rapid re-housing, and homeless management information systems (HMIS). They may also be used for additional activities including, but not limited to, temporary emergency shelter, hazard pay, handwashing stations, cell phones and internet, personal protective equipment, and laundry. The funds are disbursed to the subrecipients after reimbursement requests are submitted.

Federal funds totaling \$31,894,565 were distributed to 44 subrecipients during fiscal year 2022. We randomly selected 61 individual distributions made by the department to subrecipients. Subsequently, we randomly selected an expenditure from each disbursement request and then judgmentally selected additional expenditures from select disbursements. While gaining an understanding of the department's internal control process, we learned the review process for subrecipient disbursement requests did not include a detailed verification that underlying expenditures were for allowable activities and costs. Given the department's incomplete review process, we were unable to verify compliance by testing those reviews.

The department requested supporting documentation from the subrecipients, documentation that should have been reviewed and retained by the department, for the required audit procedures to be performed.

Our audit procedures were performed in three stages. First, we randomly selected 61 individual distributions made by the department to subrecipients, totaling \$5,580,560. These disbursements generally consisted of reimbursement for multiple expenditures made by a subrecipient. Next, we asked the department to request a listing of expenditures from the subrecipients related to those disbursements. Finally, if provided, we agreed the listings to the disbursement and randomly and judgmentally selected individual expenditures from the listings for testing.

We were unable to perform any review of 20 disbursements either because we did not receive a listing of the subrecipient's expenditures, or the listing did not agree to the disbursement selected for testing. These disbursements related to 10 of the 44 subrecipients receiving funds in fiscal year 2022 and \$1,475,345 of the \$5,580,560 in disbursements selected for testing noted above.

From the expenditure listings we did receive, we randomly and judgmentally selected individual expenditures to determine whether the supporting documentation agreed to the amount requested for reimbursement by the subrecipient. Of those 41 individual transactions selected for testing, there was inadequate or no supporting documentation provided for 29 items, and one instance where the request exceeded the support. These exceptions resulted in total questioned costs of \$245,362.

If requests for funds are not supported by documented expenditures, the department could be unknowingly reimbursing subrecipients for unallowable costs and activities.

**We recommend** management implement internal controls to ensure subrecipient reimbursements are for allowable expenditures.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*OHCS had significant staff turnover in FY22, and that coupled with the substantively increased number of subrecipients, lead to a lack of monitoring. OHCS has subsequently hired staff and established vendor relationships to perform fiscal monitoring as a backup for when staff vacancies exist. Additionally, OHCS is on track to complete fiscal and program monitoring for all subrecipients of ESG funds in FY23.*

*Anticipated Completion Date: June 30, 2023*

**2022-019 Oregon Housing and Community Services**

**Controls are needed to ensure subrecipients' compliance with equipment and real property requirements**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Housing and Urban Development     |
| <b>Assistance Listing Number and Name:</b> | 14.231 Emergency Solutions Grants Program (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | E-20-DW-41-0001, 2020 (COVID-19)                     |
| <b>Compliance Requirement:</b>             | Equipment and Real Property Management               |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance            |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 2 CFR 200.311; 2 CFR 200.313

There are specific requirements when equipment is purchased using federal funds and in use. At a minimum, procedures for managing equipment must meet the following requirements:

- Property records must be maintained that include key details (e.g. property description, ID number, Title, etc);
- A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years;



- A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated; and
- Adequate maintenance procedures must be developed to keep the property in good condition.

Real property purchased must be used for the originally authorized purpose as long as needed for that purpose. When real property is no longer needed for the originally authorized purpose, the non-federal entity must obtain disposition instructions from either the federal awarding agency or pass through entity.

During our review, we determined OHCS was not monitoring its subrecipients to ensure the equipment and real property requirements were being met. Because subrecipients were not being monitored, we were unable to determine if there was a population of equipment and real property on which to perform our audit testing procedure. As a result, the department may not be in compliance with federal equipment and real property requirements.

**We recommend** department management develop internal controls to ensure compliance with federal requirements for equipment and real property.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*OHCS has instituted a procedure for State FY23 which is on track to be completed for all ESG recipients; this procedure currently includes a notification and approval process for the tracking of the acquisition, rehabilitation, renovation, or conversion of property and separately a vehicle purchase and equipment purchase. We are in the process of refining a control system to ensure adequate safeguards are in place to prevent loss, damage, or theft. Additionally, we are reviewing our maintenance procedures to ensure properties are in good condition.*

*Anticipated Completion Date: December 24, 2023*

**2022-020 Oregon Housing and Community Services**

**Controls are needed to ensure buildings renovated for use as emergency homeless shelters are maintained as shelters for the period required**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Housing and Urban Development     |
| <b>Assistance Listing Number and Name:</b> | 14.231 Emergency Solutions Grants Program (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | E-20-DW-41-0001, 2020 (COVID-19)                     |
| <b>Compliance Requirement:</b>             | Special Tests and Provisions                         |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance            |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 24 CFR 576.102(c)

Federal regulations require that buildings renovated with ESG-CV funds for use as emergency homeless shelters must be maintained as shelters for not less than a period of 3 or 10 years, depending on the type of renovation and value of the building.

Initial inquiries with program staff determined that the department was not aware whether its subrecipients were using program funds to renovate buildings for use as emergency homeless shelters. Subsequently, program staff indicated the information may be contained in subrecipient implementation reports. However, there were no known procedures or processes in place to monitor the use of funds during the fiscal period. Therefore, it is possible buildings renovated with program funds may not be maintained as emergency shelters for the minimum required time period.

**We recommend** agency management develop internal controls to ensure buildings renovated for use as emergency homeless shelters are maintained as shelters for the period required.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*Program monitoring for all ESG recipients is on track to be completed for State FY23. Our program manuals state the restrictive use period requirements for any rehabilitation, renovation, conversion, or maintenance of real property. OHCS' program manuals clearly define and outline the requirements for approval of acquisition-renovation-rehabilitation, expectations regarding restrictive use periods based on project type, as well as a requirement for an annual certificate of continuing program compliance. The continuing program compliance requirement allows subrecipients to self-certify that a property is meeting the required restrictive use requirement and that all populations being served meet eligibility criteria of the program(s) funding the project. These requirements will be verified and reviewed as part of program monitoring.*

*Anticipated Completion Date: December 24, 2023*

**2022-021 Oregon Housing and Community Services**

**Controls are needed to ensure compliance with level of effort requirements**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Housing and Urban Development     |
| <b>Assistance Listing Number and Name:</b> | 14.231 Emergency Solutions Grants Program (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | E-20-DW-41-0001, 2020 (COVID-19)                     |
| <b>Compliance Requirement:</b>             | Matching, Level of Effort, Earmarking                |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance                |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 24 CFR 576.101(c)

When a subrecipient is a unit of general-purpose local government, its ESG-CV program funds may not be used to replace funds the local government provided for street outreach and emergency shelter services during the preceding 12-month period unless U.S. Dept. of Housing and Urban Development determines the local government is in a severe financial deficit. ESG-CV funds should be used to supplement, not replace those funds.

We determined the department was not monitoring its subrecipients for compliance with level of effort requirements during our review. Documentation was not available for review, and we were unable to determine the department's compliance with this requirement. As a result, local governments could be

using program funds to replace their funding allocated to street outreach and emergency shelter services.

**We recommend** department management develop procedures to ensure compliance with federal requirements for level of effort and maintain documentation.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*Level of Effort monitoring is part of program monitoring for State FY23 which is on track to be completed for all ESG recipients. OHCS is in the process of designing a self-certification form for subrecipients to acknowledge and agree to the compliance requirements in which funds may not be used to replace funds the local government provided for street outreach and emergency shelter services.*

*Anticipated Completion Date: December 24, 2023*

**2022-022 Oregon Housing and Community Services**

**Documentation verifying subrecipients have not been suspended or debarred needs to be retained**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Housing and Urban Development     |
| <b>Assistance Listing Number and Name:</b> | 14.231 Emergency Solutions Grants Program (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | E-20-DW-41-0001, 2020 (COVID-19)                     |
| <b>Compliance Requirement:</b>             | Procurement and Suspension and Debarment             |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance                |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 2 CFR 180.300; 2 CFR 180.305

Federal regulations require the department verify subrecipients are not suspended or debarred from receiving federal funds prior to making any disbursements.

We randomly selected a sample of 14 subrecipients to verify whether they were federally suspended or debarred and determine whether the department performed a verification prior to disbursing program funds. Department management stated subrecipients' suspension/debarment status was reviewed in the federal database but was unable to provide documentation demonstrating the review was performed. Without performing this verification, the department could unknowingly pass federal funds to a subrecipient that has been federally suspended or debarred. Our independent verification confirmed the 14 subrecipients selected for testing were not suspended or debarred.

**We recommend** department management maintain documentation demonstrating subrecipients have not been suspended or debarred.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*Procurement will ensure documentation demonstrating subrecipients have not been suspended or debarred will be saved in the procurement file.*

*Anticipated Completion Date: June 30, 2023*

**2022-023 Oregon Housing and Community Services**

**Controls need to be strengthened to ensure the required expenditures are spent timely**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Housing and Urban Development     |
| <b>Assistance Listing Number and Name:</b> | 14.231 Emergency Solutions Grants Program (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | E-20-DW-41-0001, 2020 (COVID-19)                     |
| <b>Compliance Requirement:</b>             | Special Tests and Provisions                         |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance                |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: CPD 21-08(III)(B)(2)(c)

Emergency Solutions Grants-Cares Act (ESG-CV) funds were intended to be spent quickly on allowable activities to address the public health and economic crisis stemming from COVID-19. At least 20% of the total award was to be spent by September 30, 2021.

Based on our testing, the department was not adequately tracking the percentage or timeliness of expenditures and did not reach the expenditure milestone. Approximately 18% of the total award was expended by September 30, 2021. If the 20% milestone is not achieved, HUD is able to recapture up to 20%, or \$11.2 million, of the total award.

**We recommend** agency management develop procedures to ensure grant expenditures are adequately tracked and spent within the required time period.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*OHCS did reach out to HUD and requested an extension of the obligation deadline, however, did not receive direct approval. Going forward, OHCS will ensure grant management reports and time-bound expenditure plans are consistently maintained and followed for all OHCS grants and grantees. In addition, OHCS will perform due diligence and ensure follow-up occurs when needed and documentation is retained to support our efforts.*

*Anticipated Completion Date: December 31, 2023*

2022-024 Oregon Housing and Community Services

Subrecipients need to be monitored to ensure compliance with procurement standards

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Housing and Urban Development     |
| <b>Assistance Listing Number and Name:</b> | 14.231 Emergency Solutions Grants Program (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | E-20-DW-41-0001, 2020 (COVID-19)                     |
| <b>Compliance Requirement:</b>             | Procurement and Suspension and Debarment             |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance                |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 2 CFR 200.317 - .327; 2 CFR 200.332(d)

Federal regulations state that non-federal entities, including subrecipients, are required to have and use procurement procedures consistent with state and local laws and regulations and that conform to the federal procurement standards identified in 2 CFR 200.317 - .327. Pass-through entities, like the department, are required to monitor subrecipients for compliance with federal regulations and the terms and conditions of the award.

Inquiries and testing determined the department's fiscal monitoring procedures, which normally include review of compliance with procurement standards, were not fully performed during the fiscal year and only 6 of 45 subrecipients were reviewed. As a result, subrecipients could be out of compliance with procurement requirements.

**We recommend** the department ensure subrecipients are monitored for compliance with procurement requirements.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*OHCS had significant staff turnover in FY22, and that coupled with the substantively increased number of subrecipients, lead to a lack of monitoring. OHCS has subsequently hired staff and established vendor relationships to perform fiscal monitoring as a backup for when staff vacancies exist. Additionally, OHCS is on track to complete fiscal and program monitoring for all subrecipients of ESG funds in FY23.*

*Anticipated Completion Date: June 30, 2023*

Perform fiscal monitoring for subrecipients administrative expenditures to ensure compliance

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of the Treasury                                     |
| <b>Assistance Listing Number and Name:</b> | 21.023 Emergency Rental Assistance Program (COVID-19)               |
| <b>Federal Award Numbers and Years:</b>    | ERA 1, 2021 (COVID-19)  |
| <b>Compliance Requirement:</b>             | Activities Allowed or Unallowed;<br>Allowable Costs/Cost Principles |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance                           |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | \$121,463 (known) (COVID-19)  |

Criteria: 2 CFR 200.332(a)(5) and (d)

Department management is responsible for monitoring the activities of subrecipients to ensure subawards are used for authorized purposes and in compliance with federal requirements. Additionally, department management is responsible for communicating to subrecipients that they are required to permit the department and auditors access to their records as necessary to ensure the department is in compliance with program requirements.

The department passed through program funds to community action agencies (subrecipients) to provide program delivery, including administrative costs. The department performed fiscal monitoring for only five of their 18 subrecipients during the audit period due to staff turnover. Fiscal monitoring includes procedures to address compliance with activities allowed and allowable cost requirements for administrative costs. Due to the limited fiscal monitoring performed, auditors performed additional procedures at the subrecipient level to determine whether the department was compliant with program requirements.

We tested a total of 82 transactions, 70 randomly selected and 12 judgmentally selected from the 13 subrecipients that did not receive subrecipient monitoring during the fiscal year. We noted the following:

- One subrecipient did not respond to audit requests for documentation, resulting in an inability to test four transactions totaling \$4,114.
- One subrecipient did not provide sufficiently detailed documentation to determine whether 7 transactions were for accurate amounts totaling \$117,349. Of those seven transactions, we were unable to determine whether two transactions were for allowable activities or appropriately categorized as administrative expenditures.

Without adequate monitoring of subrecipients, the department's ability to ensure compliance with program requirements is diminished.

**We recommend** department management perform fiscal monitoring to ensure subrecipients are expending administrative funds in accordance with program requirements.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*OHCS had significant compliance monitoring staff turnover in FY22 which led to a lack of monitoring. OHCS has subsequently hired a contractor to perform fiscal monitoring of all ESG funded grantees. OHCS also hired staff to pre-FY22 levels, fully trained all staff and began developing internal working relationships with program staff to assure operational efficiencies. This includes an annual workshop with all grantees, internal training, and standardizations of monitoring processes.*

*Anticipated Completion Date: June 30, 2023*

**2022-026 Oregon Housing and Community Services Department**  
**Implement program monitoring over client assistance payments to ensure compliance**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of the Treasury                       |
| <b>Assistance Listing Number and Name:</b> | 21.023 Emergency Rental Assistance Program (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | ERA 1, 2021; ERA 2, 2021 (COVID-19)                   |
| <b>Compliance Requirement:</b>             | Activities Allowed or Unallowed; Eligibility          |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance             |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | \$21,624 (known); \$11,067,350 (likely) (COVID-19)    |

Criteria: 2 CFR 200.332(d); 2 CFR 200.501(g)

Department management is responsible for monitoring the activities of subrecipients to ensure subawards are used for authorized purposes and are compliant with federal requirements. Additionally, department management is responsible for ensuring compliance when a contractor is responsible for program compliance or the contractor’s records must be reviewed to determine program compliance.

The department provided \$140 million and \$46 million of phase one program funds to community action agencies (subrecipients) and a third-party vendor (contractor) to provide program delivery, respectively; and \$132 million phase two program funds to only the contractor. Program delivery included determining client eligibility and making payments for direct client assistance for rent, utilities, internet, and other housing related costs. During implementation of the program, the department provided program manuals to the subrecipients and contractor.

Due to the department’s limited staff, they focused on updating policies and procedures to address systemic issues identified; however, if a particularly challenging application required the department’s review, they were available to provide direct assistance. The department did not implement any predefined, systemic program monitoring of the subrecipients or contractor to ensure direct client assistance payments were paid to only eligible clients for only allowable and supported amounts. Therefore, auditors performed additional procedures at the subrecipient and contractor level to determine whether direct client assistance payments were paid to eligible clients for allowable activities.

We tested a total of 62 randomly selected direct client assistance payments at 16 subrecipients totaling \$183,515, and found the following:

- One subrecipient did not respond to audit requests for documentation, resulting in an inability to test one transaction in the amount of \$360.



- One subrecipient did not obtain documentation to support that there was a lease agreement in place, resulting in questioned costs of \$5,775.

When extrapolated to the total population, these errors result in over \$2.3 million in likely questioned costs.

We tested 61 randomly selected contractor direct client assistance payments totaling \$374,274, and found the following:

- One payment where an incorrect landlord was paid in the amount of \$2,700. Attempts to recover the funds have been unsuccessful as of the date of the finding.
- Two payments where the rental amount was doubled, resulting in overpayments totaling \$5,910.
- Seven payments where amounts already paid were not accurately reflected in the calculation of assistance provided, resulting in overpayments totaling \$4,191.
- Three payments where amounts did not agree to supporting documentation, resulting in overpayments of \$2,181.
- Three payments where there was insufficient documentation for amounts paid, resulting in overpayments of \$432.
- One payment where costs were paid for the same household on alternate applications, resulting in an overpayment of \$73.

When extrapolated to the total population, these errors result in over \$8.7 million in likely questioned costs.

**We recommend** department management implement predefined, systemic program monitoring to ensure the subrecipients and contractor are administering program funds in accordance with program requirements.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*OHCS agrees and had we not been operating during a global health pandemic and had we had adequate time and staffing, we would have addressed this issue more carefully as we have in previous years. However, given that this was a new program that lacked sufficient time and resources to design, launch and operate to meet the pressing needs of Oregonians facing eviction and homelessness, the work required unprecedented action that sometimes fell short of our usual standards for client assistance payment compliance. OHCS will use these lessons moving forward should we operate future emergency programs to move towards best practices.*

*Lack of staff significantly limited our ability to perform the necessary monitoring. An additional contractor was brought on to monitor the work of our vendor in February of 2022. The contractor continued to provide program compliance support to OHCS through the end of January 2023. This contractor was also engaged in other projects and activities as needed during their contract term. The largest workload was investigating payments or cases that were identified as potentially non-compliant. All these cases were researched extensively, and findings were identified, and corrective action and collection activities were started if needed. Out of concern for the lack of administrative*

dollars associated with ERA staff knew an internal compliance effort would also be required. Since the summer of 2022 OHCS staff have been conducting internal random samples of applications and payments in addition to the work of our hired contractor. Additionally, this spring the program compliance team has engaged in a formalized review process focused on specific agencies administering ERA funds.

Anticipated Completion Date: December 31, 2023

**2022-027 Oregon Housing and Community Services**  
**Ensure Monthly and Quarterly reports are accurate and adequately supported**

**Federal Awarding Agency:** U.S. Department of the Treasury  
**Assistance Listing Number and Name:** 21.023 Emergency Rental Assistance Program (COVID-19)  
**Federal Award Numbers and Years:** ERA 1, 2021 (COVID-19); ERA 2, 2021 (COVID-19)  
**Compliance Requirement:** Reporting  
**Type of Finding:** Material Weakness; Material Noncompliance  
**Prior Year Finding:** N/A  
**Questioned Costs:** N/A

Criteria: 2 CFR 200.302(a) and (b)(3); 2 CFR 200.303(a), (c)-(d)

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

We tested four randomly selected monthly reports and found one report did not accurately report the number of unique households assisted and the amount of the assistance based on the supporting documentation. The department stated the differences were likely due to a transition in subsystem reporting formats and delays in report processing.

We tested four quarterly reports, two of which were randomly selected and two of which were judgmentally selected. We found one report where the cumulative obligation amount did not agree to supporting documentation and were not accurate, and one report where the cumulative obligation and cumulative expenditures amounts did not agree to supporting documentation and were not accurate. The department stated these errors were due to erroneously entered information in the federal awarding agency's reporting portal.

Information included in these reports is used by the federal awarding agency to determine whether the department qualifies for receiving reallocation payments, as well as how much of a reallocation would be awarded to the department. Errors in these reports could result in errors in the federal awarding agency's determination of eligibility for funding, and/or the reallocation formula.

**We recommend** department management update and correct erroneous reports and establish controls to ensure reported amounts are accurate and adequately supported.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*Numerous Community Action Agencies (CAAs), after months of exponential growth in program resources without time to strategize and scale operations, reported major capacity issues a chronic backup of applications at the local level. OHCS took the unprecedented step to augment CAA staff to contract with a third-party vendor to clear the backlog. This approach rapidly increased production and moved the federal program closer in line with the state's then 60-day safe harbor period but came with additional monitoring and reporting challenges.*

*OHCS did meet the reporting timelines and requirements of US Treasury. OHCS relied on information within the applicant tracking system that does have some discrepancies when compared to our accounting records. These discrepancies are due to various factors such as dates within the system causing application activity to be pulled into the reporting detail more than once, or the application tracking system not being updated with the most current payment record information by some grantees disbursing payments. These variances were overcome by relying on our accounting system and records as a control source of actual disbursements. During the audit, it was brought to our attention that the compilation of the application tracking system data at a point in time was not stored to demonstrate the reconciliation with the accounting information. SOS was then not able to verify the application tracking system data figures in one monthly reporting instance that were used to support the numbers reported to US Treasury as the file had likely been overridden. Similarly in one instance, the quarterly cumulative report was also impacted, however future cumulative figures were reported correctly.*

*While OHCS submitted monthly and quarterly reports since program inception that include program and fiscal information, we acknowledge that there were some discrepancies between systems when one file was overridden with new information and one other file contained an error. We have taken steps to ensure data integrity and records retention moving forward and future compilations of the application tracking system data will be stored to support the point in time reconciliations and figures reported to US Treasury. One quarterly report will also be refiled if allowable by US Treasury to ensure quarterly figures reported are accurate. Data integrity is of the utmost importance to the agency, and we appreciate the thorough review by the auditing team.*

*Anticipated Completion Date: June 30, 2023*

**Ensure Federal Funding Accountability and Transparency Act reporting is completed**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of the Treasury                       |
| <b>Assistance Listing Number and Name:</b> | 21.023 Emergency Rental Assistance Program (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | ERA 1, 2021 (COVID-19); ERA 2, 2021 (COVID-19)        |
| <b>Compliance Requirement:</b>             | Reporting   |
| <b>Type of Finding:</b>                    | Material Weakness, Material Noncompliance             |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | N/A   |

Criteria: 2 CFR 200.303(a), (c)-(d); 2 CFR 170, Appendix A I(a)

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

The Federal Funding Accountability and Transparency Act (FFATA) requires the department to submit information for any subaward action that equals or exceeds \$30,000. Program guidance required the department to report detailed subaward information directly to the federal awarding agency. This detailed subaward information encompassed all requirements related to FFATA, and the federal awarding agency gave the department the option of filing required FFATA reports on their behalf.

The department stated they did not provide the detailed subaward information to the federal awarding agency to complete FFATA reporting on their behalf, and they did not complete any alternate FFATA submissions during the fiscal year due to grant award information not being available on the federal website to file their reports. As a result, the department is not in compliance with FFATA reporting requirements.

**We recommend** department management ensure FFATA reporting is completed.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*Oregon was not unique. Many states experienced frustration with the lack of clarity in the reporting process. For example, the National Coalition for State Housing Agencies sent a Feb 8, 2022 letter to urge Treasury to fix technology problems with its reporting portal, streamline reporting requirements and provide technical assistance to ERA grantees. Oregon also experienced challenges getting responses from Treasury about around reporting questions, but we understand that our federal partners were also operating under emergency circumstances and were also strained to capacity.*

*OHCS has attempted multiple times to submit the FFATA, however the award was never made available to report on within the system. OHCS has also reached out to US Treasury multiple times to confirm that we were not required to report but have yet to hear directly from US Treasury. OHCS was able to confirm and received a response from US Treasury that went to another state that grantees were not required to complete the FFATA on the federal reporting website as US Treasury was doing that on behalf of the recipient, and OHCS did share that correspondence with SOS. Although US Treasury has*

been nonresponsive, OHCS will continue to attempt to obtain a direct response from US Treasury for our own records.

Anticipated Completion Date: December 31, 2023

**2022-029 Oregon Housing and Community Services**  
**Ensure accessible documentation to evidence compliance with program requirements**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of the Treasury  |
| <b>Assistance Listing Number and Name:</b> | 21.023 Emergency Rental Assistance Program (COVID-19)                            |
| <b>Federal Award Numbers and Years:</b>    | ERA 1, 2021 (COVID-19)   |
| <b>Compliance Requirement:</b>             | Activities Allowed or Unallowed;<br>Allowable Costs/Cost Principles; Eligibility |
| <b>Type of Finding:</b>                    | Material Weakness  |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 2 CFR 200.302(a); 2 CFR 200.332(a)(5)

Department management is responsible for communicating to subrecipients that they are required to permit the department and auditors access to their records as necessary to ensure the department is compliant with program requirements. To ensure compliance with program requirements, subrecipient records must also be sufficiently detailed.

The department passed through \$140 million phase one program funds to community action agencies (subrecipients) to provide program delivery. The department performed limited fiscal monitoring during the audit period which included procedures to address compliance with activities allowed and allowable cost requirements for administrative costs. The department did not perform any program monitoring during the audit period which primarily addresses compliance with eligibility requirements.

To determine whether the department complied with program requirements for the fiscal year, auditors attempted to reconcile detailed subrecipient ledgers with the intent of selecting and testing sample items at each individual subrecipient organization. We noted issues with two individual subrecipients, resulting in an inability to perform testing procedures over a total of \$21,438,521 in program expenditures.

For the first subrecipient we were able to reconcile their detailed ledgers to the department’s financial records, however their detailed ledger included pass-through payments to a third organization for program delivery. As a result of the combination of direct and pass-through payments, we were unable to obtain sufficiently detailed data that also reconciled to the department’s financial records to select individual transactions for testing. This subrecipient represents \$19,877,962 of the unaudited expenditures.

For the second subrecipient we were able to reconcile their detailed ledgers to the department’s financial records and select administrative and program transactions for testing. However, the subrecipient was unresponsive to documentation requests to substantiate expenditures. This subrecipient accounted for \$1,560,559 of the unaudited expenditures.

**We recommend** department management obtain and reconcile sufficiently detailed subrecipient ledgers and support to substantiate expenditures to allow for fiscal and program monitoring to ensure subrecipients are administering program funds in accordance with program requirements.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*To effectively deliver much needed funds to maintain the housing stability of tens of thousands of Oregonians on the brink of experiencing homelessness during the pandemic, agency staff raced to stand up a first-of-its-kind “single entry point” program for Oregonians to apply for assistance regardless of zip code. In our efforts to focus on speed we acknowledge that there was insufficient planning and capacity to stand up a large-scale emergency program including sufficient assurances our subrecipients could generate evidence of compliance with program requirements including transaction level details to assist with reconciliation.*

*Oregon's experience is in line with national findings. According to the January 2021 research brief conducted by the National Low Income Housing Coalition around key program challenges with administering emergency rental assistance programs. Survey respondents listed the two most common limitations to be staff capacity and the completeness of applications. Many agencies leaned on whatever local capacity was available to develop programs, review, and process applications, make payments and conduct outreach.*

*OHCS had significant compliance monitoring staff turnover in FY22 leading to incomplete subrecipient monitoring reviews. OHCS completing these reviews would've ensured subrecipients had adequate time to produce necessary documentation to evaluate compliance, or if not, subrecipients would've been required to take corrective actions. For fiscal compliance, OHCS hired a contractor to perform fiscal monitoring of federal funded Grantees. OHCS also hired fiscal staff to pre-FY22 levels, fully trained them, conducted coordinated working sessions, and reached out to the CAA network for discussions on improving processes. OHCS continues to work with the contractor for much needed assistance in monitoring of back log while internal staff move forward to allow for all monitoring to be back on schedule and coordinating both fiscal and program compliance during future fiscal years.*

*Program compliance employees have been hired and compliance efforts are underway. All providers will have internal compliance visits at regular intervals to ensure they have necessary documents and eligibility is being determined in compliance with program requirements. Additionally regular and ongoing check ins and trainings are being offered by program staff. Finally, program compliance teams are working with the Finance compliance team as well as a contracted expert to develop systems and processes in alignment with the Finance compliance team. As a result of program compliance efforts, a risk evaluation is being developed and incorporated into future contracting decisions. Efforts in hiring and systemic investments in infrastructure, processes, and procedures in addition to partner communications have taken place to ensure agency readiness in the event another emergency occurs. As part of our commitment to continual learning, our OHCS research team is collaborating closely with university and national partners to analyze our ERA program data and findings to see what themes emerge for improvement both nationally and in Oregon.*

*Anticipated Completion Date: December 31, 2023*

2022-030 Oregon Housing and Community Services

Ensure controls over administrative expenditure limits are properly designed and sufficiently detailed to ensure compliance

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of the Treasury                       |
| <b>Assistance Listing Number and Name:</b> | 21.023 Emergency Rental Assistance Program (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | ERA 1, 2021 (COVID-19); ERA 2, 2021 (COVID-19)        |
| <b>Compliance Requirement:</b>             | Allowable Costs/Cost Principles                       |
| <b>Type of Finding:</b>                    | Material Weakness                                     |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | N/A   |

Criteria: 2 CFR 200.303(a), (c)-(d); 15 U.S.C. 9058a(c)(5)(A); 15 U.S.C. 9058c(d)(1)(C)

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

Federal regulations limit the amount of federal funds that can be used for administrative expenditures. The department periodically prepared tracking spreadsheets during the fiscal year to monitor spending and ensure administrative expenditure limitations were not exceeded. We reviewed four randomly selected tracking spreadsheets and noted two tracking spreadsheets where there was insufficient detail to determine what category expenditures were associated with (administrative versus programmatic); and three tracking spreadsheets where there was no indication that the expenditures were within administrative expenditures limitations due to the periodic nature of the tracking.

Without sufficiently designed and implemented controls, the department is at risk for exceeding their allowable administrative cost limits.

**We recommend** department management ensure tracking spreadsheets are properly designed and sufficiently detailed to ensure compliance with administrative expenditures limitations.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*This was a very fast-paced, complex award with multiple layers of funding. OHCS did have and continues to have a pulse on administrative costs from the various admin funding sources and has not exceeded those allowable limits. Reporting was routinely compiled to show the various allocations and expenditures to date, which included administrative costs. Reporting was not provided in a consistent manner as information from multiple systems was needed, however program and fiscal staff met regularly to review. OHCS is taking careful steps to design a system that will consistently track awards while ensuring spending is in alignment with requirements and is distributed in a timely fashion. In doing so we will create a more consistent framework for tracking new awards to ensure limits and expenditures are consistently documented.*

*Anticipated Completion Date: December 31, 2023*



2022-031 Oregon Housing and Community Services

Comply with subrecipient monitoring requirements

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of the Treasury                                    |
| <b>Assistance Listing Number and Name:</b> | 21.027 Coronavirus State and Local Fiscal Recovery Fund (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | OMB Approved No. 1505-0271, 2022 (COVID-19)                        |
| <b>Compliance Requirement:</b>             | Subrecipient Monitoring  |
| <b>Type of Finding:</b>                    | Material Weakness, Material Noncompliance                          |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

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

When recipients of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) provide award funds to an entity to carry out objectives of program on behalf of the CSLFRF recipient, the entities receiving such funding are subrecipients. The recipient has the responsibility to monitor expenditures and activities subrecipients.

Nearly all the department's CSLFRF expenditures are comprised of payments to a private organization. Per the contract, the organization was hired to conduct eligibility assessments for the Emergency Rental Assistance program and be responsible to ensure only eligible applicants receive rental and utility assistance payments. CLSFRF funds were used for emergency rental assistance; therefore, the organization is carrying out a program on behalf of the department. The department then has the responsibility to monitor the expenditures and activities of the organization.

The department incorrectly identified the organization as a vendor rather than a subrecipient during the contracting process. Per the guidance above, this was not an appropriate determination because the organization carries out eligibility determinations of the program. Management acknowledged no monitoring of the organization was performed during the audit period; therefore, there are no related key controls for the fiscal year ended June 30, 2022. Although program staff maintain a close working relationship with the organization, these interactions are not formalized and documented for the purpose of subrecipient monitoring.

If subrecipient monitoring is not performed and documented, subawards could be used for unauthorized purposes and performance goals not met.

**We recommend** department management reassess the department's contracting process to appropriately identify whether an organization is a vendor or a subrecipient. If a subrecipient, we recommend the department comply with subrecipient monitoring requirements, including developing related internal controls and processes to monitor the expenditures and activities of the organization.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*OHCS performed appropriate due diligence in determining whether organization was a subrecipient or vendor. Internally OHCS identified the issue of how to classify the organization and used all resources*

available to make the determination. The result of the due diligence and discussion was that OHCS determined the organization should be classified as a vendor, not a subrecipient.

OHCS will review and strengthen the current process for determination.

Anticipated Completion Date: December 31, 2023

**2022-032 Oregon Housing and Community Services**  
**Ensure subrecipient risk assessments and fiscal monitoring are performed and required grant information is communicated timely to subrecipients**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services  |
| <b>Assistance Listing Number and Name:</b> | 93.568 Low-Income Home Energy Assistance Program<br>93.568 Low-Income Home Energy Assistance Program (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | 2001ORE5C3, 2020 (COVID-19); 2102ORLIEA, 2021; 2102ORE5C6 , 2021 (COVID-19); 2202ORLIEA, 2022                   |
| <b>Compliance Requirement:</b>             | Subrecipient Monitoring   |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance   |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | N/A   |

Criteria: 2 CFR § 200.332(a) – (h)

Federal regulations require that pass-through entities evaluate each subrecipient’s risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward to determine the extent and scope of subrecipient monitoring activities. Monitoring activities should be based on the results of a given subrecipient’s determined risk. Pass-through entities must also communicate certain award information to subrecipients as the time of the subaward.

The department, as the pass-through entity, has long-established subrecipient monitoring procedures broken into two categories: program and fiscal monitoring. Program monitoring is performed by program-specific staff and focuses on requirements related to certain aspects of Activities Allowed and Client Eligibility. During FY2022, the department performed program monitoring activities as planned. Fiscal monitoring reviews compliance requirements related to Allowable Costs, Activities Allowed, and Earmarking. However, fiscal monitoring activities were limited due to staff turnover. As a result, limited fiscal monitoring procedures were performed for 5 of 17 subrecipients, and fiscal monitoring risk assessments were not performed for any of the 17 subrecipients. Without the performance of subrecipient risk assessments and adequate fiscal monitoring, the department risks distributing program funds to subrecipients out of compliance with federal program requirements.

Additionally, we reviewed 5 randomly selected subrecipients to determine whether all required grant award information was communicated at the time of the subaward. For all of the 5 subrecipients reviewed, only some of the required information was communicated at the time of the award. The required information missing in the original grant agreements was communicated via agreement amendments several months later. Without timely communication of required grant information, subrecipients may not have all the information they need for the subaward they received.

**We recommend** department management ensure subrecipient risk assessments are performed for all subrecipients and ensure required fiscal monitoring activities are performed based on the results of the risk assessments. We also recommend department management ensure all required award information is communicated to subrecipients at the time of the subawards.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*OHCS lost critical fiscal monitoring staff and was unable to complete all risk assessments and fiscal monitoring due to this. OHCS is on track to complete fiscal monitoring and risk assessments for all subrecipients of LIHEAP in FY23. Additionally, OHCS has established vendor relationships to perform fiscal monitoring as a backup for when staff vacancies exist.*

*Anticipated Completion Date: June 30, 2023*

**2022-033 Oregon Housing and Community Services**

**Ensure financial reports are submitted**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services   |
| <b>Assistance Listing Number and Name:</b> | 93.568 Low-Income Home Energy Assistance Program<br>93.568 Low-Income Home Energy Assistance Program<br>(COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | 2002ORLIEA, 2020; 2102ORE5C6, 2021 (COVID-19)  |
| <b>Compliance Requirement:</b>             | Reporting  |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance  |
| <b>Prior Year Finding:</b>                 | 2021-012   |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 2 CFR § 200.303(a), (c)-(d); 2 CFR § 200.328

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

Federal Financial Reports, SF-425's, are required to be submitted annually for each open grant award ninety days after the end of the federal fiscal year. The department did not submit SF-425's for two of the four open grants for the federal fiscal period ended September 30, 2021. This is an improvement from the prior fiscal year when the department hadn't submitted any of the SF-425 reports for open grants.

Department management cited a federal reporting system issue where awards are not appropriately tied to the correct grant identification number, which has hindered their ability to submit financial reports. As a result, the department was not in compliance with financial reporting requirements in accordance with the terms and conditions of their grant agreements.

**We recommend** department management work with their federal partners to determine if unsubmitted reports should be completed and to ensure reporting compliance in future fiscal periods.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*OHCS submitted 2 of the 4 required reports but was unable to submit the remainder due to technical issues with the federal reporting system. OHCS compiled all requisite reporting information timely and is in correspondence with the federal funder to enable report submission.*

*Anticipated Completion Date: December 31, 2023*

**2022-034 Oregon Housing and Community Services**

**Ensure review of subrecipient requests for funds verifies immediate cash needs are supported**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services   |
| <b>Assistance Listing Number and Name:</b> | 93.568 Low-Income Home Energy Assistance Program<br>93.568 Low-Income Home Energy Assistance Program<br>(COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | 2001ORE5C3, 2020 (COVID-19); 2102ORLIEA, 2021;<br>2102ORE5C6, 2021 (COVID-19); 2202ORLIEA, 2022                    |
| <b>Compliance Requirement:</b>             | Cash Management  |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance  |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 2 CFR § 200.305(b), (b)(1); 2 CFR § 200.508

Federal regulations require that auditees maintain documentation as needed for the performance of audit procedures related to the Single Audit. Additionally, regulations require payment advances should be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the subrecipient for carrying out the approved program.

We reviewed 60 sample cash draws and were unable to obtain adequate supporting documentation for 4 subrecipient requests for reimbursement/advances demonstrating they were appropriate and for immediate cash needs. We also identified an advance payment for which there was not an adequate explanation indicating why an advance was needed. These 5 exceptions totaled \$124,304 in expenditures. Department management cited a breakdown in control process and communicated their intention to train relevant staff to ensure adequate support is obtained. Without adequate verification of cash needs, the department could be sending funds to subrecipients that are not for a reimbursement of expenditures or immediate cash needs.

**We recommend** department management strengthen internal controls to ensure support for subrecipient requests for funds adequately documents they are appropriate and for immediate cash needs.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*Strong internal controls exist and costs were eventually substantiated and allowable, however OHCS had significant staff turnover and newer staff processing these advance requests did not gather the level of detail required by OHCS to substantiate draws in a timely manner. Training has been completed for FY23.*

*Anticipated Completion Date: June 30, 2023*

**2022-035 Department of Human Services**

**Improve controls over benefit time tracking and discontinuance of federal funding**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Assistance Listing Number and Name:** 93.558 Temporary Assistance for Needy Families  
**Federal Award Numbers and Years:** 2021G996115, 2021; 2022G996115, 2022  
**Compliance Requirement:** Allowable Costs/Cost Principles  
**Type of Finding:** Material Weakness; Noncompliance  
**Prior Year Finding:** N/A  
**Questioned Costs:** \$1,866 known

Criteria: 45 CFR 264.1

Federal regulations prohibit federal funding to families that include an adult head-of-household who has received federal assistance for a cumulative of 60 months, and who do not have an allowed exception. The Oregon Department of Human Services' (department) case management system, Oregon Eligibility (ONE), tracks months counting towards the federal limit. When 60 months is reached, ONE sends an indicator to the financial subsystem containing funding coding. If Temporary Assistance for Needy Families (TANF) benefits continue, they are to be funded with state funds.

The population of cases identified in ONE as having reached 60 cumulative federal months is obtained from the quarterly performance data reports compiled by a service provider. As stated in a separate finding, titled 'Ensure performance data reports are complete and accurate,' we determined the data reports are not complete or accurate, therefore, the population of cases over 60 federal months is also incomplete. However, we tested some cases in the reports to verify ONE was accurately counting federal months and to determine if federal funding was appropriately discontinued.

We randomly selected ten cases from an incomplete population of 3,193 and found one case where federal funding inappropriately continued after reaching 60 months due to a coding issue within the financial subsystem, resulting in federal overpayments of \$1,944 for recurring monthly cash assistance benefits, and \$1,866 for expenses related to seeking employment (JOBS) in fiscal year 2022.

The department was aware of the cash assistance coding issue and the JOBS coding issue as early as October 2021. A \$5.6 million correction for regular cash assistance was made in accounting records in September 30, 2022, which corrected the cash assistance benefits portion of the error noted above. The JOBS coding issue has yet to be corrected in accounting records and the department did not have an adjustment total readily available. As the regular cash assistance correction surpassed \$5 million, we have reasonable assurance that the uncorrected federal JOBS payments also exceed \$25,000 in likely questioned costs.

**We recommend** department management make timely corrections to federal/state coding splits in the financial subsystem and also make timely corrections in state accounting records. **We also recommend** the department reimburse the federal agency for unallowable costs.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*The Department will analyze and identify the missing indicators sent from ONE to the financial subsystems to determine the correct funding stream. The Strategic Systems Unit will put together a TANF funding matrix to be approved by program. Indicators will be corrected through a system defect, a Work Item, or Change Request, depending on the Level of effort to resolve.*

*Financial adjustments will be made by Office of Financial Services to credit the TANF federal grant rather than reimbursing, per instructions outlined in TANF-ACF-PI-2006-03.*

*Anticipated Completion Date: December 31, 2023*

**2022-036 Department of Human Services**  
**Ensure performance data reports are complete and accurate**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services   |
| <b>Assistance Listing Number and Name:</b> | 93.558 Temporary Assistance for Needy Families |
| <b>Federal Award Numbers and Years:</b>    | 2021G996115, 2021; 2022G996115, 2022           |
| <b>Compliance Requirement:</b>             | Reporting                                      |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance      |
| <b>Prior Year Finding:</b>                 | 2021-009, 2020-013, 2019-008                   |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 45 CFR 265.7(a) and (b) and (f)

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

During fiscal year 2021, the department transitioned key aspects of the TANF program to Oregon Eligibility (ONE) for case management, while TANF child welfare payments continued to be recorded in OR-Kids the child welfare system. The department contracts with a service provider to extract data from ONE and OR-Kids to populate the data reports. Program staff currently work with the service provider to obtain comprehensible data reports prior to submission to review them for errors and when found, each issue is logged as a defect for the service provider to correct.

The department and the U.S. Administration for Children and Families identified data reports submitted for state fiscal year 2022 were incorrect. The federal quarterly report ended September 30, 2021, was revised and resubmitted but still had likely errors according to program staff. Quarterly reports ended

December 31, 2021 (Q1), March 31, 2022 (Q2), and June 30, 2022 (Q3), were corrected and resubmitted in February 2023.

Data reports are comprised of individual component reports identified by “T” for ACF-199 TANF and “M” for ACF-209 MOE. We reviewed the resubmitted Q1, Q2, and Q3 reports and found:

- The Q1 TANF T2 and MOE M2 reports corrected a prior known defect. The fields identifying work participation have populated associated fields with job type and hours.
- The Q3 T6 report showing number of applications, number and types of families, and amount of assistance, reported \$4.5 million more than supported by accounting records.
- The April 2022 T1 report contained 4,035 case numbers not found in the underlying system records, and 1,081 from system records not reported in the T1 report.
- OR-Kids cases in the Q1, Q2, and Q3 T1 24 of 45 fields left blank.
- In 10 of 21,171 cases recorded as having surpassed the federal funding limit of 60 months in the Q1, Q2, and Q3 T2 reports, we found three where the T2 reports did not agree to support in ONE.

As the performance data reports are known to be incomplete and inaccurate, we are unable to test them for compliance with federal reporting requirements. To date, the implementation of ONE has not resolved findings related to performance data reporting, which have been ongoing since fiscal year 2010. Though the department has yet to receive a Service Organization Control (SOC) report from the service organization administering ONE and compiling data reports the department is in the process of contracting for a SOC report. Without an annual SOC report, the department does not have assurance controls are functioning as intended at the service organization for the TANF program.

**We recommend** department management continue to review ACF-199 and ACF-209 reports prior to submission and monitor known compilation defects to ensure performance data reports submitted are complete and accurate. **We also recommend** department management obtain an annual SOC report over the service organization’s internal controls for the ONE application.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*The Department continues to review ACF-199 and ACF-209 reports prior to submission to identify and resolve defects. The Department continues to monitor defects, sync up reports design with federal instructions, and progress towards complete and accurate reporting.*

*The ACF 199 report issue regarding OR-Kids cases with 24 of 45 fields left blank is currently under development; mapping has been identified to rectify the missing data and once fixed, the future submissions will be corrected. The reports will be resubmitted to ACF at the end of the current fiscal year (for months October 2022 – Sept 2023) to correct previous data. The issue regarding discrepant case counts between ACF 199 report and OR Kids data extract is under analysis. Child Welfare, TANF, and our technical team will develop a plan for rectifying and reconciling case numbers.*

*The Department’s, Oregon Eligibility Partnership, has contracted for a SOC Type 2 audit, through contract 178884. The first audit review will be utilized to make sure all the reporting requirements and*



functional areas are in place. This means, the first formal audit finding, based on recommendation from the vendors, will occur in FFY25. Additional internal and external audits are happening on the system.

Anticipated Completion Date: December 31, 2023

## 2022-037 Department of Human Services

### Improve accuracy of cases reported as noncooperating with child support

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services   |
| <b>Assistance Listing Number and Name:</b> | 93.558 Temporary Assistance for Needy Families |
| <b>Federal Award Numbers and Years:</b>    | 2021G996115, 2021; 2022G996115, 2022           |
| <b>Compliance Requirement:</b>             | Special Tests and Provisions                   |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance      |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 45 CFR 264.30-31

Federal regulations require the department to refer all appropriate individuals in the family of a child to the child support enforcement agency. If the department determines referred individuals are not cooperating, without good cause, in establishing, modifying, or enforcing a support order with respect to the child, then the department must reduce or deny assistance in the Temporary Assistance for Needy Families (TANF) program. The department faces reduced State family assistance grant payments for failure to enforce penalties against noncompliant individuals.

In March 2020, the department established good cause exemptions due to Covid for all individuals. Noncooperation sanctions were reinstated in April 2021, by which time the department had moved its case management system to Oregon Eligibility (ONE). When a caseworker enters a child support noncooperation code in ONE, the system should automatically reduce TANF benefits.

The population of cases identified in ONE as not cooperating with child support is obtained from the quarterly performance data reports compiled by a service provider. As stated in a separate finding, titled 'Ensure performance data reports are complete and accurate,' we determined the data reports are not complete or accurate, therefore, the population of cases not cooperating with child support is also incomplete. However, we tested some cases in the reports to verify ONE was appropriately reducing benefits.

The quarterly performance data reports for periods October 1, 2021, through June 30, 2022, consisted of 133 unique cases identified as not cooperating with child support. We randomly selected 14 cases and could not find support in ONE for noncooperation. The department identified one case entered in ONE incorrectly by a caseworker and the remaining cases had various nuances causing the performance data reports to retrieve the information incorrectly. All 14 cases were either cooperating with or not applicable to child support. The department also identified at least eight defects in child support data retrieval it reported to the service provider.

We are unable to determine if ONE is correctly reducing TANF benefits when a case is not cooperating with child support.

We recommend department management ensure noncooperative child support cases from ONE are completely and accurately reported in its performance data reports.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*The Department has logged defects to correct Federal reporting requirements. The ONE system approving eligibility without a cooperation record was addressed through a defect and system build which corrected the issue on May 10, 2023. The Department has logged a defect to correct historic records where referrals were not sent; currently awaiting input from Division of Child Support.*

*The system defect fix for issues identified related to incorrect values of child support cooperation status in ACF reports is currently in the development and testing cycle. Once the fix is deployed, future submissions will have correct data for this element. The reports will be resubmitted to ACF at the end of the current fiscal year (for months October 2022 – Sept 2023) to correct previous data.*

*Anticipated Completion Date: December 31, 2023*

**2022-038 Department of Human Services**

**Ensure work participation rate calculation uses verified and accurate data**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services   |
| <b>Assistance Listing Number and Name:</b> | 93.558 Temporary Assistance for Needy Families |
| <b>Federal Award Numbers and Years:</b>    | 2021G996115, 2021; 2022G996115, 2022           |
| <b>Compliance Requirement:</b>             | Special Test and Provisions                    |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance      |
| <b>Prior Year Finding:</b>                 | 2021-010, 2020-014, 2019-009                   |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 45 CFR 261.61-62, 65

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

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

Work participation hours are reported via the quarterly Temporary Assistance for Needy Families (TANF) ACF-199 data reports and for benefits paid with designated state funds called maintenance of effort (MOE), the ACF-209 reports. As stated in a separate finding, titled 'Ensure performance data reports are complete and accurate,' we determined the data reports are not complete or accurate. However, we found the department did correct a previous issue in which work participation hours on the ACF-199 report were left blank. Although reports were known to be incomplete, we reviewed the reporting periods October 1, 2021, through June 30, 2022, to test for compliance of the Work Verification Plan.

We reviewed 20 randomly selected ACF-199 cases from a population of 16,249, and 20 randomly selected ACF-209 cases from a population of 146,324 of participating clients for verification of work activity participation. We found:

- Five of 20 ACF-199 cases with reported participation hours did not agree with hours in the system of record TRACS.
- 14 of 20 ACF-199 cases lacked support for the reported hours.
- 9 of 20 ACF-209 cases lacked support for the reported hours.

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

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

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The Department will develop training specific to error trends based on Quality Control audits of the JOBS program, skill enhancement/best practices on collecting and documenting accurate attendance, and technical training on the Department's attendance documentation system, TRACS. The training will be instructor led and offered at minimum on a quarterly basis.*

*The Department will review and edit tools, resources, and attendance logs to ensure compliance with the work verification plan. Updates made will be communicated to staff working with families receiving TANF.*

*The Department will also form a workgroup to review the attendance documentation and case management system known as the Transition Referral and Client Self-Sufficiency (TRACS) system. The workgroup will make recommendations to developer, which will include system enhancements and edits to improve the process for staff.*

*Anticipated Completion Date: April 30, 2024*

Improve documentation of required income and benefit verifications

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Assistance Listing Number and Name:** 93.558 Temporary Assistance for Needy Families  
**Federal Award Numbers and Years:** 2021G996115, 2021; 2022G996115, 2022  
**Compliance Requirement:** Special Tests and Provisions  
**Type of Finding:** Material Weakness  
**Prior Year Finding:** 2021-011  
**Questioned Costs:** N/A

Criteria: 45 CFR 205.55

Federal regulations require each state to participate in the Income Eligibility and Verification System (IEVS), which for Oregon, includes using income and benefit screens accessible through Oregon Employment Department, Internal Revenue Service, and Social Security Administration, when making Temporary Assistance for Needy Families (TANF) eligibility determinations. The department's current procedure instructs caseworkers to narrate "IEVS checked" in the case management system, Oregon Eligibility (ONE), after reviewing all appropriate IEVS screens at the time of eligibility determination. The department submitted change requests to the eligibility system's service provider that would prohibit ONE from paying benefits until all IEVS screens are checked; however, the system change has not yet been completed.

From a population of 105,267 TANF benefit payments recorded in ONE we randomly selected a sample of 40 and two additional individually significant payments for testing. We found in 16 cases, there was no narration of the IEVS check by caseworkers, in either ONE or the former narrative system. We verified these clients did meet the TANF eligibility criteria related to IEVS screens, however, by not providing assurance of verification of the use of IEVS screens, the department increases the risk of providing benefits to TANF ineligible applicants.

**We recommend** department management ensure verification of income and benefits with IEVS screens is clearly documented in client case files when determining client eligibility.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*The Department is implementing a new tool, Note Buddy, to assist workers with case notes when determining eligibility. Note Buddy will include a field that allows staff to select whether IEVS was checked. Staff will be encouraged, not mandated, to use Note Buddy.*

*The Department will form a small workgroup to discuss options for revising and lowering the level of effort for the Change Request (CR) previously submitted. The Department will re-submit the CR for changes to ONE.*

*Anticipated Completion Date: September 30, 2023*

**2022-040 Department of Human Services**  
**Improve controls to ensure eligibility criteria are met**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services   |
| <b>Assistance Listing Number and Name:</b> | 93.558 Temporary Assistance for Needy Families |
| <b>Federal Award Numbers and Years:</b>    | 2021G996115, 2021; 2022G996115, 2022           |
| <b>Compliance Requirement:</b>             | Eligibility                                    |
| <b>Type of Finding:</b>                    | Significant Deficiency, Noncompliance          |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | \$9,569 (known); \$931,750 (likely)            |

Criteria: 45 CFR 264.1; Oregon TANF State Plan

The State of Oregon Temporary Assistance for Needy Families (TANF) State Plan (Plan) defines financial neediness criteria with its adjusted income limit tables. Federal regulations establish 60 cumulative months as the length of time a client may receive federal TANF assistance. The department uses its case management system, Oregon Eligibility (ONE), to count federal-eligible benefit months, and when 60 months is reached, an indicator is sent to the financial subsystem to change federal funding to state funding.

From a population of 105,267 TANF benefit payments recorded in ONE, we randomly selected a sample of 40 and two additional individually significant payments for testing. We found:

- One sample's financial eligibility information included a disaster relief benefit without details showing the date of payment and the covered time period. As a result, auditors and the department are unable to determine if this case met financial eligibility criteria, resulting in questioned costs of \$1,311.
- One individually significant case's child support and spousal support were entered incorrectly into ONE. The countable income at time of certification did not meet the adjusted income limit, making the client ineligible for TANF benefits. Questioned costs for this case total \$8,258.

**We recommend** department management ensure federally-funded client benefits are paid on behalf of eligible individuals, and documentation is retained to support eligibility decisions. **We also recommend** department management correct the identified error cases and reimburse the federal agency for questioned costs.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The Department will communicate to eligibility staff the importance of reviewing information reported by the applicant compared to information received from a third-party and direct staff to case note in the ONE system how the discrepancy was reconciled. The Department will also communicate the requirement to maintain eligibility records in both case notes and electronic file when applicable.*

*The Department will review the cases cited and make an appropriate referral to the Overpayment Recovery Unit. Overpayments recouped can then be adjusted by Office of Financial Services to credit the TANF federal grant rather than reimbursing, per instructions outlined in TANF-ACF-PI-2006-03.*

Anticipated Completion Date: October 31, 2023

2022-041 Oregon Health Authority

**Ensure expenditures of federal funds are recorded to the appropriate program**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Assistance Listing Number and Name:** 93.958 Block Grants for Community Mental Health Services (COVID-19)  
93.959 Block Grants for Prevention and Treatment of Substance Abuse (COVID-19)  
**Federal Award Numbers and Years:** 93.958: 1B09SM083994, 1B09SM085378 (COVID-19)  
93.959: 1B08TI083513, 1B08TI083963 (COVID-19)  
**Compliance Requirement:** Activities Allowed or Unallowed  
**Type of Finding:** Material Weakness; Material Noncompliance  
**Prior Year Finding:** N/A  
**Questioned Costs:** 93.958 - \$2,268,421 (known COVID-19)

Criteria: 2 CFR 200.303; 42 USC 300x-1

The department was required to submit a spending plan documenting the intended use of the awarded COVID-19 funding allocations under the Mental Health Block Grant (MHBG) and Substance Abuse Block Grant (SABG). The expenditure of COVID-19 funding should align with each block grant's approved spending plan. Federal regulations also require recipients of federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal statutes, regulations, and terms and conditions of the Federal award.

Our testing of state fiscal year 2022 MHBG COVID-19 expenditures identified \$10.4 million in workforce development incentive payments inappropriately recorded under the MHBG. Further inquiry into the payments revealed the department determined during state fiscal year 2023 these expenditures were not included in the MHBG COVID-19 spending plans and were not allowable activities under the MHBG. The department determined incentive payments totaling \$8.1 million in COVID-19 expenditures should have been recorded under the SABG in accordance with the SABG COVID-19 spending plans. The department subsequently moved the \$8.1 million of the combined \$10.4 million total COVID-19 incentive payment expenditures to the SABG; however, the remaining \$2.3 million in incentive payment expenditures were left in the MHBG as a funding source had yet to be determined.

An adjustment to the Schedule of Expenditures of Federal Awards (SEFA) was required to move the \$8.1 million in COVID-19 spending from the MHBG to SABG. The remaining \$2.3 million is considered questioned costs under the MHBG.

**We recommend** department management ensure controls are properly designed and implemented to record only allowable expenditures to the appropriate federal programs.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The identified expenditures were initially charged to the MHBG in error, and when the error was found by OHA staff, the funding source was corrected to SAPT for the authorized \$8.1 million prior to the*

*SOS audit beginning. There was still \$2.3 million remaining coded to MHBG which after extensive review and leadership decision, has now been re-coded appropriately. OHA's existing internal controls identified this issue initially, no additional corrective action is needed.*

*Anticipated Completion Date: July 5, 2023*

**2022-042 Oregon Health Authority**

**Ensure expenditures of federal funds are for allowed activities**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services             |
| <b>Assistance Listing Number and Name:</b> | 93.958 Block Grants for Community Mental Health Services |
| <b>Federal Award Numbers and Years:</b>    | 1B09SM083823, 2021                                       |
| <b>Compliance Requirement:</b>             | Activities Allowed or Unallowed                          |
| <b>Type of Finding:</b>                    | Material Weakness; Material Noncompliance                |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | \$525,272 (known)  |

Criteria: 42 USC 300x-5(a)(3)

Mental Health Block Grant (MHBG) funds may not be expended on the purchase, construction, or permanent improvement of any building or other facility other than minor remodeling. Substance Abuse and Mental Health Services Administration's (SAMHSA) standard funding restriction guidance defines minor alterations and renovations as the lesser of 25% of the budget period or \$150 thousand. Additionally, all minor alterations and renovations must be approved by SAMHSA.

During our testing of MHBG subrecipient contracts entered into during state fiscal year 2022, we noted one contract included payment for the remodeling of an existing building owned by the subrecipient. A payment of \$525,272 was processed in December 2021 for the remodeling expenses as specified in the contract's payment provisions. However, this amount exceeds SAMHSA's threshold for minor alterations and renovations and is not allowed under the MHBG.

**We recommend** department management ensure controls are properly designed and implemented to record only allowable expenditures to the MHBG. **We further recommend** department management seek SAMHSA approval for minor alterations and renovations.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*OHA intended to have an interagency agreement with ODHS to co-fund an improvement to a much-needed treatment facility for children. OHA submitted the payment per our agreement with the vendor with the expectation that ODHS would fund the non-SAMHSA allowable expenses. The vendor used the funds for minor safety related renovations as one would expect them to prioritize before programmatic costs. But unfortunately, the ODHS payment was never made to OHA which prevented any additional funds from being sent to the vendor. Then, pandemic constraints along with a lack of funding prevented the vendor from being able to finalize their plan in the initial time frame. OHA sought a legal review, and the recommendation was made to cleave the contract from ODHS and allow the vendor additional time to finish their work. Upon cleaving the contract, the elements that OHA knows to be unallowable for SAMHSA funding were left in the contract because the contractor had already*



performed the work. OHA is awaiting a final review of expenditure reports and will request SAMHSA approval if warranted or adjust funding codes as needed to align with SAMHSA allowable charges.

Anticipated Completion Date: September 30, 2023

**2022-043 Oregon Health Authority**

**Implement controls to ensure subrecipients are appropriately identified and monitored**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Assistance Listing Number and Name:** 93.958 Block Grants for Community Mental Health Services;  
93.959 Block Grants for Prevention and Treatment of Substance Abuse  
**Federal Award Numbers and Years:** 93.958: 1B09SM082625, 2020; 1B09SM083823, 2021;  
1B09SM086032, 2022;  
93.959: 1B08TI083068, 2020; 6B08TI083472, 2021;  
6B08TI084667, 2022  
**Compliance Requirement:** Subrecipient Monitoring  
**Type of Finding:** Material Weakness; Material Noncompliance  
**Prior Year Finding:** N/A  
**Questioned Costs:** N/A

Criteria: 2 CFR 200.331; 45 CFR 75.352(b); 45 CFR 75.352(d)

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

We reviewed the department's classification of a sample of eight of 40 Mental Health Block Grant (MHBG) and 11 of 76 Substance Abuse Block Grant (SABG) recipients of federal funds. We judgmentally selected an additional 11 MHBG and 30 SABG recipients for review after our review of the initial sample of recipients identified inconsistencies in the classification of recipients. Based on the following inconsistencies identified in our review, it is unclear if the department correctly classified recipients as subrecipients or contractors and the related expenditures are reported accordingly. As a result, the SEFA may incorrectly report pass-through or direct expenditures.

- One recipient of MHBG funds and 13 recipients of SABG funds were classified as contractors by the department; however, other recipients providing the same services were classified as subrecipients. As they were identified as contractors, a SEFA correction of \$1.4 million was made to report as direct expenditures rather than pass-through expenditures.

- Three recipients of MHBG funds and one recipient of SABG funds were classified as subrecipients by the department, but it was unclear if each met the definition of a subrecipient.
- One recipient of MHBG funds was classified as a contractor and appeared to meet the definition of a contractor; however, payments made to this recipient were recorded as pass-through expenditures. A SEFA correction of \$329 thousand was made to report as direct expenditures rather than pass-through expenditures.
- One recipient of SABG funds was classified as neither contractor nor subrecipient. A SEFA correction of \$215 thousand was made to report as direct expenditures rather than pass-through expenditures.

We also inquired of the department's risk assessment and monitoring activities for subrecipients. Based on our inquiries, the department does not have a formal implemented process for performing risk assessments to determine appropriate monitoring activities. Moreover, the department has not implemented a formal process to ensure subrecipients comply with federal regulations, terms and conditions of the subaward, and that subaward performance goals are achieved. If subrecipient monitoring is not performed and documented, subawards could be used for unauthorized purposes and performance goals not met.

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

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*HSD Contracts team has already implemented additional checklists to ensure subrecipients and vendors are identified and coded properly. We will be making the checklist automated through our grant management process and fully implemented by this fall.*

*Anticipated Completion Date: November 30, 2023*

**Implement a consistent methodology for calculation of maintenance of effort**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services   |
| <b>Assistance Listing Number and Name:</b> | 93.958 Block Grants for Community Mental Health Services;<br>93.959 Block Grants for Prevention and Treatment of Substance Abuse               |
| <b>Federal Award Numbers and Years:</b>    | 93.958: 1B09SM082625, 2020; 1B09SM083823, 2021;<br>1B09SM086032, 2022<br>93.959: 1B08TI083068, 2020; 6B08TI083472, 2021;<br>6B08TI084667, 2022 |
| <b>Compliance Requirement:</b>             | Matching, Level of Effort, Earmarking  |
| <b>Type of Finding:</b>                    | Material Weakness  |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 42 USC 300x-2(a)(1)(C); 42 USC 300x-4(b)(1); 42 USC 300x-9(c)(1); 42 USC 300x-22(b)(1)(C); 42 USC 300x-30(a); 2 CFR 200.303

The Mental Health Block Grant and Substance Abuse Block Grant are subject to various Maintenance of Effort and Earmarking requirements. These requirements ensure the department meets minimum expenditure thresholds. Federal regulations require recipients of federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Based on auditor recalculations, we determined the department was in compliance with the applicable Maintenance of Effort and Earmarking requirements during state fiscal year 2022. However, we noted the following control weaknesses in the department’s calculations and demonstration of their compliance with the requirements:

- The department is required to expend 10% of the federal award for early serious mental illness and a first episode psychosis treatment services under the Mental Health Block Grant. The 10% set aside is calculated and budgeted when federal awards are granted. However, tracking of expenditures is not performed to ensure compliance is achieved.
- The department is required to maintain state expenditures for community mental health services and authorized substance abuse activities at a level not less than the average expenditures of the prior two state fiscal years. The department is also required to ensure expenditures for systems of integrated services for children with serious emotional disturbance and substance abuse treatment for pregnant women and women with dependent children is not less than the amount expended for these services in fiscal year 1994. The applicable expenditures were not consistently or accurately calculated by the department in each of the state fiscal years included in the Maintenance of Effort determinations. Additionally, no written procedures exist for the calculations.

The department is at risk of noncompliance without controls in place to help ensure expenditures are tracked and calculations are consistently applied across fiscal years.

We recommend department management implement controls to ensure applicable expenditures are adequately tracked and calculations applicable to the maintenance of effort requirements are consistently performed across fiscal years. We further recommend department management work with the federal awarding agency to submit corrected maintenance of effort totals to ensure appropriateness of future maintenance of effort determinations.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*There were inconsistencies in how Maintenance of Effort (MOE) has been calculated. The applicable expenditures were not consistently or accurately calculated in each state fiscal year. The use of Marijuana paid expenses were not consistently used for both Mental Health and Substance Abuse Block Grant. We have met with SAMHSA MHBG State Project Office (SPO) for clarification on how Marijuana funds can be utilized in the calculation for the MOE. We have received guidance and clarification. We have recalculated MOE for the Block grants for SFY2022, SFY2021, and SFY2020 and are still doing data checks on these recalculations. With any changes to be made to previous years' MOE calculations, we must resubmit the request and reasons behind the changes to the SAMHSA project officers. HSD Budget is working on a written desk procedures to ensure applicable expenditures are adequately tracked and calculated to the maintenance of effort requirements and are consistently performed.*

*Anticipated Completion Date: February 28, 2024*

**2022-045 Oregon Health Authority**

**Submit required FFATA reports**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services  |
| <b>Assistance Listing Number and Name:</b> | 93.268 Immunization Cooperative Agreements;<br>93.323 Epidemiology and Laboratory Capacity for Infectious Diseases;<br>93.958 Block Grants for Community Mental Health Services;<br>93.959 Block Grants for Prevention and Treatment of Substance Abuse |
| <b>Federal Award Numbers and Years:</b>    | 93.268: 5 NH23IP922626; 6 NH23IP922626<br>93.323: 6 NU50CK000541<br>93.958: 1B09SM083823, 2021<br>93.959: 6B08TI083472, 2021; 6B08TI084667, 2022  |
| <b>Compliance Requirement:</b>             | Reporting   |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance   |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | N/A   |

Criteria: 2 CFR 170 Appendix A; 2 CFR 200.303

Federal regulations require recipients of federal awards to report certain subaward information in the FFATA Subaward Reporting System (FSRS) for subawards meeting the criteria for reporting. Reports must be submitted no later than the end of the month following the month in which the subawards were made. Federal regulations also require recipients of federal awards establish and maintain internal

controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

We identified and reviewed the reporting status of all the department's subawards subject to FFATA reporting during the audit period. We determined:

- Five of 30 Mental Health Block Grant (MHBG) subawards were not reported, totaling \$4.2 million in obligations.
- 12 of 65 Substance Abuse Block Grant (SABG) subawards were not reported, totaling \$6.2 million in obligations.
- Four of 37 Epidemiology and Laboratory Capacity (ELC) subawards were not reported, totaling almost \$55.5 million in obligations.
- Five of 39 Immunization Cooperative Agreements subawards were not reported, totaling \$6.3 million in obligations.

Of the total not reported, one SABG, one ELC, and two Immunization subawards were not reported in the FSRS due to oversights in the department's reporting process. The remaining unreported subawards resulted from the department's suspension of FFATA reporting stemming from the federal replacement of the DUNS number with the Unique Entity Identifier (UEI) in May 2022. The department did not have UEI numbers for all subrecipients at the time of the replacement which prevented the department from submitting accurate reports. FFATA reporting was suspended through the end of state fiscal year 2022 and into the following state fiscal year.

Although the department suspended FFATA reporting in the FSRS, a tracking spreadsheet was maintained that included all subaward award information needed for reporting once reporting is resumed.

**We recommend** department management resume FFATA reporting as soon as feasible and ensure all necessary subawards are reported. **We further recommend** department management implement controls to ensure all subawards are appropriately tracked and reported.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*On April 4, 2022, the federal government made a switch in the identifying information required for a subrecipient, changing from the previously used DUNS to a newly assigned Unique Entity Identifier (UEI). ODHS/OHA was not made aware of the upcoming federal switch until late March 2022. OHA's Office of Contracts & Procurement (OC&P) is working directly with Program Contract Administrator's to request the missing UEIs. As the data comes in from Program it is being validated for accuracy and updated in the appropriate systems, so when all missing UEIs from a given FAIN's report month are collected, all NTE changes can be made immediately. OC&P is confident all FFATA reporting related to this audit will be submitted by July 31, 2023.*

*Anticipated Completion Date: July 31, 2023*

Ensure cash draws are made only for immediate cash needs

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services                        |
| <b>Assistance Listing Number and Name:</b> | 93.959 Block Grants for Prevention and Treatment of Substance Abuse |
| <b>Federal Award Numbers and Years:</b>    | 6B08TI083472, 2021  |
| <b>Compliance Requirement:</b>             | Cash Management   |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance                               |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | N/A   |

Criteria: 31 CFR 205.33

The Substance Abuse Block Grant is subject to federal cash management requirements. Federal regulations require the state minimize the time between the drawdown and disbursement of federal funds. The department's normal draw procedure for the block grant is designed to request federal funds on a reimbursement basis. The amount to be drawn is calculated based on a comparison between previously drawn revenue amounts and program expenditures at the time of the draw.

During our testing of a sample of three of the 15 cash draws performed during state fiscal year 2022, we identified an error in the calculation of a draw performed in April 2022 for the 2021 award. The process used to identify program revenues and expenditures for the draw calculation was incorrectly updated when the department transitioned to a new data analysis tool. As a result, the April 2022 draw requested \$1 million in federal funds in excess of actual expenditures. The error in the query was not identified by the department through the end of the fiscal year. The total drawn on the award at the end of state fiscal year 2022 was in excess of expenditures by \$847 thousand.

Although the 2021 award was drawn in excess of expenditures at times after April 2022, the total revenues and expenditures were balanced at the close out of the award in December 2022. Additionally, according to Federal regulations no interest liability is incurred even though the draws were in excess of the immediate cash needs of operating the program.

**We recommend** management ensure controls over the draw process are designed and implemented to review and identify calculation errors.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*This was a criteria filter error in the accountant's data query as developed in the transition from one query tool to another. This criteria filter has been corrected and the data query is now operating correctly. The referenced grant is currently in balance, revenue is balanced to expenditures. The reconciliation, which would have identified this anomaly, was delayed for this quarter. In the future, a full reconciliation to the general ledger system of record will occur quarterly to ensure this is not repeated.*

*Anticipated Completion Date: November 30, 2023*

Implement controls to comply with subrecipient monitoring requirements

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services   |
| <b>Assistance Listing Number and Name:</b> | 93.788 Opioid STR ( <i>Non-major program</i> ) |
| <b>Federal Award Numbers and Years:</b>    | H79TI081716, 2020; H79TI083316, 2021           |
| <b>Compliance Requirement:</b>             | Subrecipient Monitoring                        |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance          |
| <b>Prior Year Finding:</b>                 | 2019-019                                       |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 45 CFR 75.303(d); 45 CFR 75.351; 45 CFR 75.352(b) and (d)

Federal regulations require 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 activities. Monitoring activities should be completed based on the results of the subrecipient's determined risk. Federal regulations also require grantees take prompt action when instances of noncompliance are identified in audit findings.

The Health Systems Division of the Oregon Health Authority (department) developed a formal process for performing risk assessments to determine appropriate monitoring activities and developed a tool to document post award monitoring in March of 2020, and for three years, the department has pointed to these procedures as actions taken to partially correct the original 2019 finding. However, the department has yet to implement these or other procedures, and the Opioid program has no documented monitoring plan in place.

Federal regulations require the department, as a pass-through entity, to determine if the recipients of disbursements of federal funds are subrecipients or contractors. The subrecipient and contractor determination will impact how program expenditures are reported on the Schedule of Expenditures of Federal Awards (SEFA). Out of 75 contracts with 59 subrecipients, we reviewed 15 contracts with 10 subrecipients and based on the contracts' listed deliverables, we determined five of them did not appear to meet the definition of a subrecipient. Department management could not support its subrecipient determinations and could not identify who made the decisions. As a result, the SEFA may incorrectly report \$751,911 as pass-through funds instead of direct expenditures.

**We recommend** department management comply with subrecipient monitoring requirements by implementing and documenting a procedure that evaluates each subrecipient's risk of noncompliance for the purpose of determining and performing the appropriate monitoring for each subrecipient. **We also recommend** department management implement procedures to ensure federal subrecipient versus contractor determinations result in accurate reporting on the SEFA.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*To comply with subrecipient monitoring requirements, the authority will implement our documented procedures. We will evaluate subrecipient's risk of noncompliance for the purpose of determining and performing the appropriate monitoring for each subrecipient. We will ensure each subrecipient completes the grantee self-risk assessment survey we've created; once completed and submitted this*



*survey will generate a monitoring guidance document based on if the grantee was determined low, moderate, or high risk. This risk assessment survey and guidance document will help inform appropriate subrecipient monitoring. The auto-generated word document is emailed to the identified OHA staff, stored in the software's report, and can be accessed by staff on an OHA intranet page (OWL site).*

*Additionally, the authority will ensure accurate federal subrecipient versus contractor determinations. We will evaluate and improve current determination procedures, develop a comprehensive checklist or guidance document based on improvement recommendations, determine who has the primary responsibility for subrecipient determinations, and provide training as needed.*

*Anticipated Completion Date: December 31, 2023*

**2022-048 Oregon Health Authority**  
**Improve review of federal performance progress reports**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Assistance Listing Number and Name:** 93.788 Opioid STR (*Non-major program*)  
**Federal Award Numbers and Years:** H79TI081716, 2020; H79TI083316, 2021  
**Compliance Requirement:** Reporting  
**Type of Finding:** Significant Deficiency  
**Prior Year Finding:** 2019-020  
**Questioned Costs:** N/A

Criteria: 45 CFR 75.303(a); 45 CFR 75.342(b); Opioid STR Notice of Awards

Federal regulations require performance progress reports (reports) be submitted semi-annually and include an overview of the goals and objectives accomplished during the funding period as stated in the grants' funding opportunity announcements. In addition, federal regulations require award grantees 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 may include review and approval of reports for completeness and accuracy.

The Health Systems Division of the Oregon Health Authority (department) developed a tool to document post award monitoring in March of 2020, and for three years, the department has pointed to this tool as an action taken to ensure reports are complete and accurate. Although the department has yet to implement this tool, we found evidence of other internal controls that were partially implemented.

Program now utilizes collaborative online software called Smartsheet which allows a contracted evaluator to compile subrecipient performance data the department can monitor and edit in real time. The department uses the Smartsheet as support for progress report data. We found some key data elements in the SOR2 year 2 progress report did not agree to support in Smartsheet. Program stated they reviewed a different spreadsheet supplied by the evaluator, not Smartsheet, which had totals agreeing to the submitted report. However, the department did not retain this additional spreadsheet. Without retaining the underlying support used for review, we are unable to assess the effectiveness of the department's review of the report prior to submission.

Program now requires manager review of reports prior to submission. We found evidence of manager review of the SOR2 year 2 progress report, however it was dated two days after the report was submitted. Ineffective controls could result in a misrepresentation of the grant's performance.

**We recommend** department management implement internal controls to ensure performance progress reports are complete and accurate prior to report submission.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*To ensure performance progress reports are complete and accurate prior to report submission, the department will review current internal controls and plans to implement revised or new controls. The current process steps we are reviewing include:*

- *Sending the completed report via email to the program manager requesting they review the report for completeness and accuracy.*
- *Documenting approval via email confirmation that the report is complete and accurate prior to submission to federal funders.*

*There is a need to revisit the internal control of having only managers designated to review the federal performance progress reports; we plan to discuss having the following individuals designated to conduct this review: principal investigator, grant coordinator, active partner, or manager.*

*Anticipated Completion Date: December 31, 2023*

**2022-049 Oregon Health Authority**  
**Return overdraw of reclassified FEMA expenditures**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services  |
| <b>Assistance Listing Number and Name:</b> | 93.268 Immunization Cooperative Agreements (COVID-19)<br>93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | 93.268: 5 NH23IP922626 (COVID-19);<br>6 NH23IP922626 (COVID-19)<br>93.323: 6 NU50CK000541 (COVID-19)                                    |
| <b>Compliance Requirement:</b>             | Activities Allowed or Unallowed   |
| <b>Type of Finding:</b>                    | Significant Deficiency, Noncompliance   |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | 93.268: \$36,783 (known) (COVID-19)<br>93.323: \$73,333 (known) (COVID-19)  |

**Criteria:** 2 CFR 200.403

During the COVID-19 pandemic, the Oregon Health Authority (department) spent money from Federal Emergency Management Agency (FEMA) awards to address needs in addressing the pandemic. Due to delays in receiving federal reimbursement for the expenditures, the department reclassified the expenditures to other programs where reimbursements would occur timelier.

In our testing of Activities Allowed or Unallowed, we reviewed two individually significant items in the accounting system reclassifying 398 and 914 individual expenditures from the FEMA grants to the Immunization Cooperative Agreements program and Epidemiology and Laboratory Capacity program, respectively. Based upon the account coding of the original transactions, all of the reclassifications were allowable and consistent with program requirements. However, we found several transactions were reclassified twice, resulting in an excess of \$36,783 charged to the Immunization program and \$73,333 charged to the Epidemiology program. The reclassifications were completed in two batches and the managerial review of the reclassifying transactions failed to detect some transactions were included in both batches.

**We recommend** department management correct the entries and reimburse excess cash drawn to the federal agency for unallowable costs. **We also recommend** department management revise the review procedures to verify that the same expenditure transactions are not duplicated in multiple batches.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*Corrective action plan:*

- *The agency has reviewed the questioned costs and has corrected the entries with BTCL7084 and reimbursed the federal programs.*
- *The department has regular processes to review for duplicate adjusting entries. However, this process was missed for this entry.*
- *Department management will work with department staff to reinforce their understanding of the need to follow these processes to ensure transactions are not adjusted more than once.*

*Anticipated Completion Date: June 1, 2023*

**2022-050 Oregon Health Authority**  
**Improve review of expenditure transactions**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services                        |
| <b>Assistance Listing Number and Name:</b> | 93.268 Immunization Cooperative Agreements (COVID-19)               |
| <b>Federal Award Numbers and Years:</b>    | 5 NH23IP922626, 2022 (COVID-19);<br>6 NH23IP922626, 2022 (COVID-19) |
| <b>Compliance Requirements:</b>            | Activities Allowed or Unallowed,<br>Allowable Costs/Cost Principles |
| <b>Type of Finding:</b>                    | Significant Deficiency  |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | N/A   |

**Criteria:** 2 CFR 200.303

During fiscal year 2022, payroll for the Oregon Health Authority was processed through the Oregon State Payroll Application (OSPA). As part of each monthly payroll cycle, managers are expected to review and approve employee's reported hours to ensure expenditures are accurate and are billed to the correct program(s). Although state policy requires managers to review the timesheets, the automated controls in the system will process the payroll without a review, effectively making the

managerial review optional. The OSPA was retired as of November 30, 2022. However, the new Workday application that went into effect to replace the OSPA has the same weakness where payroll will process without regard for the managerial review.

As part of our testing of program expenditures, we found that 3 of 134 timesheets were not reviewed by a manager prior to release into the payroll system. For each of these items, we were able to perform alternative procedures to verify that the amounts charged to the program were appropriate and there are no questioned costs. However, the lack of review increases the risk that inappropriate payroll costs may be charged to the program.

**We recommend** management implement procedures to ensure that all employee payroll submissions are properly reviewed, and payroll is appropriately charged to the correct cost center or program.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*The Oregon Immunization Program (OIP) section manager immediately notified all supervisory managers and administrative support staff of the finding on June 5th. Finding: "As part of our testing of program expenditures, we found that 3 of 134 timesheets were not reviewed by a manager prior to release into the payroll system." Supervisory managers were reminded that it is an expectation of their position to ensure that payroll time entries are thoroughly reviewed, and discrepancies resolved, and final entries approve according to agency requirements – on time, every month.*

*On June 5th, program administrative staff and the section manager began development of an internal standard operating procedure (SOP) that will thoroughly document the steps the program requires of supervisory managers to assure that all employee payroll submissions are properly reviewed and payroll is appropriately charged to the correct cost center or program. The final SOP will be signed by each supervisory manager in the program, and included in a quarterly Performance, Accountability and Feedback (PAF) session between each supervisory manager and the section manager.*

*The final SOP will be delivered to the offices of the Secretary of State Audit Division, and DAS once approved by the Division management, and signed by each OIP supervisory manager.*

*This finding and the resolution will be shared as well with our funder, the Centers for Disease Control and Prevention, as required by our cooperative agreement.*

*Anticipated Completion Date: July 5, 2023*

2022-051 Oregon Health Authority  
Correct expenditures charged to the incorrect program

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Assistance Listing Number and Name:** 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (COVID-19)  
**Federal Award Numbers and Years:** 6 NU50CK000541 (COVID-19)  
**Compliance Requirements:** Activities Allowed or Unallowed  
**Type of Finding:** Significant Deficiency, Noncompliance  
**Prior Year Finding:** N/A  
**Questioned Costs:** \$356,050 (COVID-19)

**Criteria:** 2 CFR 200.302

To address the COVID-19 pandemic, the Center for Disease Control (CDC) awarded the Oregon Health Authority (department) over \$495 million in additional funding beyond the normal funding levels for the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program. The funding was awarded for specific purposes such as enhancing detection, reopening schools, and enhancing detection expansion. The purposes of these awards generally do not allow for expenditures directly related to operating the COVID-19 vaccine clinics.

In our testing, we identified two payments totaling \$356,050 relating to emergency medical technicians attending vaccine clinics to assist if those receiving the vaccine had adverse reactions and required medical attention. Per department management, the transactions should have been charged to a different grant provided by the Federal Emergency Management Agency (FEMA). The error was caused by incorrect account coding when the invoice was processed. Other transactions under this contract were properly charged to the FEMA grant.

**We recommend** management correct the accounting error and ensure the expenditures are charged to the correct programs. **We also recommend** the department determine if there are additional questioned costs relating to the advanced cash draw as the federal programs have different timing for federal reimbursements.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*Corrective action plan:*

- *Adjust the two identified payments charged to the grant in error*
- *Adjust the erroneous charges to the Federal Emergency Management Agency (FEMA) grant*
- *Complete internal audit of expenditures and adjust any non-grant compliant expenditures out of this grant prior to federal financial reporting and close-out.*

*Anticipated Completion Date: June 30, 2023*

**2022-052 Oregon Health Authority**  
**Improve review of expenditure transactions**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Assistance Listing Number and Name:** 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (COVID-19)  
**Federal Award Numbers and Years:** 6 NU50CK000541, 2021 (COVID-19)  
**Compliance Requirements:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
**Type of Finding:** Significant Deficiency, Noncompliance  
**Prior Year Finding:** N/A  
**Questioned Costs:** \$35,416 (known) (COVID-19)

**Criteria:** 2 CFR 200.303

As part of our testing, we reviewed expenditures charged to the program to ensure they were properly approved and an appropriate use of program resources. We randomly selected 25 of 2,355 non-payroll transactions as the basis for our testing. For one of the transactions, there was no evidence the expenditures had been reviewed and approved as appropriate expenditures for the program. The specific transaction was for cell phones and data plans on wireless devices and consisted of 584 separate devices. Only 24 (2.5%) of those devices had been approved by a manager. The department will pay the vendor for the full amount of the invoice. Managers are expected to review the charges for their unit and verify they are directed to the proper cost center. The \$35,416 in questioned costs represents the charges for the devices without approval.

Also, during fiscal year 2022, payroll for the department was processed through the Oregon State Payroll Application (OSPA). As part of each monthly payroll cycle, managers are expected to review and approve employee's reported hours to ensure expenditures are accurate and are billed to the correct program(s). Although state policy requires managers to review the timesheets, the automated controls in the system will process the payroll without a review, effectively making the managerial review optional. The OSPA was retired as of November 30, 2022; however, the replacement payroll system operates in a similar manner for managerial review.

As part of our testing of payroll expenditures, we found one of 25 randomly selected timesheets were not reviewed by a manager prior to release into the payroll system. We were able to perform alternative procedures to verify the amounts charged to the program were appropriate and there are no questioned costs.

The lack of review increases the risk that inappropriate costs may be charged to federal programs.

**We recommend** management ensure wireless device charges are properly reviewed, and expenditures are charged to the correct cost center or program. **We also recommend** management implement procedures to ensure all employee payroll submissions are reviewed and approved by program management.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The questioned costs related to cell phone charges appear to have resulted from a lack of formal process in the Coronavirus Response and Recovery Unit. This unit has closed and departments have returned to standardized formal processes.*

*Corrective action plan:*

- *Prior to “COVID-19” processes and procedures will be followed*
- *Administrative staff will parse cell phone charges and code invoices according to employee payroll*
- *Approving manager will review coding for accuracy prior to approval*

*Anticipated Completion Date: January 1, 2023*

**2022-053 Oregon Health Authority**  
**Improve financial reporting accuracy**

**Federal Awarding Agency:** U.S. Department of Health and Human Services  
**Assistance Listing Number and Name:** 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (COVID-19)  
**Federal Award Numbers and Years:** 6 NU50CK000541, 2020 (COVID-19);  
6 NU50CK000541, 2021 (COVID-19)  
**Compliance Requirements:** Reporting  
**Type of Finding:** Significant Deficiency, Noncompliance  
**Prior Year Finding:** 2021-022  
**Questioned Costs:** N/A

**Criteria:** 2 CFR 200.328

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

During the fiscal year 2021 audit, we reported a material weakness relating to the accuracy of the amounts reported to the CDC. The same issue persisted throughout fiscal year 2022. As of June 30, 2022, the department had not taken the necessary actions to implement the prior recommendations and had not fully corrected the reports submitted in fiscal years 2021 and 2022. However, as of March 2023, the department had implemented the appropriate corrective actions and the previously inaccurate reports have been updated, including the reports for fiscal year 2022. Audit standards require that we report on the status as of June 30, 2022.

**We recommend** department management maintain the necessary internal controls to ensure the monthly financial reports are accurate and agree to the accounting records.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*



As you note in your audit letter, our financial reporting accuracy had been remedied for all historical and current reports by March 2023. Unfortunately, these improvements were not in place by June 30, 2022 and, for that reason, a finding was noted.

*Corrective action plan:*

- All monthly financial reporting has been assigned to our Fiscal Analyst
- The Fiscal Analyst submits monthly financial reports and the query used to generate the reports to the Office of Financial Services (OFS) for review and approval
- The Fiscal Analyst revises monthly financial reports based on OFS feedback
- Following OFS approval, monthly financial reports are entered into CAMP by an ELC administrative staff member and verified by a second team member

*Anticipated Completion Date: March 31, 2023*

**2022-054 Department of Human Services/Oregon Health Authority**  
**Improve controls over payments for Medicaid clients**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services                              |
| <b>Assistance Listing Number and Name:</b> | 93.777 and 93.778 Medicaid Cluster  |
| <b>Federal Award Numbers and Years:</b>    | 2105OR5MAP, 2021; 2105OR5ADM, 2021; 2205OR5MAP, 2022;<br>2205OR5ADM, 2022 |
| <b>Compliance Requirement:</b>             | Activities Allowed or Unallowed;<br>Allowable Costs/Cost Principles       |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance                                     |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | N/A   |

Criteria: 2 CFR 200.1(1); 2 CFR 200.400(a); 2 CFR 200.404; 42 CFR § 433.32(a)

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

The Department of Human Services (department) and the Oregon Health Authority (authority) make payments to service providers through the Jsystems system. We randomly sampled 61 clients and one Medicaid service payment associated with each client using a statistically valid sample. We reviewed agency documentation to test compliance with the Activities Allowed or Unallowed & Allowable Cost requirements. For 1 client, we found the issues described below.

- The claim selected as our sample item did not have mileage accurately calculated, which resulted in an overpayment. Further review of payments for this client identified additional inaccurate payments during the fiscal year for mileage to this provider. Questioned costs identified for our sample item resulted in an overpayment of \$6.00 and other identified questioned costs resulted in an underpayment of (\$5.27).

The above issues occurred due to human error when entering mileage into the state payment system from the home care worker mileage tracking software (OR-PTC), which lead to improper payments.

Phase 1 of the OR-PTC system was implemented in September of 2021. During this phase of the implementation branches must run a report of mileage claims and enter these claims manually into the payment system. Due to the exceptions noted above, we reviewed all clients within our sample for the fiscal year which had mileage entered into the OR-PTC system and identified multiple additional underpayments and overpayments that resulted in an overall underpayment of (\$49.07). Due to the systemic nature of this issue, we are unable to reasonably estimate or quantify remaining potential questioned costs outside of our sample population.

**We recommend** department and authority management strengthen controls over the OR-PTC system to ensure transactions are adequately supported and reviewed.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The department is engaged in ongoing efforts to mitigate this risk through continued communications with local offices and their leadership around the importance of correct data entry and reviewing changes to our KPI's that we report quarterly to CMS.*

*Regional Readiness Coordinators (RRCs) provide training, reinforce best practices, review business processes, and provide feedback on issues we are seeing to reduce incidences of human error. The department will also continue to review and research authorizations for Mileage and Time entries that do not align with existing claims to determine where additional RRC support is needed.*

*Several system enhancements and changes slated for June 2023 are intended to help providers claim time accurately and reduce local office workload associated with reviewing pending entries. This will not fully resolve the issues noted by SOS, however, implementation of phase 2A of the Provider Time Capture System, which is scheduled to go into production July 12, 2024, will eliminate the need for local offices to manually enter mileage or hours into the mainframe payment systems and will automatically flag discrepancies between OR PTC DCI and the Mainframe.*

*The department has corrected all identified issues discovered through the audit process.*

*Anticipated Completion Date: July 31, 2024*

2022-055 Department of Human Services/Oregon Health Authority  
Strengthen review over direct costs charged to the program

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services                              |
| <b>Assistance Listing Number and Name:</b> | 93.777 and 93.778 Medicaid Cluster  |
| <b>Federal Award Numbers and Years:</b>    | 2105OR5MAP, 2021; 2105OR5ADM, 2021; 2205OR5MAP, 2022;<br>2205OR5ADM, 2022 |
| <b>Compliance Requirement:</b>             | Activities Allowed or Unallowed;<br>Allowable Costs/Cost Principles       |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance                                     |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | \$47,942 (known)  |

Criteria: 2 CFR 200.1(1); 2 CFR 200.400(a); 2 CFR 200.404; 42 CFR § 433.32(a)

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

The Department of Human Services (department) and the Oregon Health Authority (authority) make payments to vendors other than providers through the state's accounting system. We judgmentally selected payments to 28 vendors for our review. We identified the following 2 errors, which were not identified during their review process, that resulted in improper payment of Medicaid expenditures:

- Payments to one vendor charged expenditures related to a specific project unrelated to the Medicaid program, resulting in known federally funded questioned costs of \$1,361.
- For one payment management was unable to provide a contract or support for bids collected for the project charged to the Medicaid program, resulting in known federally funded questioned costs of \$46,581.

The above issues occurred due to human error and inadequate record maintenance which could lead to unallowed activities/costs being charged to the Medicaid program.

**We recommend** department and authority management strengthen controls over review to ensure transactions are adequately supported and reviewed. **Additionally, we recommend** the authority reimburse the federal agency for unallowable costs.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*ODHS Facilities Management Response for Finding #1: The Office of Facilities Management (OFM) is committed to providing accurate coding for payments. Communications have been made with staff responsible for coding invoices and the need to conduct thorough reviews to ensure coding is accurate and charged to the appropriate funding source for the goods or services the agency is being invoiced for. OFM will be communicating with the programs that provide coding to confirm that the information provided appropriately aligns with the intended use of the funds. The department will review current processes and forms to ensure there is sufficient detail to verify accuracy. Questioned costs of \$1,361*

*in Federal Funds (and \$2,722 in Total Funds) paid with invoice number VP815455, was corrected on 4/26/2023 with document BTCL1412.*

*ODHS, Aging and People with Disabilities (APD) Response for Finding #2: The department is committed to storing and retaining supporting documentation for all authorized payments. The processes and procedures on contract bidding and approval associated with payment authorization for 1915k services and support are being reviewed and improvements such as central repositories are being explored. Once analysis and improvements are complete, they will be documented and communicated to staff within the department and to the Office of Financial Services for awareness. Additionally, as part of succession plan development, the department will create intentional opportunities for knowledge transfer, shared document storage, and increased transparency amongst work teams, which will assist with document location in the context of unexpected personnel changes.*

*The department will reimburse the federal agency for any unallowable costs.*

*Anticipated Completion Date: June 30, 2024*

**2022-056 Department of Human Services/Oregon Health Authority**  
**Return questioned costs related to 2019-014 audit finding**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services                              |
| <b>Assistance Listing Number and Name:</b> | 93.777 and 93.778 Medicaid Cluster  |
| <b>Federal Award Numbers and Years:</b>    | 1805OR5MAP, 2018; 1805OR5ADM, 2018; 1905OR5MAP, 2019;<br>1905OR5ADM, 2019 |
| <b>Compliance Requirement:</b>             | Activities Allowed or Unallowed;<br>Allowable Costs/Cost Principles       |
| <b>Type of Finding:</b>                    | Noncompliance   |
| <b>Prior Year Finding:</b>                 | 2019-014  |
| <b>Questioned Costs:</b>                   | \$348,080 (known)   |

Criteria: 42 CFR 433.32(a); 42 CFR 433.312(a); 42 CFR 447.45(f)(1)(iv)

During our testing for the fiscal year 2019 we noted that the MMIS data tables did not agree to the rates established by CMS for 2 procedures codes. Using incorrect rates resulted in an overpayment of \$348,080 to providers. This overpayment was first reported in the fiscal year-end June 30, 2019, Secretary of State audit report number 2020-14, finding number 2019-014.

As of January 1, 2020, management updated the MMIS data tables to ensure all future provider payments were made at the correct rate. Additionally, management updated control procedures to ensure MMIS data tables are updated timely and accurately. However, as of May 1, 2023, the overpayment to providers has not been collected, federal funds have not been returned, and the planned repayment method has not been approved by CMS. Per authority management they plan to let these overpayments run through their cost settlement process which would be an unusual method to return federal funds.

**We recommend** authority management reimburse the federal agency for unallowable costs.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*As indicated in the report and as of January 1, 2020, authority management updated the MMIS data tables to ensure all future provider payments were made at the correct rate. Additionally, authority management updated control procedures to ensure MMIS data tables are updated timely and accurately. The recoupment of funds paid for incorrect rates will be completed through the FFS cost settlement process. We expect to have this completed on or before June 30, 2024. We will evaluate the use of alternate recoupment processes in the event of future corrections.*

*Anticipated Completion Date: June 30, 2024*

**2022-057 Department of Human Services/Oregon Health Authority**  
**Improve documentation for provider eligibility determinations and revalidations**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services                              |
| <b>Assistance Listing Number and Name:</b> | 93.777 and 93.778 Medicaid Cluster  |
| <b>Federal Award Numbers and Years:</b>    | 2105OR5MAP, 2021; 2105OR5ADM, 2021; 2205OR5MAP, 2022;<br>2205OR5ADM, 2022 |
| <b>Compliance Requirement:</b>             | Special Tests and Provisions  |
| <b>Type of Finding:</b>                    | Significant Deficiency  |
| <b>Prior Year Finding:</b>                 | 2021-020  |
| <b>Questioned Costs:</b>                   | N/A   |

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

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

We selected a random sample of 62 providers in the Medicaid program with 32 providers enrolled by the authority and 30 enrolled by the department. For 4 providers we found the issues described below.

- I-9 form for 1 department provider could not be located. This provider is not currently a provider with the State and an updated I-9 will not be obtained. Based on our review of other available support we were able to determine this to be an eligible provider during the fiscal year.
- I-9 form for 1 department provider could not be located. The department has since obtained a completed I-9 form.
- I-9 forms for 2 department providers did not include a review of minimum acceptable documents to verify identity and employment authorization. The department is actively working to obtain missing documentation and based on our review of other available support we were able to determine these to be eligible providers during the fiscal year.

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

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

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*ODDS Response: The department is committed to having completed I-9 forms on file for all Personal Support Workers through our Fiscal Intermediary. The Provider Enrollment Unit now has a quality assurance staff who will conduct spot checks of the FI work. This is in process now and reviews will continue.*

*APD Response: The department is committed to having completed I-9 forms on file for all employees and homecare workers. This expectation, as it relates to homecare workers, was reinforced by the department at the Client Employment Program Annual Summit held on 3/28/23 and 3/29/23. This Summit was attended by approximately 160 local office staff. Local office staff were instructed on how to properly fill out the I-9 form and retention requirements. Staff were also reminded of resources available to answer questions, including central office points of contact.*

*The department is also exploring short- and long-term solutions to mitigate this risk, including creating a peer review process on business procedures across the state intended to assist in not only accuracy, but knowledge transfer, developmental growth and mentoring opportunities. The department may also explore system changes that would automatically validate the completion of tasks related to provider enrollment and renewals, including the presence of required documentation.*

*Anticipated Completion Date: June 1, 2023*

**2022-058 Department of Human Services**  
**Perform timely reconciliations of refinanced OR-Kids transactions**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Health and Human Services |
| <b>Assistance Listing Number and Name:</b> | 93.667 Social Services Block Grant           |
| <b>Federal Award Numbers and Years:</b>    | 2101ORSOSR, 2021; 2201ORSOSR, 2022           |
| <b>Compliance Requirement:</b>             | Period of Performance                        |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance        |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | \$1,308,457 (likely)                         |

Criteria: 42 USC 1397a(c); 45 CFR 75.386a(2); 45 CFR 96.30b(2)

According to federal requirements, to be eligible for federal funding, expenditures must be expended in the fiscal year allotted or in the succeeding fiscal year (period of performance). Additionally, federal post-closeout requirements stipulate the return of any funds due because of later refunds, corrections, or other transactions. As part of the grant closeout process, block grants also require the grantees to report the total funds expended and the date of the last expenditure. Grant closeout is the process by

which the federal awarding agency determines that all applicable administrative actions and all required work have been completed.

Social Services Block Grant (SSBG) has expenditures originating from the child welfare system, OR-Kids. OR-Kids is used to manage placements, eligibility, payments, and other case information. When various corrections are initiated, OR-Kids can re-process transactions as far back as January 1, 2008. For some placement corrections, OR-Kids processed the recovery of the funds in a state grant (Miscellaneous Other Fund grant), instead of the federal grant. To date, the department has not completed permanent fixes to the OR-Kids system to prevent these re-processing errors from occurring.

During fiscal year 2022, the department was reconciling the Miscellaneous Other Fund grant and identified refunds related to SSBG. The refinanced expenditures reduced the amount of SSBG expenditures originally reported in closed grant awards. Instead of submitting a refund, the department identified expenditures recorded in subsequent grants that could have been used to backfill the reduction of expenditures. Allowable expenditures, that met the period of performance, were subsequently moved. To illustrate, a total of \$1.3 million of expenditures were moved in the accounting system from grant award 21 (federal fiscal year 2021) to grant award 20. The department then moved expenditures totaling \$1.2 million from grant award 20 to grant award 19. This process continued for all grant awards going back to grant award 11 (federal fiscal year 2011). The table below illustrates the movement of expenditures between grant awards.

| Grant Award | Amount Moved | Moved from Grant Award |
|-------------|--------------|------------------------|
| 20          | 1,308,670.83 | 21                     |
| 19          | 1,212,914.34 | 20                     |
| 18          | 1,186,088.18 | 19                     |
| 17          | 1,173,217.45 | 18                     |
| 16          | 687,173.96   | 17                     |
| 15          | 646,916.66   | 16                     |
| 14          | 571,631.93   | 15                     |
| 13          | 571,631.93   | 14                     |
| 12          | 10,283.25    | 13                     |
| 11          | 3,339.57     | 12                     |

Although the department only moved expenditures that qualified for each respective period of performance, we question whether the federal awarding agency would allow the department to backfill the \$1.3 million of expenditures in question after grant closeout had been completed.

**We recommend** department management conduct more timely reconciliations of OR-Kids refinancing adjustments to ensure adjustments are made during the related periods of performance. **We further recommend** management work with its federal awarding agency to determine if it is appropriate to backfill program expenditures between grants to account for the reduction in expenditures created by the reconciliation process. If not appropriate, the questioned costs should be repaid to the federal awarding agency.



**MANAGEMENT RESPONSE:**

*The agency disagrees with this finding.*

*SFMA grant phase is an internal tracking mechanism only and is not mandated by ACF. None of the expenditures observed were moved into or out of the period of performance for which they originally qualified for.*

*SSBG awards have a two-year period of performance for claiming. As a result, there is an overlap between internal phases where expenditures qualify for two at any given time. Assignment of phase in SFMA is based on internal balancing needs to ensure claiming is not over or under the award for that period.*

*Prior period adjustments occur periodically and are debited or credited to the phase they were originally recorded under. Should those adjustments cause a phase to become under or over reported, the assigned phase in SFMA is adjusted to maintain consistency between SFMA expenditures and the SF-425 report provided to ACF. If a prior period increasing expenditure is outside the period of performance, it is moved to non-reportable and state only funding.*

*Anticipated Completion Date: N/A*

**2022-059 Department of Human Services**

**Ensure issued benefits are accurate**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Agriculture                        |
| <b>Assistance Listing Number and Name:</b> | 10.542 Pandemic EBT Food Benefits (COVID-19)          |
| <b>Federal Award Numbers and Years:</b>    | Not available (COVID-19)                              |
| <b>Compliance Requirement:</b>             | Activities Allowed or Unallowed                       |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance                 |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | \$3,692,215 (known); \$13,554,666 (likely) (COVID-19) |

Criteria: Public Law 116-127; 2 CFR 200.303

The federal requirements for the Pandemic EBT (P-EBT) program require state agencies follow their approved state plan. Part of Oregon’s simplifying assumptions in their state plan was that the benefit amount was determined at the school level, not the individual level, based on the school’s operating status, for October 2020 – May 2021. As part of Oregon’s Ready Schools, Safe Learners program, schools were required to weekly report their operating status/instructional model to the Oregon Department of Education (ODE).

In fiscal year 2022, the Department of Human Services (department) paid retroactive P-EBT benefits for children related to the 2020–2021 school year. This sample population consisted of institutions (schools and other educational facilities) and months in which children at the institutions received benefits, totaling \$391 million. We selected a random sample of 40 institutions and a random month to determine if the benefits provided to the children, based on the status reported by the institution, were accurate. We identified 4 institutions, for April/May, where the benefit paid status of the institution was not the same as reported by the institution to ODE. In all 4 cases, the benefits paid were at a higher level resulting in questioned costs of \$38,931 and likely questioned costs of \$9.2 million.

One of the simplifying assumptions for the P-EBT program, approved in Oregon's state plan, was "Oregon will have a limited reconsideration process to revisit benefit allotments at a school level." However, the department allowed institutions to update their status without additional review, explanation, or documentation. The department could not provide the auditors any support for the changes made by the institutions.

Furthermore, the Oregon Governor issued a directive to schools, on March 5, 2021, to begin a phased approach to require all public schools to provide in-person instruction through either a fully on-site or hybrid model on or before the week of April 19, 2021, for all schools. Although benefits issued continued to decrease as the school year end approached, in May 2021, 26% of the institution's benefits paid were for fully virtual totaling \$17 million. We judgmentally selected 36 institutions classified as fully virtual in May with benefits totaling \$7.9 million. For 25 institutions, the benefit paid status did not agree to the status reported by the institution to ODE resulting in questioned costs of \$3,653,284 and likely questioned costs of \$4.4 million.

**We recommend** DHS perform review to identify any additional discrepancies between benefits paid and the institutions reported status, to determine if payments were appropriate, and communicate with the federal awarding agency to determine if repayment is necessary.

**MANAGEMENT RESPONSE:**

*We respectfully disagree with the findings that schools were not able to directly update their learning mode according to the guidance provided in the P-EBT state plan.*

*The department has included emails and documents that support the actions/decisions taken in the delivery of the Oregon P-EBT school year 2020-2021 state plan was in accordance with federal approval from Food and Nutrition Service (FNS).*

*According to the USDA FNS approval letter received on May 7, 2021, and posted to the FNS website, FNS confirms that Oregon will "develop(ed) a centralized database to collect student eligibility information and school status" to determine the monthly benefit level for each school (6<sup>th</sup> bullet on page 2).*

*This information is also confirmed in email correspondence with FNS on April 29, 2021, and May 3, 2021. Within the email the Department details that Oregon will develop a database to collect school status, this is then confirmed by FNS.*

*As part of Oregon's federally approved simplified assumptions, the state plan allows the school points of contact to update their predominate learning model for each month of the 2020-2021 school year, which may be different than the Ready Schools, Safe Learners (RSSL) Weekly Status Report.*

*An email communication was shared with all identified school points of contact on June 28, 2021. This email requested that school points of contact update their schools predominate learning mode into the Oregon School Meals Benefit (OSMB) system used by the Oregon Department of Human Services to issue P-EBT benefits no later than July 13, 2021.*

*Information reported through the RSSL weekly status report was used to determine the predominate learning mode only in the event that the school point of contract did not update a learning mode manually within OSMB prior to July 13, 2021.*

On May 9, 2023, the P-EBT policy team confirmed school operating status during the selected months with 5 schools for SOS audit. Email responses from the schools are summarized below:

| <i>School ID</i> | <i>School Name</i>   | <i>Audit Month/YR</i> | <i>Reported Learning Mode</i> | <i>Paid Learning Mode</i> | <i>School confirmed paid learning mode: Y/N</i> |
|------------------|----------------------|-----------------------|-------------------------------|---------------------------|---|
| 162              | Scappoose High       | April 2021            | On-site                       | Distance (CDL)            | Y - Distance (CDL)                              |
| 97               | Boring Middle        | March 2021            | Hybrid                        | Distance (CDL)            | Y - Distance (CDL)                              |
| 474              | Keno Elem            | April 2021            | On-site                       | Hybrid                    | Y - Hybrid                                      |
| 1270             | Sexton Mountain Elem | April 2021            | Hybrid                        | Distance (CDL)            | N - Hybrid                                      |

At the recommendation of the auditors the Department has reached out to FNS Child Nutrition Program about the finding and we are waiting for a response.

Anticipated completion date: N/A

**2022-060 Higher Education Coordinating Commission**  
**Strengthen controls to ensure expenditures are not obligated beyond the period of performance**

**Federal Awarding Agency:** U.S. Department of Labor  
**Assistance Listing Number and Name:** 17.258 WIOA Adult Program  
 17.259 WIOA Youth Activities  
 17.278 WIOA Dislocated Workers Formula Grant  
**Federal Award Numbers and Years:** AA32218F30, 2018; AA32218G10, 2018; AA32218G30, 2018;  
 AA32218G70, 2018; AA32218H90, 2018; AA32218F31, 2018  
**Compliance Requirement:** Period of Performance  
**Type of Finding:** Significant Deficiency; Noncompliance  
**Prior Year Finding:** N/A  
**Questioned Costs:** \$47,523 (known)

Criteria: 20 CFR 683.110; 2 CFR 200.343 (2018)

WIOA grants are available for expenditure by the State during the grant program year and the two succeeding program years. In addition, the State must liquidate all financial obligations incurred no later than 90 calendar days after the end date of the period of performance.

We judgmentally selected for review expenditures recorded in fiscal year 2022 related to 2018 grant award whose period of performance ended June 30, 2021. Our review of the supporting documentation found there were 3 out of 13 items with expenditures that were outside the period of performance. Total question cost for these expenditures were \$47,523.

Per management, these errors were due to a change in personnel and trying to balance out the 2018 grant after the fact.

**We recommend** department management review and revise controls to ensure expenditures are only obligated during the period of performance federally mandated dates.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The three errors pertaining to those expenditures that were outside the period of performance, were due to a change in personnel and trying to balance out the 2018 grant, after the fact. The HECC have addressed these issues by ensuring that all new accountants are fully trained in a timely manner. Also, HECC has implemented training for all current accounting staff in identifying what is an allowable cost within the period of performance. This training also included a review of proper close-out procedures for all grants.*

Anticipated Completion Date: June 30, 2023

**2022-061 Higher Education Coordinating Commission**  
**FFATA reports were not prepared or submitted**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Labor   |
| <b>Assistance Listing Number and Name:</b> | 17.258 WIOA Adult Program<br>17.259 WIOA Youth Activities<br>17.278 WIOA Dislocated Worker Formula Grant   |
| <b>Federal Award Numbers and Years:</b>    | AA33251LN0, 2019; AA33251L70, 2019; AA33251L90, 2019;<br>AA33251R70, 2019; AA33251R90, 2019; AA34789VS0, 2020;<br>AA34789V90, 2020; AA34789VQ0, 2020; AA347893L0, 2020;<br>AA347895P0, 2020; AA36341E10, 2021; AA36341D90, 2021;<br>AA36341DQ0, 2021; AA36341KY0, 2021; AA36341LA0, 2021 |
| <b>Compliance Requirement:</b>             | Reporting  |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance  |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 2 CFR 170; 2 CFR 200.303

The WIOA Cluster is subject to subaward reporting under the Federal Funding Accountability and Transparency Act (FFATA). FFATA requires the department to submit information for any subaward action that equals or exceeds \$30,000 in the FFATA Subaward Reporting System (FSRS). Reports should be submitted no later than the end of the month following the month in which the subawards were made. Federal regulations also require recipients of federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

Upon inquiry of the department, we determined it had not submitted any subaward information to the FSRS during fiscal year 2022. Department management stated FFATA reporting was not completed due to staff turnover. We also reviewed information the department had submitted at [USAspending.gov](https://USAspending.gov) and determined the department had not submitted any subaward information to FSRS since 2017.

The agency is not in compliance with FFATA reporting requirements. Additionally, the department is not transparent in the spending decisions of these federal awards.

**We recommend** department management implement controls to timely prepare and submit the monthly FFATA reports as required by federal regulations. The department should also work with the federal awarding agency to determine what actions it should take for older reports not submitted.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*According to the findings, the HECC didn't submit any subaward information to the FSRS during fiscal year 2022. Furthermore, the Department had not submitted any subaward information to FSRS since 2017. The HECC acknowledges these findings are correct. Due to these findings, HECC has implemented procedures to ensure timely entry into the FFATA Subaward Reporting System (FSRS) of all awards that equal or exceed \$30,000. In addition, HECC has granted FSRS access to several high-level accountants to ensure that there is always staff on hand to make these entries. The procedures include a checkbox on the cover page of every agreement that delineates when a FSRS entry is required.*

*Anticipated Completion Date: May 31, 2023*

**2022-062 Higher Education Coordinating Commission**  
**Improve controls over payroll**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Labor   |
| <b>Assistance Listing Number and Name:</b> | 17.258 WIOA Adult Program<br>17.259 WIOA Youth Activities<br>17.278 WIOA Dislocated Workers Formula Grant  |
| <b>Federal Award Numbers and Years:</b>    | AA33251LN0, 2019; AA33251L70, 2019; AA33251L90, 2019;<br>AA33251R70, 2019; AA33251R90, 2019; AA34789VS0, 2020;<br>AA34789V90, 2020; AA34789VQ0, 2020; AA347893L0, 2020;<br>AA347895P0, 2020; AA36341E10, 2021; AA36341D90, 2021;<br>AA36341DQ0, 2021; AA36341KY0, 2021; AA36341LA0, 2021 |
| <b>Compliance Requirement:</b>             | Allowable Costs/Cost Principles  |
| <b>Type of Finding:</b>                    | Significant Deficiency   |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 2 CFR 200.303

Federal regulations require recipients of federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

The department has implemented the following procedures to ensure payroll costs are correctly charged to the program. Managers approve monthly timesheets submitted by the 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 approved." 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 the duties.

We selected a nonstatistical random sample of 20 employee timesheets related to 12 employees to ensure payroll was appropriately charged to the program. Additionally, we selected one employee who was on job rotation with the agency from January 2022 through June 2022. We verified payroll

timesheets were reviewed by a manager and signed position descriptions were retained per state guidelines, and identified the following exceptions:

- Two timesheets for one employee did not have evidence of manager approval and 2 timesheets for two employees were reviewed over three months later.
- For all 12 employees, the position descriptions provided were unsigned or signed upon our request. We did not question these costs as department management verified job duties were appropriate to the program.
- For the employee on job rotation, 4 of the 6 timesheets were not reviewed and a signed position description was not signed by the employee.

According to department management, timesheets were not always approved by the manager as the system will automatically lock and approve the timesheet. For position descriptions, supervisor did not always follow through on obtaining signed position descriptions and for longer term employees a number of boxes could not be located when the agency moved. There is a risk that employees could be improperly charging to the federal program.

**We recommend** department management ensure timesheets are timely reviewed and positions descriptions are completed and retained.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*To improve controls over payroll, the HECC and the State of Oregon switched its payroll system from the old Legacy Oregon State Payroll Application (OSPA – Epay) to the new Workday Payroll as of December 1, 2022. The HECC has since created reminder emails to all Management Staff to submit their respective employees' timesheets in a timely manner. In addition, the new Workday Payroll does not have a feature that automatically locks an employee's timesheet and auto-approves a timesheet. Each Manager must now manually approve a timesheet for any employee that enters specific time codes for particular grants or use of funds. To address the finding regarding unsigned position descriptions (PDs), the HECC has since ensured that all of the identified PDs have been signed. HECC's Human Resources Unit (HR) has created a new process going forward requiring all managers to sign the PD at the time of the offer letter and HECC HR to collect the signature from the employee on their first day when HR meets with them. HECC HR also has reviewed all of its existing employees' position description in this process to ensure all positions descriptions are signed.*

*Anticipated Completion Date: August 31, 2023*

Consistency needed when providing required federal award information to subrecipients

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Transportation                |
| <b>Assistance Listing Number and Name:</b> | 20.205 Highway Planning and Construction Cluster |
| <b>Federal Award Numbers and Years:</b>    | Various  |
| <b>Compliance Requirements:</b>            | Subrecipient Monitoring                          |
| <b>Type of Finding:</b>                    | Significant Deficiency, Noncompliance            |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: 2 CFR 200.332(a)(1)

Federal regulations require pass-through entities to ensure every subaward is clearly identified to the subrecipient as a subaward and includes certain required information.

We examined 17 subrecipient awards to ensure the information required under 2 CFR 200.332(a)(1) was communicated at the time of the subaward. Each award examined was missing one or more of the required elements:

- 15 samples did not include the subrecipient’s Unique Entity Identifier or DUNS number;
- 7 samples did not provide the Federal Award Identification Number (FAIN);
- 5 samples did not provide the Federal Award date; and
- 1 sample did not provide the correct assistance listing number.

The required award information is necessary for the subrecipient to accurately report the subaward information in its accounting records and on the schedule of expenditure of federal awards.

Procedures to communicate award information are not consistently followed across the department and as a result do not ensure that all the required award information is communicated. Specifically, some required information is included in the Federal Project Agreement from the Federal Management Information System (FMIS), but not all managers were aware it needed to be provided. In many cases an exhibit was included with the agreement that could have provided all the required information, but the exhibit was not completed.

**We recommend** the department adopt procedures for preparing subaward agreements that ensure all required information is provided to subrecipients at the time of the subaward.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The Department will implement the following:*

- 1. Communicate to all Program Managers of federal funds the requirements of sending the FMIS document to the sub-recipient. The FMIS document includes the FAIN, Award Date and starting 6/1/23 will also include the UEI.*
- 2. Procurement will ensure the exhibit included with the agreement is completed and returned by the subrecipient.*
- 3. Identify a staff person to enter data into the FFATA Subaward Reporting System (FSRS).*



*Anticipated Completion Date: December 31, 2023*

**2022-064 Oregon Department of Transportation**  
**Management should ensure timely review of transfers is documented**

**Federal Awarding Agency:** U.S. Department of Transportation  
**Assistance Listing Number and Name:** 20.205 Highway Planning and Construction  
**Federal Award Numbers and Years:** Various  
**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 200.303; GAO-17-704G ¶10.03, 12.05; ODOT FASM 3.7

The department is responsible for establishing and maintaining internal controls to ensure entries posted in the accounting records are for costs and activities allowable under the federal program. Journal entry review and approval should be clearly documented and readily available for examination. The department has established Financial Administration Standard 3.7, Expenditure Journal Entries, which requires management to transmit signed hard copy supporting documentation of journal entries to financial services after they've been reviewed and approved.

We tested 40 transfer journal entries moving costs between federal project sub jobs and found that 19 did not have documentation of timely approval. In two cases, approval was documented more than a year after costs were transferred. The 19 entries were all lump sum transfers processed by Program and Funding Services (P&FS).

P&FS is authorized to process transfers, moving costs between sub jobs of the same project. These transfers are necessary to align project costs with the appropriate funding source. Per P&FS management, transfers are generally reviewed within a few days. However, documentation of the review has not been occurring until much later due to challenges associated with remote work and policies requiring hard copy documentation.

Over \$90 million in program costs were transferred between sub jobs in this manner during fiscal year 2022. Without timely review and documentation available to support transfers, unallowable costs or activities could be transferred and billed erroneously to the Federal government.

**We recommend** management ensure procedures for review of transfer journal entries result in timely documented approvals.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*Until electronic signatures are implemented, a Federal Aid Funding staff member will be required to print the hard copies, in the office at least monthly; as well as a member of the Statewide Investments Section management team will need to be present to sign the hard copies.*

*Anticipated Completion Date: May 4, 2023*

**2022-065 Oregon Department of Education**  
**State did not meet maintenance of effort requirement**

|  |  |
|--|--|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Education   |
| <b>Assistance Listing Number and Name:</b> | 84.425C, 84.425D, 84.425R, 84.425U & 84.425W<br>Education Stabilization Fund (COVID-19)  |
| <b>Federal Award Numbers and Years:</b>    | S425C210048, 2021 (COVID-19);<br>S425D210049, 2021 (COVID-19);<br>S425R210047, 2021 (COVID-19);<br>S425U210049, 2021 (COVID-19);<br>S425W210038, 2021 (COVID-19) |
| <b>Compliance Requirement:</b>             | Matching, Level of Effort, Earmarking  |
| <b>Type of Finding:</b>                    | Material Weakness; Noncompliance   |
| <b>Prior Year Finding:</b>                 | N/A  |
| <b>Questioned Costs:</b>                   | N/A  |

Criteria: Section 18008 of Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act; Section 2004(a) of the American Rescue Plan (ARP) Act; 2 CFR 200.303

The CRRSA and the ARP acts require the State to maintain support for both elementary and secondary education and for higher education in fiscal year 2022 at least at the proportional level of the state’s support for elementary and secondary education and for higher education relative to the state’s overall spending, averaged over fiscal years 2017, 2018 and 2019.

The Department of Education did not meet the maintenance of effort provisions for fiscal year 2022 for elementary and secondary education. Although the state’s overall funding increased for education its proportional level relative to Oregon’s overall spending declined. The department is reliant on the legislative budget process. The department was in contact with the federal awarding agency about the maintenance of effort issue. The department submitted a waiver request to the U.S. Department of Education dated March 29, 2023.

According to department management, budget changes and obtaining a clearer understanding of the other fund amount delayed the calculation for maintenance of effort.

If the waiver is not approved, the department may be asked to return some of the funds. The total federal expenditures for the Education Stabilization Fund program for the fiscal year ended June 30, 2022 were \$426 million.

**We recommend** department management continue to actively track whether it will meet the maintenance of effort requirement and work with the federal awarding agency.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*The Department of Education agrees with this finding; however, context is critical to understand this requirement. The Maintenance of Effort (MOE) requirements in The ARP ESSER III legislation are unique. The purpose of the requirement is to ensure that states are not moving the federal pandemic funds in to replace state funding and then leaving districts with a more substantial “fiscal cliff” when the*

*pandemic funds recede. ODE administers state funding to Oregon districts, but the levels and formulas governing the distribution of the funds are determined by the Oregon Legislature and not ODE. State School and the Student Success Act's Student Investment Account funding and other funding corrections are via complex statutory formulas intended to ensure equity of funding across the state. ODE has worked very closely with our USED partners regarding the delay in our access to data and while preparing the Maintenance of Effort waiver request to USED. While ODE acknowledges the state did not meet MOE, ODE has made every good faith effort within in its power and authorities to communicate the reasons for lack of compliance to USED and timely applied for a waiver.*

*ODE, along with other SEAs, now has a deeper understanding of the funding and methodology requirements of MOE under ARP ESSER and will be able to assess compliance for 2023 much more quickly, but only after the final 2023 data is completed. Since that data completion will not be until January 2024, ODE will likely still be contemplating whether or not to pursue an MOE waiver with USED early in 2024. ODE is committed to continue to work closely with our USED partners to achieve compliance or appropriately request a waiver.*

*Anticipated Completion Date: June 30, 2024*

**2022-066 Oregon Department of Education**  
**Improve subrecipient monitoring procedures**

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Education  |
| <b>Assistance Listing Number and Name:</b> | 84.425C, 84.425D, 84.425U & 84.425W Education Stabilization Fund (COVID-19)   |
| <b>Federal Award Numbers and Years:</b>    | S425C200048, 2020 (COVID-19);<br>S425D200049, 2020 (COVID-19);<br>S425C210048, 2021 (COVID-19);<br>S425D210049, 2021 (COVID-19);<br>S425U210049, 2021 (COVID-19);<br>S425W210038, 2021 (COVID-19) |
| <b>Compliance Requirement:</b>             | Subrecipient Monitoring   |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance   |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | N/A   |

Criteria: 2 CFR 200.332

Federal regulations require the department to evaluate each subrecipients risk of noncompliance with Federal statues, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate monitoring to perform. In addition, the department should monitor the activities of the subrecipients receiving funds to ensure the subaward is used for authorized purposes, is in compliance with Federal statutes, regulations, and the terms and condition of the subaward; and the subaward performance goals are achieved. Depending on the department risk assessment, which was not performed, the department could perform various monitoring tools to ensure accountability and compliance.

As of June 30, 2022, the department was still in the process of drafting and implementing a plan to monitor the funds. The department had not completed a risk assessment process of the local educational agencies (LEA) for these funds and stated it planned to begin some desk or on-site monitoring in Spring 2023. \$522 million in funds have been passed through to subrecipients as of June 30, 2022.

The department required LEA's to submit applications to receive funds and sign agreements that outlined all federal requirements. In addition, the department also required the LEA's to complete a reimbursement request form that contains general ledger detail but no additional support is provided. According to the department, it follows-up with a LEA if funds appear to be ineligible or other questions are raised. Finally, although LEAs programs may have had a single audit the department could not provide a list of which LEAs had audits and whether there were findings or not.

In fiscal year 2021, the department was also working to finalize its risk assessment and monitoring plans. However, the department experienced staff turnover which delayed its plans. Insufficient subrecipient monitoring increases the risk of not timely identifying subrecipients that are not administering federal awards in compliance with federal requirements.

We recommend department management complete its risk assessment, consider the results of LEAs single audits and perform desk or on-site monitoring as necessary.

**MANAGEMENT RESPONSE:**

*We agree with this recommendation.*

*ODE acknowledges that it did not implement pandemic funding related desk audit and site monitoring procedures in FY 21. FY 21 saw the COVID-19 Delta and Omicron variants continue to infect school staff and students so on-site visits were not feasible. The pandemic also forced districts to dedicate administrator time and attention to student health and safety and adjusting to the ever-changing health environment, guidance and requirements. In anticipation of such challenges during the pandemic, ODE set up the ESSER reimbursements to districts allows for much more detailed reporting when requesting reimbursement to allow ODE to track how districts were spending their funds. While not traditional monitoring, it was an effective, efficient, and creative way to ensure ODE spending oversight in unprecedented times.*

*As discussed with Secretary of State auditors, ODE finalized and implemented a risk assessment tool in the spring of 2023 and has completed an initial set of ten monitoring desk reviews with districts.*

*Anticipated Completion Date: June 30, 2024*

2022-067 Oregon Department of Education

Ensure accuracy of federal reporting

|  |   |
|--|---|
| <b>Federal Awarding Agency:</b>            | U.S. Department of Education                    |
| <b>Assistance Listing Number and Name:</b> | 84.425C Education Stabilization Fund (COVID-19) |
| <b>Federal Award Numbers and Years:</b>    | S425C200048, 2020 (COVID-19)                    |
| <b>Compliance Requirement:</b>             | Reporting                                       |
| <b>Type of Finding:</b>                    | Significant Deficiency; Noncompliance           |
| <b>Prior Year Finding:</b>                 | N/A   |
| <b>Questioned Costs:</b>                   | N/A   |

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

Federal regulations require that federal reports include all activity of the reporting period and be supported by applicable accounting records. Federal regulations also require that the department file a separate report for the Governor’s Emergency Education Relief (GEER) expenditures for the period ending June 30, 2021.

The department reported GEER information for the local education areas (LEAs) related to the comprehensive distance learning grant program. LEAs submit reimbursement to the department and this information is tracked in an excel database. The database includes various information, including funding types, dates, and amounts. During FY 2022, the department completed the reports using the database, but incorrectly filtered the data so some expenditures were not captured. This resulted in an underreporting of GEER expenditures by \$13.9 million.

**We recommend** department management ensure that accurate expenditure data is submitted to the federal government for federal reporting.

***MANAGEMENT RESPONSE:***

*We agree with this recommendation.*

*ODE has noted the mistake in data filtering and will remedy to ensure accurate expenditure reporting this year. Annual reporting for GEER will enable this error to be corrected moving forward.*

*Anticipated Completion Date: June 22, 2023*

**State of Oregon  
Schedule of Expenditures of  
Federal Awards  
For the Year Ended  
June 30, 2022**

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

| 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 |
|----------------------------------|--|---------------------------------|---------------------------------|---------------------------|--------------------------------------|
| <b>Department of Agriculture</b> |  |                                 |                                 |                           |                                      |
| 10.001                           | Agricultural Research Basic and Applied Research   |                                 | \$ -                            | \$ 99,315                 | \$ 99,315                            |
| 10.025                           | Plant and Animal Disease, Pest Control, and Animal Care<br>Pass Through from: Oregon State University<br><i>Total 10.025</i> | 4575900000000                   | 99,992                          | 2,780,856<br><u>2,912</u> | 2,883,760                            |
| 10.069                           | Conservation Reserve Program   |                                 | 55,914                          | -                         | 55,914                               |
| 10.093                           | Voluntary Public Access and Habitat Incentive Program  |                                 | -                               | 538,411                   | 538,411                              |
| 10.156                           | Federal-State Marketing Improvement Program  |                                 | 88,302                          | -                         | 88,302                               |
| 10.170                           | Specialty Crop Block Grant Program - Farm Bill   |                                 | 1,973,135                       | 835,311                   | 2,808,446                            |
| 10.171                           | Organic Certification Cost Share Programs  |                                 | -                               | 104,698                   | 104,698                              |
| 10.290                           | Agricultural Market and Economic Research<br>Pass Through from: University of Idaho<br><i>Total 10.290</i>                   | 1826000945000                   | -                               | -<br><u>104</u>           | 104                                  |
| 10.309                           | Specialty Crop Research Initiative<br>Pass Through from: Oregon State University<br><i>Total 10.309</i>                      | 4575900000000                   | -                               | -<br><u>14,943</u>        | 14,943                               |
| 10.525                           | Farm and Ranch Stress Assistance Network Competitive Grants Program  |                                 | 86,175                          | -                         | 86,175                               |
| 10.542                           | COVID-19 Pandemic EBT Food Benefits  |                                 | -                               | 568,371,920               | 568,371,920                          |
| 10.545                           | Farmers' Market Supplemental Nutrition Assistance Program Support Grants   |                                 | -                               | 24,062                    | 24,062                               |
| 10.557                           | COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants, and Children   |                                 | -                               | 2,999,542                 |                                      |
| 10.557                           | WIC Special Supplemental Nutrition Program for Women, Infants, and Children<br><i>Total 10.557</i>                           |                                 | 18,870,364                      | 42,304,138                | 64,174,044                           |
| 10.558                           | Child and Adult Care Food Program  |                                 | 26,221,028                      | 605,558                   | 26,826,586                           |
| 10.560                           | State Administrative Expenses for Child Nutrition  |                                 | -                               | 3,065,336                 | 3,065,336                            |
| 10.576                           | Senior Farmers Market Nutrition Program  |                                 | -                               | 989,590                   | 989,590                              |
| 10.578                           | WIC Grants to States (WGS)   |                                 | -                               | 4,222,808                 | 4,222,808                            |
| 10.582                           | Fresh Fruit and Vegetable Program  |                                 | 2,275,090                       | 23,164                    | 2,298,254                            |
| 10.649                           | COVID-19 Pandemic EBT Administrative Costs   |                                 | 607,686                         | 4,014,588                 | 4,622,274                            |

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, 2022**

| Assistance Listing Number | Federal Grantor / Pass-Through Grantor / Program or Cluster Title                               | Pass-Through Identifying Number | Passed-Through to Subrecipients | Direct Expenditures     | Total Program / Cluster Expenditures |
|---------------------------|---|---------------------------------|---------------------------------|-------------------------|--------------------------------------|
| 10.664                    | Cooperative Forestry Assistance   |                                 | 287,254                         | 4,879,386               | 5,166,640                            |
| 10.674                    | Wood Utilization Assistance   |                                 | -                               | 100,338                 | 100,338                              |
| 10.675                    | Urban and Community Forestry Program  |                                 | -                               | 5,919                   | 5,919                                |
| 10.676                    | Forest Legacy Program   |                                 | -                               | 3,586,303               | 3,586,303                            |
| 10.678                    | Forest Stewardship Program  |                                 | -                               | 26,450                  | 26,450                               |
| 10.680                    | Forest Health Protection  |                                 | -                               | 626,430                 | 626,430                              |
| 10.691                    | Good Neighbor Authority   |                                 | -                               | 1,110,227               | 1,110,227                            |
| 10.697                    | State & Private Forestry Hazardous Fuel Reduction Program                                       |                                 | -                               | 610,059                 | 610,059                              |
| 10.868                    | Rural Energy for America Program  |                                 | -                               | 18,580                  | 18,580                               |
| 10.902                    | Soil and Water Conservation   |                                 | -                               | 1,187,123               |                                      |
|                           | Pass Through from: American Forest Foundation   | 1521235124000                   |                                 | <u>173,990</u>          |                                      |
|                           | <i>Total 10.902</i>   |                                 |                                 |                         | 1,361,113                            |
| 10.912                    | Environmental Quality Incentives Program  |                                 | 29,755                          | 128,527                 | 158,282                              |
| 10.U01                    | 20GN11061800033   |                                 | -                               | 17,521                  | 17,521                               |
| 10.U02                    | NR200436XXXXC008  |                                 | -                               | 231,321                 | 231,321                              |
| <b>SNAP Cluster</b>       |   |                                 |                                 |                         |                                      |
| 10.551                    | COVID-19 Supplemental Nutrition Assistance Program  |                                 | \$ -                            | \$ 682,838,538          | \$                                   |
| 10.551                    | Supplemental Nutrition Assistance Program   |                                 | -                               | <u>1,436,609,670</u>    |                                      |
|                           | <i>Total 10.551</i>   |                                 |                                 |                         | 2,119,448,208                        |
| 10.561                    | COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program |                                 | -                               | 6,644,569               |                                      |
| 10.561                    | State Administrative Matching Grants for the Supplemental Nutrition Assistance Program          |                                 | <u>8,480,372</u>                | <u>148,152,705</u>      |                                      |
|                           | <i>Total 10.561</i>   |                                 |                                 |                         | 163,277,646                          |
| <b>Total SNAP Cluster</b> |   |                                 | <u>\$ 8,480,372</u>             | <u>\$ 2,274,245,482</u> | <u>\$ 2,282,725,854</u>              |

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, 2022**

| 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 |
|--|---|---------------------------------|---------------------------------|-------------------------|--------------------------------------|
| <b>Child Nutrition Cluster</b>         |   |                                 |                                 |                         |                                      |
| 10.553                                 | School Breakfast Program  |                                 | \$ 56,598,208                   | \$ 314,857              | \$ 56,913,065                        |
| 10.555                                 | National School Lunch Program                                     |                                 | 221,273,355                     | 735,767                 | 222,009,122                          |
| 10.556                                 | Special Milk Program for Children                                 |                                 | 37,297                          | -                       | 37,297                               |
| 10.559                                 | Summer Food Service Program for Children                          |                                 | 8,817,594                       | 1,223,624               | 10,041,218                           |
| 10.579                                 | Child Nutrition Discretionary Grants Limited Availability         |                                 | 325,563                         | 11,353                  | 336,916                              |
| <b>Total Child Nutrition Cluster</b>   |   |                                 | <b>\$ 287,052,017</b>           | <b>\$ 2,285,601</b>     | <b>\$ 289,337,618</b>                |
| <b>Food Distribution Cluster</b>       |   |                                 |                                 |                         |                                      |
| 10.565                                 | COVID-19 Commodity Supplemental Food Program                      |                                 | \$ 8,371                        | \$ -                    |                                      |
| 10.565                                 | Commodity Supplemental Food Program                               |                                 | 722,421                         | -                       |                                      |
|  | <i>Total 10.565</i>   |                                 |                                 |                         | 730,792                              |
| 10.568                                 | COVID-19 Emergency Food Assistance Program (Administrative Costs) |                                 | 1,518,554                       | -                       |                                      |
| 10.568                                 | Emergency Food Assistance Program (Administrative Costs)          |                                 | 968,724                         | -                       |                                      |
|  | <i>Total 10.568</i>   |                                 |                                 |                         | 2,487,278                            |
| 10.569                                 | COVID-19 Emergency Food Assistance Program (Food Commodities)     |                                 | 6,197,744                       | -                       |                                      |
| 10.569                                 | Emergency Food Assistance Program (Food Commodities)              |                                 | 11,894,367                      | -                       |                                      |
|  | <i>Total 10.569</i>   |                                 |                                 |                         | 18,092,111                           |
| <b>Total Food Distribution Cluster</b> |   |                                 | <b>\$ 21,310,181</b>            | <b>\$ -</b>             | <b>\$ 21,310,181</b>                 |
| <b>Total Department of Agriculture</b> |   |                                 | <b>\$ 367,437,265</b>           | <b>\$ 2,920,230,513</b> | <b>\$ 3,287,667,778</b>              |
| <b>Department of Commerce</b>          |   |                                 |                                 |                         |                                      |
| 11.012                                 | Integrated Ocean Observing System (IOOS)                          |                                 | \$ -                            | \$ -                    | -                                    |
|  | Pass Through from: University of Washington                       | 7000000000000                   |                                 | 84,035                  |                                      |
|  | Pass Through from: University of Washington                       | 1916001537                      |                                 | 71,419                  |                                      |
|  | <i>Total 11.012</i>   |                                 |                                 |                         | 155,454                              |
| 11.407                                 | Interjurisdictional Fisheries Act of 1986                         |                                 | -                               | 55,358                  |                                      |
|  | Pass Through from: Pacific States Marine Fish Com                 | 936002376                       |                                 | 229,190                 |                                      |
|  | <i>Total 11.407</i>   |                                 |                                 |                         | 284,548                              |

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, 2022**

| Assistance Listing Number           | Federal Grantor / Pass-Through Grantor / Program or Cluster Title   | Pass-Through Identifying Number | Passed-Through to Subrecipients | Direct Expenditures                | Total Program / Cluster Expenditures |
|-------------------------------------|---|---------------------------------|---------------------------------|------------------------------------|--------------------------------------|
| 11.419                              | Coastal Zone Management Administration Awards<br>Pass Through from: University of Oregon<br><i>Total 11.419</i>   | 1464727800000                   | 42,000                          | 2,017,792<br><u>7,779</u>          | 2,067,571                            |
| 11.420                              | Coastal Zone Management Estuarine Research Reserves   |                                 | -                               | 874,192                            | 874,192                              |
| 11.427                              | Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program  |                                 | -                               | 123,933                            | 123,933                              |
| 11.436                              | Columbia River Fisheries Development Program<br>Pass Through from: Pacific States Marine Fish Com<br><i>Total 11.436</i>  | 936002376                       | -                               | 7,570,720<br><u>60,357</u>         | 7,631,077                            |
| 11.437                              | Pacific Fisheries Data Program<br>Pass Through from: Pacific States Marine Fish Com<br><i>Total 11.437</i>  | 936002376                       | -                               | 321,356<br><u>1,243,821</u>        | 1,565,177                            |
| 11.438                              | Pacific Coast Salmon Recovery Pacific Salmon Treaty Program   |                                 | 3,115,009                       | 7,260,398                          | 10,375,407                           |
| 11.439                              | Marine Mammal Data Program<br>Pass Through from: Pacific States Marine Fish Com<br><i>Total 11.439</i>  | 936002376                       | -                               | 34,055<br><u>140,900</u>           | 174,955                              |
| 11.441                              | Regional Fishery Management Councils<br>Pass Through from: North Pacific Fishery Mgmt Con<br>Pass Through from: Pacific Fishery Mgmt Council<br><i>Total 11.441</i> | 920060367<br>910982918          | -                               | 36,725<br>53,226<br><u>194,983</u> | 284,934                              |
| 11.467                              | Meteorologic and Hydrologic Modernization Development   |                                 | -                               | 465,285                            | 465,285                              |
| 11.472                              | Unallied Science Program  |                                 | -                               | 136,021                            | 136,021                              |
| 11.473                              | Office for Coastal Management   |                                 | -                               | 26,912                             | 26,912                               |
| 11.478                              | Center for Sponsored Coastal Ocean Research Coastal Ocean Program   |                                 | -                               | 103,850                            | 103,850                              |
| 11.999                              | Marine Debris Program   |                                 | -                               | 65,211                             | 65,211                               |
| <b>Total Department of Commerce</b> |   |                                 | <b>\$ 3,157,009</b>             | <b>\$ 21,177,518</b>               | <b>\$ 24,334,527</b>                 |

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, 2022**

| 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            |
|--|--|---------------------------------|---------------------------------|----------------------------|---|
| <b>Department of Defense</b>                       |  |                                 |                                 |                            |   |
| 12.106   | Flood Control Projects   |                                 | \$ 3,748                        | \$ 33,353                  | \$ 37,101                                       |
| 12.113   | State Memorandum of Agreement Program for the Reimbursement of Technical Services                              |                                 | -                               | 30,914                     | 30,914  |
| 12.400   | Military Construction, National Guard  |                                 | -                               | 14,413,827                 | 14,413,827                                      |
| 12.401   | National Guard Military Operations and Maintenance (O&M) Projects  |                                 | -                               | 51,928,133                 | 51,928,133                                      |
| 12.404   | National Guard ChalleNGe Program   |                                 | -                               | 6,270,932                  | 6,270,932                                       |
| 12.610   | Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies                         |                                 | -                               | 28,766                     | 28,766  |
| 12.U01   | 21130P<br>Pass Through from: Pacific Marine Fish Com<br><i>Total 12.U01</i>                                    | 910982918                       | -                               | (54,826)<br><u>234,438</u> | <br><br><br><br><br><br><br><br><br><br>179,612 |
| 12.U02   | 21181P   |                                 | -                               | 14,670                     | 14,670  |
| 12.U03   | W9127N14200090005  |                                 | -                               | 315                        | 315   |
| 12.U04   | W9127N20P0149  |                                 | -                               | 654,525                    | 654,525   |
| 12.U05   | W9127N21P0130  |                                 | -                               | 11,221                     | 11,221  |
| <b>Total Department of Defense</b>                 |  |                                 | <b>\$ 3,748</b>                 | <b>\$ 73,566,268</b>       | <b>\$ 73,570,016</b>                            |
| <b>Department of Housing and Urban Development</b> |  |                                 |                                 |                            |   |
| 14.228   | COVID-19 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii               |                                 | \$ 1,302,770                    | \$ 163,266                 | \$  |
| 14.228   | Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii<br><i>Total 14.228</i> |                                 | <u>12,348,985</u>               | <u>227,314</u>             | <br><br>14,042,335                              |
| 14.231   | COVID-19 Emergency Solutions Grant Program   |                                 | 33,499,653                      | 1,558,170                  |   |
| 14.231   | Emergency Solutions Grant Program<br><i>Total 14.231</i>   |                                 | <u>1,620,450</u>                | <u>79,910</u>              | <br><br>36,758,183                              |
| 14.239   | Home Investment Partnerships Program   |                                 | 1,485,033                       | 7,399,667                  | 8,884,700                                       |
| 14.241   | COVID-19 Housing Opportunities for Persons with AIDS   |                                 | 94,155                          | 17,650                     |   |
| 14.241   | Housing Opportunities for Persons with AIDS<br><i>Total 14.241</i>   |                                 | <u>278,260</u>                  | <u>1,136,080</u>           | <br><br>1,526,145                               |

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, 2022**

| Assistance Listing Number                                | Federal Grantor / Pass-Through Grantor / Program or Cluster Title  | Pass-Through Identifying Number | Passed-Through to Subrecipients | Direct Expenditures  | Total Program / Cluster Expenditures |
|--|--|---------------------------------|---------------------------------|----------------------|--------------------------------------|
| 14.256   | ARRA - Neighborhood Stabilization Program  |                                 | -                               | 12,142               | 12,142                               |
| 14.267   | Continuum of Care Program  |                                 | -                               | 29,392               | 29,392                               |
| 14.275   | Housing Trust Fund   |                                 | -                               | 1,370,515            | 1,370,515                            |
| 14.326   | Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities |                                 | -                               | 120,645              | 120,645                              |
| 14.400   | Equal Opportunity in Housing   |                                 | -                               | 323                  | 323                                  |
| 14.U01   | B08DN410001  |                                 | -                               | 14,491               | 14,491                               |
| <b>Total Department of Housing and Urban Development</b> |  |                                 | <b>\$ 50,629,306</b>            | <b>\$ 12,129,565</b> | <b>\$ 62,758,871</b>                 |
| <b>Department of the Interior</b>                        |  |                                 |                                 |                      |                                      |
| 15.035   | Forestry on Indian Lands   |                                 | -                               | 25,779               | 25,779                               |
| 15.214   | Non-Sale Disposals of Mineral Material   |                                 | 149,702                         | -                    | 149,702                              |
| 15.223   | Recreation and Visitor Services  |                                 | 15,041                          | 328,426              | 343,467                              |
| 15.227   | Distribution of Receipts to State and Local Governments  |                                 | 139,715                         | -                    | 139,715                              |
| 15.228   | BLM Wildland Urban Interface Community Fire Assistance   |                                 | -                               | 247,466              | 247,466                              |
| 15.230   | Invasive and Noxious Plant Management  |                                 | -                               | 335,013              | 335,013                              |
| 15.231   | Fish, Wildlife and Plant Conservation Resource Management  |                                 | -                               | 71,952               | 71,952                               |
| 15.233   | Forests and Woodlands Resource Management  |                                 | -                               | 5,575                | 5,575                                |
| 15.234   | Secure Rural Schools and Community Self-Determination  |                                 | -                               | 18,288               |                                      |
|  | Pass Through from: Josephine County  | 1936002300                      |                                 | 87,507               |                                      |
|  | <i>Total 15.234</i>  |                                 |                                 |                      | 105,795                              |
| 15.244   | Fisheries and Aquatic Resources Management   |                                 | 802,596                         | 220,985              | 1,023,581                            |
| 15.245   | Plant Conservation and Restoration Management  |                                 | -                               | 73,723               | 73,723                               |
| 15.246   | Threatened and Endangered Species  |                                 | -                               | 71,162               | 71,162                               |
| 15.247   | Wildlife Resource Management   |                                 | -                               | 914,187              | 914,187                              |
| 15.504   | Title XVI Water Reclamation and Reuse  |                                 | -                               | 90,588               | 90,588                               |
| 15.608   | Fish and Wildlife Management Assistance  |                                 | -                               | 11,000               | 11,000                               |
| 15.614   | Coastal Wetlands Planning, Protection and Restoration  |                                 | 50,225                          | 979,882              | 1,030,107                            |
| 15.615   | Cooperative Endangered Species Conservation Fund   |                                 | -                               | 1,297,602            | 1,297,602                            |
| 15.616   | Clean Vessel Act   |                                 | 122,257                         | 57,915               | 180,172                              |
| 15.622   | Sportfishing and Boating Safety Act  |                                 | 200,000                         | -                    | 200,000                              |

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, 2022**

| Assistance Listing Number               | Federal Grantor / Pass-Through Grantor / Program or Cluster Title                                | Pass-Through Identifying Number | Passed-Through to Subrecipients | Direct Expenditures        | Total Program / Cluster Expenditures |
|---|--|---------------------------------|---------------------------------|----------------------------|--------------------------------------|
| 15.634                                  | State Wildlife Grants<br>Pass Through from: Center for Natural Lands Mgmt<br><i>Total 15.634</i> | 680233573                       | -                               | 1,658,590<br><u>10,280</u> | 1,668,870                            |
| 15.653                                  | National Outreach and Communication<br>Pass Through from: RBF<br><i>Total 15.653</i>             | 541915490                       | -                               | -<br><u>24,750</u>         | 24,750                               |
| 15.657                                  | Endangered Species Conservation - Recovery Implementation Funds                                  |                                 | -                               | 1,043,348                  | 1,043,348                            |
| 15.661                                  | Lower Snake River Compensation Plan  |                                 | -                               | 4,489,645                  | 4,489,645                            |
| 15.666                                  | Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention                  |                                 | 77,213                          | -                          | 77,213                               |
| 15.670                                  | Adaptive Science   |                                 | -                               | 79,946                     | 79,946                               |
| 15.684                                  | White-nose Syndrome National Response Implementation   |                                 | -                               | 51,784                     | 51,784                               |
| 15.808                                  | U.S. Geological Survey Research and Data Collection  |                                 | -                               | 84,970                     | 84,970                               |
| 15.810                                  | National Cooperative Geologic Mapping  |                                 | -                               | 70,875                     | 70,875                               |
| 15.817                                  | National Geospatial Program: Building The National Map   |                                 | -                               | 215,934                    | 215,934                              |
| 15.904                                  | Historic Preservation Fund Grants-In-Aid   |                                 | 423,364                         | 840,481                    | 1,263,845                            |
| 15.916                                  | Outdoor Recreation Acquisition, Development and Planning   |                                 | 971,784                         | 140,467                    | 1,112,251                            |
| 15.U01                                  | F19AC00282   |                                 | -                               | 32,815                     | 32,815                               |
| 15.U02                                  | FHWA110120 001275  |                                 | -                               | 60,879                     | 60,879                               |
| 15.U03                                  | L09AC16024L21AC10174   |                                 | -                               | 4,500                      | 4,500                                |
| 15.U04                                  | L21AC1044800   |                                 | -                               | 79,986                     | 79,986                               |
| 15.U05                                  | ODOT 30952   |                                 | -                               | 14,080                     | 14,080                               |
| 15.U06                                  | R18AP00012   |                                 | -                               | 212,126                    | 212,126                              |
| 15.U07                                  | R18AP00041   |                                 | -                               | 1,310                      | 1,310                                |
| 15.U08                                  | R20AP00308   |                                 | -                               | 58                         | 58                                   |
| <b>Fish and Wildlife Cluster</b>        |  |                                 |                                 |                            |                                      |
| 15.605                                  | Sport Fish Restoration   |                                 | \$ 391,650                      | \$ 7,478,672               | \$ 7,870,322                         |
| 15.611                                  | Wildlife Restoration and Basic Hunter Education  |                                 | -                               | 19,486,014                 | 19,486,014                           |
| 15.626                                  | Enhanced Hunter Education and Safety   |                                 | 11,914                          | 10,684                     | 22,598                               |
| <b>Total Fish and Wildlife Cluster</b>  |  |                                 | <b>\$ 403,564</b>               | <b>\$ 26,975,370</b>       | <b>\$ 27,378,934</b>                 |
| <b>Total Department of the Interior</b> |  |                                 | <b>\$ 3,355,461</b>             | <b>\$ 40,929,244</b>       | <b>\$ 44,284,705</b>                 |

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, 2022**

| 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 |
|------------------------------|--|---------------------------------|---------------------------------|---------------------|--------------------------------------|
| <b>Department of Justice</b> |  |                                 |                                 |                     |                                      |
| 16.017                       | Sexual Assault Services Formula Program  |                                 | \$ 366,896                      | \$ 17,473           | \$ 384,369                           |
| 16.034                       | COVID-19 Coronavirus Emergency Supplemental Funding Program                      |                                 | 21,975                          | 105,763             | 127,738                              |
| 16.320                       | Services for Trafficking Victims   |                                 | 70,038                          | 247,038             | 317,076                              |
| 16.540                       | Juvenile Justice and Delinquency Prevention                                      |                                 | 166,891                         | 171,695             | 338,586                              |
| 16.543                       | Missing Children's Assistance  |                                 | -                               | 572,942             | 572,942                              |
| 16.550                       | State Justice Statistics Program for Statistical Analysis Centers                |                                 | -                               | 96,026              | 96,026                               |
| 16.575                       | Crime Victim Assistance  |                                 | 26,535,666                      | 1,431,985           | 27,967,651                           |
| 16.576                       | Crime Victim Compensation  |                                 | -                               | 1,096,737           | 1,096,737                            |
| 16.582                       | Crime Victim Assistance/Discretionary Grants                                     |                                 | 30,378                          | 12,620              |                                      |
|                              | Pass Through from: Natl Assoc Voca Asst Administr                                | 1682                            |                                 | 363                 |                                      |
|                              | <i>Total 16.582</i>  |                                 |                                 |                     | 43,361                               |
| 16.585                       | Drug Court Discretionary Grant Program   |                                 | -                               | 380,522             |                                      |
|                              | Pass Through from: Harney County   | 1023                            |                                 | 13,031              |                                      |
|                              | Pass Through from: Josephine County  | 1018                            |                                 | 38,152              |                                      |
|                              | Pass Through from: Union County  | 1011                            |                                 | 9,496               |                                      |
|                              | <i>Total 16.585</i>  |                                 |                                 |                     | 441,201                              |
| 16.588                       | Violence Against Women Formula Grants  |                                 | 1,500,158                       | 297,437             | 1,797,595                            |
| 16.590                       | Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program |                                 | -                               | -                   |                                      |
|                              | Pass Through from: Clackamas Women's Services                                    | 1045                            |                                 | 80,159              |                                      |
|                              | <i>Total 16.590</i>  |                                 |                                 |                     | 80,159                               |
| 16.595                       | Community Capacity Development Office  |                                 | -                               | 109,082             | 109,082                              |
| 16.710                       | Public Safety Partnership and Community Policing Grants                          |                                 | -                               | 87,483              | 87,483                               |
| 16.735                       | PREA Program: Strategic Support for PREA Implementation                          |                                 | -                               | 95,701              | 95,701                               |
| 16.738                       | Edward Byrne Memorial Justice Assistance Grant Program                           |                                 | 1,178,241                       | 651,260             | 1,829,501                            |
| 16.741                       | DNA Backlog Reduction Program  |                                 | -                               | 649,052             | 649,052                              |
| 16.742                       | Paul Coverdell Forensic Sciences Improvement Grant Program                       |                                 | -                               | 17,355              | 17,355                               |
| 16.750                       | Support for Adam Walsh Act Implementation Grant Program                          |                                 | -                               | 161,099             | 161,099                              |
| 16.754                       | Harold Rogers Prescription Drug Monitoring Program                               |                                 | -                               | 676,725             | 676,725                              |
| 16.813                       | NICS Act Record Improvement Program  |                                 | -                               | 710,880             | 710,880                              |

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, 2022**

| Assistance Listing Number          | Federal Grantor / Pass-Through Grantor / Program or Cluster Title   | Pass-Through Identifying Number | Passed-Through to Subrecipients | Direct Expenditures      | Total Program / Cluster Expenditures |
|------------------------------------|---|---------------------------------|---------------------------------|--------------------------|--------------------------------------|
| 16.816                             | John R. Justice Prosecutors and Defenders Incentive Act   |                                 | -                               | 3,295                    | 3,295                                |
| 16.827                             | Justice Reinvestment Initiative<br>Pass Through from: OHA<br><i>Total 16.827</i>  | 1273327978 008                  | -                               | 8,122<br><u>91,110</u>   | <br><br>99,232                       |
| 16.831                             | Children of Incarcerated Parents  |                                 | -                               | 226,353                  | 226,353                              |
| 16.922                             | Equitable Sharing Program   |                                 | -                               | 69                       | 69                                   |
| <b>Total Department of Justice</b> |   |                                 | <b>\$ 29,870,243</b>            | <b>\$ 8,059,025</b>      | <b>\$ 37,929,268</b>                 |
| <b>Department of Labor</b>         |   |                                 |                                 |                          |                                      |
| 17.002                             | Labor Force Statistics  |                                 | \$ -                            | \$ 1,293,617             | \$ 1,293,617                         |
| 17.005                             | Compensation and Working Conditions   |                                 | 71                              | 175,780                  | 175,851                              |
| 17.225                             | ARRA - Unemployment Insurance   |                                 | -                               | 7,425,098                |                                      |
| 17.225                             | COVID-19 Unemployment Insurance   |                                 | -                               | 938,368,688              |                                      |
| 17.225                             | Unemployment Insurance<br><i>Total 17.225</i>   |                                 | -                               | <u>618,894,093</u>       | <br>1,564,687,879                    |
| 17.235                             | Senior Community Service Employment Program   |                                 | 947,504                         | 37,680                   | 985,184                              |
| 17.245                             | Trade Adjustment Assistance   |                                 | -                               | 14,280,206               | 14,280,206                           |
| 17.268                             | H-1B Job Training Grants  |                                 | 125,996                         | 86,360                   | 212,356                              |
| 17.271                             | Work Opportunity Tax Credit Program (WOTC)  |                                 | -                               | 277,812                  | 277,812                              |
| 17.273                             | Temporary Labor Certification for Foreign Workers   |                                 | -                               | 422,283                  | 422,283                              |
| 17.277                             | WIOA National Dislocated Worker Grants / WIA National Emergency Grants<br>Pass Through from: Chemeketa Community College<br><i>Total 17.277</i> | 13000                           | 6,552,145                       | 44,023<br><u>874,503</u> | <br><br>7,470,671                    |
| 17.285                             | Apprenticeship USA Grants   |                                 | 711,183                         | 115,879                  | 827,062                              |
| 17.503                             | Occupational Safety and Health State Program  |                                 | -                               | 7,628,717                | 7,628,717                            |
| 17.700                             | Women's Bureau  |                                 | 261,537                         | 14,941                   | 276,478                              |

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, 2022**

| 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 |
|---|---|---------------------------------|---------------------------------|-------------------------|--------------------------------------|
| <b>Employment Service Cluster</b>       |   |                                 |                                 |                         |                                      |
| 17.207                                  | Employment Service/Wagner-Peyser Funded Activities  |                                 | \$ -                            | \$ 20,588,414           | \$ 20,588,414                        |
| 17.801                                  | Disabled Veterans' Outreach Program (DVOP)  |                                 | -                               | 3,247,725               | 3,247,725                            |
| <b>Total Employment Service Cluster</b> |   |                                 | <b>\$ -</b>                     | <b>\$ 23,836,139</b>    | <b>\$ 23,836,139</b>                 |
| <b>WIOA Cluster</b>                     |   |                                 |                                 |                         |                                      |
| 17.258                                  | WIOA Adult Program  |                                 | \$ 10,375,462                   | \$ 498,456              | \$                                   |
|   | Pass Through from: Worksystems Inc  | 37000                           |                                 | <u>1,094,672</u>        |                                      |
|   | <i>Total 17.258</i>   |                                 |                                 |                         | 11,968,590                           |
| 17.259                                  | WIOA Youth Activities   |                                 | 10,253,928                      | 449,911                 | 10,703,839                           |
| 17.278                                  | WIOA Dislocated Worker Formula Grants   |                                 | 9,646,575                       | 2,586,427               |                                      |
|   | Pass Through from: Worksystems Inc  | 37000                           |                                 | <u>591,186</u>          |                                      |
|   | <i>Total 17.278</i>   |                                 |                                 |                         | 12,824,188                           |
| <b>Total WIOA Cluster</b>               |   |                                 | <b>\$ 30,275,965</b>            | <b>\$ 5,220,652</b>     | <b>\$ 35,496,617</b>                 |
| <b>Total Department of Labor</b>        |   |                                 | <b>\$ 38,874,401</b>            | <b>\$ 1,618,996,471</b> | <b>\$ 1,657,870,872</b>              |
| <b>Department of Transportation</b>     |   |                                 |                                 |                         |                                      |
| 20.106                                  | Airport Improvement Program   |                                 | \$ -                            | \$ 2,109,640            | \$ 2,109,640                         |
| 20.200                                  | Highway Research and Development Program  |                                 | 149,900                         | -                       | 149,900                              |
| 20.301                                  | Railroad Safety   |                                 | -                               | 34,828                  | 34,828                               |
| 20.319                                  | ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants |                                 | 2,781                           | 48,513                  | 51,294                               |
| 20.505                                  | Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research         |                                 | 23,831                          | -                       | 23,831                               |
| 20.509                                  | COVID-19 Formula Grants for Rural Areas and Tribal Transit Program                                |                                 | 9,386,632                       | 1,123,570               |                                      |
| 20.509                                  | Formula Grants for Rural Areas and Tribal Transit Program   |                                 | <u>11,300,769</u>               | <u>1,909,175</u>        |                                      |
|   | <i>Total 20.509</i>   |                                 |                                 |                         | 23,720,146                           |
| 20.528                                  | Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program     |                                 | -                               | 21,385                  | 21,385                               |
| 20.608                                  | Minimum Penalties for Repeat Offenders for Driving While Intoxicated                              |                                 | 152,662                         | 388,140                 | 540,802                              |

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, 2022**

| Assistance Listing Number                              | Federal Grantor / Pass-Through Grantor / Program or Cluster Title   | Pass-Through Identifying Number | Passed-Through to Subrecipients | Direct Expenditures   | Total Program / Cluster Expenditures |
|--|---|---------------------------------|---------------------------------|-----------------------|--------------------------------------|
| 20.614   | National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements |                                 | -                               | 52,857                | 52,857                               |
| 20.700   | Pipeline Safety Program State Base Grant  |                                 | -                               | 545,632               | 545,632                              |
| 20.703   | Interagency Hazardous Materials Public Sector Training and Planning Grants                                    |                                 | 127,683                         | 142,445               | 270,128                              |
| <b>Highway Planning and Construction Cluster</b>       |   |                                 |                                 |                       |                                      |
| 20.205   | COVID-19 Highway Planning and Construction  |                                 | \$ -                            | \$ 123,980,570        | \$ -                                 |
| 20.205   | Highway Planning and Construction   |                                 | 40,889,255                      | 468,900,617           |                                      |
|  | Pass Through from: Oregon State University  | 1611730890 4                    |                                 | 5,511                 |                                      |
|  | <i>Total 20.205</i>   |                                 |                                 | <u>5,511</u>          | 633,775,953                          |
| 20.219   | Recreational Trails Program   |                                 | 685,225                         | 106,895               | 792,120                              |
| 20.224   | Federal Lands Access Program  |                                 | -                               | 38,405                | 38,405                               |
| <b>Total Highway Planning and Construction Cluster</b> |   |                                 | <b>\$ 41,574,480</b>            | <b>\$ 593,031,998</b> | <b>\$ 634,606,478</b>                |
| <b>Federal Transit Cluster</b>                         |   |                                 |                                 |                       |                                      |
| 20.526   | Bus and Bus Facilities Formula Program  |                                 | \$ 4,610,057                    | \$ -                  | \$ 4,610,057                         |
| <b>Total Federal Transit Cluster</b>                   |   |                                 | <b>\$ 4,610,057</b>             | <b>\$ -</b>           | <b>\$ 4,610,057</b>                  |
| <b>FMCSA Cluster</b>                                   |   |                                 |                                 |                       |                                      |
| 20.218   | National Motor Carrier Safety Assistance  |                                 | \$ -                            | \$ 4,049,326          | \$ 4,049,326                         |
| <b>Total FMCSA Cluster</b>                             |   |                                 | <b>\$ -</b>                     | <b>\$ 4,049,326</b>   | <b>\$ 4,049,326</b>                  |
| <b>Highway Safety Cluster</b>                          |   |                                 |                                 |                       |                                      |
| 20.600   | State and Community Highway Safety  |                                 | \$ 1,097,610                    | \$ 1,598,897          | \$ 2,696,507                         |
| 20.611   | Incentive Grant Program to Prohibit Racial Profiling  |                                 | -                               | 198,648               | 198,648                              |
| 20.616   | National Priority Safety Programs   |                                 | 1,747,065                       | 1,332,084             | 3,079,149                            |
| <b>Total Highway Safety Cluster</b>                    |   |                                 | <b>\$ 2,844,675</b>             | <b>\$ 3,129,629</b>   | <b>\$ 5,974,304</b>                  |
| <b>Transit Services Programs Cluster</b>               |   |                                 |                                 |                       |                                      |
| 20.513   | Enhanced Mobility of Seniors and Individuals with Disabilities  |                                 | \$ 13,011,183                   | \$ 1,221,582          | \$ 14,232,765                        |
| <b>Total Transit Services Programs Cluster</b>         |   |                                 | <b>\$ 13,011,183</b>            | <b>\$ 1,221,582</b>   | <b>\$ 14,232,765</b>                 |
| <b>Total Department of Transportation</b>              |   |                                 | <b>\$ 83,184,653</b>            | <b>\$ 607,808,720</b> | <b>\$ 690,993,373</b>                |

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, 2022**

| 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 |
|---|---|---------------------------------|---------------------------------|-----------------------|--------------------------------------|
| <b>Department of the Treasury</b>                     |   |                                 |                                 |                       |                                      |
| 21.019  | COVID-19 Coronavirus Relief Fund                                    |                                 | \$ 7,088,154                    | \$ 124,996,112        | \$ 132,084,266                       |
| 21.023  | COVID-19 Emergency Rental Assistance Program                        |                                 | 139,706,506                     | 201,294,594           | 341,001,100                          |
| 21.026  | COVID-19 Homeowner Assistance Fund                                  |                                 | 4,000                           | 3,073,090             | 3,077,090                            |
| 21.027  | COVID-19 Coronavirus State and Local Fiscal Recovery Funds          |                                 | 176,801,757                     | 644,264,743           | 821,066,500                          |
| 21.U01  | ASSET FORFEITURE  |                                 | -                               | 7,469                 | 7,469                                |
| <b>Total Department of the Treasury</b>               |   |                                 | <b>\$ 323,600,417</b>           | <b>\$ 973,636,008</b> | <b>\$ 1,297,236,425</b>              |
| <b>Equal Employment Opportunity Commission</b>        |   |                                 |                                 |                       |                                      |
| 30.001  | Employment Discrimination Title VII of the Civil Rights Act of 1964 |                                 | \$ -                            | \$ 597,875            | \$ 597,875                           |
| <b>Total Equal Employment Opportunity Commission</b>  |   |                                 | <b>\$ -</b>                     | <b>\$ 597,875</b>     | <b>\$ 597,875</b>                    |
| <b>General Services Administration</b>                |   |                                 |                                 |                       |                                      |
| 39.002  | Disposal of Federal Surplus Real Property                           |                                 | \$ 74,195                       | \$ -                  | \$ 74,195                            |
| 39.003  | Donation of Federal Surplus Personal Property                       |                                 | 1,028,491                       | 415,013               | 1,443,504                            |
| <b>Total General Services Administration</b>          |   |                                 | <b>\$ 1,102,686</b>             | <b>\$ 415,013</b>     | <b>\$ 1,517,699</b>                  |
| <b>National Endowment for the Arts</b>                |   |                                 |                                 |                       |                                      |
| 45.025  | COVID-19 Promotion of the Arts Partnership Agreements               |                                 | \$ 650,771                      | \$ 65,000             | \$                                   |
| 45.025  | Promotion of the Arts Partnership Agreements                        |                                 | 751,586                         | 40,036                | \$                                   |
| <i>Total 45.025</i>                                   |   |                                 |                                 |                       | 1,507,393                            |
| <b>Total National Endowment for the Arts</b>          |   |                                 | <b>\$ 1,402,357</b>             | <b>\$ 105,036</b>     | <b>\$ 1,507,393</b>                  |
| <b>Institute Of Museum and Library Services</b>       |   |                                 |                                 |                       |                                      |
| 45.310  | COVID-19 Grants to States   |                                 | \$ 1,491,373                    | \$ 87,061             | \$                                   |
| 45.310  | Grants to States  |                                 | 905,319                         | 1,655,034             | \$                                   |
| <i>Total 45.310</i>                                   |   |                                 |                                 |                       | 4,138,787                            |
| <b>Total Institute Of Museum and Library Services</b> |   |                                 | <b>\$ 2,396,692</b>             | <b>\$ 1,742,095</b>   | <b>\$ 4,138,787</b>                  |
| <b>Small Business Administration</b>                  |   |                                 |                                 |                       |                                      |
| 59.061  | State Trade Expansion   |                                 | \$ 439,680                      | \$ 157,629            | \$ 597,309                           |
| <b>Total Small Business Administration</b>            |   |                                 | <b>\$ 439,680</b>               | <b>\$ 157,629</b>     | <b>\$ 597,309</b>                    |

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, 2022**

| 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 |
|---|--|---------------------------------|---------------------------------|----------------------|--------------------------------------|
| <b>Department of Veterans Affairs</b>       |  |                                 |                                 |                      |                                      |
| 64.015                                      | COVID-19 Veterans State Nursing Home Care  |                                 | \$ -                            | \$ 2,837,047         | \$                                   |
| 64.015                                      | Veterans State Nursing Home Care   |                                 | -                               | 23,077,106           |                                      |
|   | <i>Total 64.015</i>  |                                 |                                 |                      | 25,914,153                           |
| 64.035                                      | Veterans Transportation Program  |                                 | 396,653                         | 12,484               | 409,137                              |
| <b>Total Department of Veterans Affairs</b> |  |                                 | <b>\$ 396,653</b>               | <b>\$ 25,926,637</b> | <b>\$ 26,323,290</b>                 |
| <b>Environmental Protection Agency</b>      |  |                                 |                                 |                      |                                      |
| 66.032                                      | State Indoor Radon Grants  |                                 | \$ -                            | \$ 50,251            | \$ 50,251                            |
| 66.034                                      | Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act |                                 | 138,026                         | 723,386              | 861,412                              |
| 66.040                                      | State Clean Diesel Grant Program   |                                 | -                               | 595,029              | 595,029                              |
| 66.204                                      | Multipurpose Grants to States and Tribes   |                                 | -                               | 31,738               | 31,738                               |
| 66.432                                      | State Public Water System Supervision  |                                 | -                               | 1,845,245            | 1,845,245                            |
| 66.444                                      | Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))  |                                 | 74,622                          | 80                   | 74,702                               |
| 66.454                                      | Water Quality Management Planning  |                                 | -                               | 180,263              | 180,263                              |
| 66.460                                      | Nonpoint Source Implementation Grants  |                                 | 190,731                         | 145                  | 190,876                              |
| 66.461                                      | Regional Wetland Program Development Grants  |                                 | -                               | 195,193              | 195,193                              |
| 66.472                                      | Beach Monitoring and Notification Program Implementation Grants  |                                 | -                               | 236,644              | 236,644                              |
| 66.605                                      | Performance Partnership Grants   |                                 | -                               | 9,692,563            | 9,692,563                            |
| 66.608                                      | Environmental Information Exchange Network Grant Program and Related Assistance  |                                 | -                               | 47,405               | 47,405                               |
| 66.700                                      | Consolidated Pesticide Enforcement Cooperative Agreements  |                                 | -                               | 522,748              | 522,748                              |
| 66.708                                      | Pollution Prevention Grants Program  |                                 | 105,954                         | 23,318               | 129,272                              |
| 66.802                                      | Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements                            |                                 | -                               | 779,508              | 779,508                              |
| 66.804                                      | Underground Storage Tank Prevention, Detection and Compliance Program  |                                 | -                               | 404,536              | 404,536                              |
| 66.805                                      | Leaking Underground Storage Tank Trust Fund Corrective Action Program  |                                 | -                               | 895,021              | 895,021                              |
| 66.809                                      | Superfund State and Indian Tribe Core Program Cooperative Agreements   |                                 | -                               | 163,731              | 163,731                              |
| 66.817                                      | State and Tribal Response Program Grants   |                                 | -                               | 1,110,790            | 1,110,790                            |
| 66.818                                      | Brownfields Assessment and Cleanup Cooperative Agreements  |                                 | 378,000                         | 24,167               | 402,167                              |

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, 2022**

| 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 |
|--|--|---------------------------------|---------------------------------|----------------------|--------------------------------------|
| <b>Clean Water State Revolving Fund Cluster</b>          |  |                                 |                                 |                      |                                      |
| 66.458   | Capitalization Grants for Clean Water State Revolving Funds  |                                 | \$ 17,231,040                   | \$ -                 | \$ 17,231,040                        |
| <b>Total Clean Water State Revolving Fund Cluster</b>    |  |                                 | <b>\$ 17,231,040</b>            | <b>\$ -</b>          | <b>\$ 17,231,040</b>                 |
| <b>Drinking Water State Revolving Fund Cluster</b>       |  |                                 |                                 |                      |                                      |
| 66.468   | Capitalization Grants for Drinking Water State Revolving Funds   |                                 | \$ 9,870,663                    | \$ 4,846,102         | \$ 14,716,765                        |
| <b>Total Drinking Water State Revolving Fund Cluster</b> |  |                                 | <b>\$ 9,870,663</b>             | <b>\$ 4,846,102</b>  | <b>\$ 14,716,765</b>                 |
| <b>Total Environmental Protection Agency</b>             |  |                                 | <b>\$ 27,989,036</b>            | <b>\$ 22,367,863</b> | <b>\$ 50,356,899</b>                 |
| <b>Department of Energy</b>                              |  |                                 |                                 |                      |                                      |
| 81.041   | State Energy Program   |                                 | \$ -                            | \$ 560,327           | \$ 560,327                           |
| 81.042   | Weatherization Assistance for Low-Income Persons   |                                 | 3,459,724                       | 352,853              | 3,812,577                            |
| 81.104   | Environmental Remediation and Waste Processing and Disposal  |                                 | -                               | 4,604                | 4,604                                |
| 81.106   | Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions       |                                 | -                               | -                    |                                      |
|  | Pass Through from: Western Interstate Energy Brd   | 104                             |                                 | 74,723               |                                      |
|  | Pass Through from: Western Governor's Association  | 45                              |                                 | (79)                 |                                      |
|  | <i>Total 81.106</i>  |                                 |                                 |                      | 74,644                               |
| 81.117   | Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance   |                                 | 59,942                          | 104,428              |                                      |
|  | Pass Through from: Washington State University   | 103                             |                                 | 2,413                |                                      |
|  | <i>Total 81.117</i>  |                                 |                                 |                      | 166,783                              |
| 81.214   | Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis |                                 | 11,200                          | 895,655              | 906,855                              |
| 81.U01   | 83358  |                                 | 1,619,920                       | 195,947              | 1,815,867                            |
| 81.U02   | 20120068576  |                                 | -                               | -                    |                                      |
|  | Pass Through from: National Fish & Wildlife Found  | 521384139                       |                                 | 17,225               |                                      |
|  | <i>Total 81.U02</i>  |                                 |                                 |                      | 17,225                               |
| 81.U03   | 20120068576  |                                 |                                 | 4,594                | 4,594                                |

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, 2022**

| 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.U04                    | 21084G<br>Pass Through from: Pacific States Marine Fish Com<br><i>Total 81.U04</i>    | 936002376                       | -                               | 22,252<br><u>83,086</u>   | 105,338                              |
| 81.U05                    | 21104G<br>Pass Through from: Pacific States Marine Fish Com<br><i>Total 81.U05</i>    | 936002376                       | -                               | 2,260<br><u>40,042</u>    | 42,302                               |
| 81.U06                    | 22075G<br>Pass Through from: Pacific States Marine Fish Com<br><i>Total 81.U06</i>    | 936002376                       | -                               | 91,416<br><u>332,057</u>  | 423,473                              |
| 81.U07                    | 22134G<br>Pass Through from: Pacific States Marine Fish Com<br><i>Total 81.U07</i>    | 936002376                       | -                               | 7,337<br><u>24,457</u>    | 31,794                               |
| 81.U08                    | 22137G<br>Pass Through from: Pacific States Marine Fish Com<br><i>Total 81.U08</i>    | 936002376                       | -                               | 78,399<br><u>226,830</u>  | 305,229                              |
| 81.U09                    | 22141G<br>Pass Through from: Pacific States Marine Fish Com<br><i>Total 81.U09</i>    | 936002376                       | -                               | 79,943<br><u>319,111</u>  | 399,054                              |
| 81.U10                    | 22148G<br>Pass Through from: Pacific States Marine Fish Com<br><i>Total 81.U10</i>    | 936002376                       | -                               | 154,514<br><u>586,925</u> | 741,439                              |
| 81.U11                    | 4020002022<br>Pass Through from: Confed Tribes Umatilla Indian<br><i>Total 81.U11</i> | 930624734                       | -                               | 1,776<br><u>4,609</u>     | 6,385                                |
| 81.U12                    | 74313REL101   |                                 | -                               | 157,316                   | 157,316                              |
| 81.U13                    | 74313REL102   |                                 | -                               | 1,304,170                 | 1,304,170                            |

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, 2022**

| 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.U14                            | 74313REL103   |                                 | -                               | 1,302,690           | 1,302,690                            |                      |
| 81.U15                            | 74313REL104   |                                 | -                               | 145,666             | 145,666                              |                      |
| 81.U16                            | 74313REL105   |                                 | -                               | 462,649             | 462,649                              |                      |
| 81.U17                            | 74313REL106   |                                 | -                               | 674,494             | 674,494                              |                      |
| 81.U18                            | 74313REL107   |                                 | -                               | 1,379,578           | 1,379,578                            |                      |
| 81.U19                            | 74313REL108   |                                 | -                               | 1,264,256           | 1,264,256                            |                      |
| 81.U20                            | 74313REL109   |                                 | -                               | 454,450             | 454,450                              |                      |
| 81.U21                            | 74313REL110   |                                 | -                               | 1,002,541           | 1,002,541                            |                      |
| 81.U22                            | 74313REL112   |                                 | -                               | 64,904              | 64,904                               |                      |
| 81.U23                            | 74313REL113   |                                 | -                               | 458,306             | 458,306                              |                      |
| 81.U24                            | 74313REL114   |                                 | -                               | 460,598             | 460,598                              |                      |
| 81.U25                            | 74313REL79  |                                 | -                               | 928                 | 928                                  |                      |
| 81.U26                            | 74313REL80  |                                 | -                               | 1,043,302           | 1,043,302                            |                      |
| 81.U27                            | 74313REL84  |                                 | -                               | (3,928)             | (3,928)                              |                      |
| 81.U28                            | 74313REL85  |                                 | -                               | 94,837              | 94,837                               |                      |
| 81.U29                            | 74313REL91  |                                 | -                               | 1,265,928           | 1,265,928                            |                      |
| 81.U30                            | 74313REL92  |                                 | -                               | (1,747)             | (1,747)                              |                      |
| 81.U31                            | 74313REL96  |                                 | -                               | 41,803              | 41,803                               |                      |
| 81.U32                            | 74313REL98  |                                 | -                               | 24,178              | 24,178                               |                      |
| 81.U33                            | 74313REL99  |                                 | -                               | 1,430,929           | 1,430,929                            |                      |
| 81.U34                            | 84041REL01  |                                 | -                               | 122,035             | 122,035                              |                      |
| 81.U35                            | 84041REL02  |                                 | -                               | 84,481              | 84,481                               |                      |
| 81.U36                            | 84041REL03  |                                 | -                               | 21,588              | 21,588                               |                      |
| 81.U37                            | 87356   |                                 | -                               | 6,019               | 6,019                                |                      |
| 81.U38                            | Not Available   |                                 | -                               | 88                  | 88                                   |                      |
| 81.U39                            | T1983521  |                                 | -                               | -                   |                                      |                      |
|                                   | Pass Through from: Confed Tribes Warm Springs Ind                 | 390383362                       |                                 | <u>11,351</u>       |                                      |                      |
|                                   | Total 81.U39  |                                 |                                 |                     | 11,351                               |                      |
| <b>Total Department of Energy</b> |   |                                 |                                 | <b>\$ 5,150,786</b> | <b>\$ 17,541,114</b>                 | <b>\$ 22,691,900</b> |
| <b>Department of Education</b>    |   |                                 |                                 |                     |                                      |                      |
| 84.002                            | Adult Education - Basic Grants to States                          |                                 | \$ 6,396,645                    | \$ 826,157          | \$ 7,222,802                         |                      |
| 84.010                            | Title I Grants to Local Educational Agencies                      |                                 | 137,506,399                     | 1,490,673           | 138,997,072                          |                      |
| 84.011                            | Migrant Education State Grant Program                             |                                 | 22,397,931                      | 1,699,107           | 24,097,038                           |                      |

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, 2022**

| 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 |
|---------------------------|--|---------------------------------|---------------------------------|---------------------|--------------------------------------|
| 84.013                    | Title I State Agency Program for Neglected and Delinquent Children and Youth                               |                                 | 1,578,504                       | 114                 | 1,578,618                            |
| 84.048                    | Career and Technical Education -- Basic Grants to States   |                                 | 12,720,898                      | 2,456,941           | 15,177,839                           |
| 84.051                    | Career and Technical Education -- National Programs  |                                 | 104,730                         | 175,650             | 280,380                              |
| 84.126                    | Rehabilitation Services Vocational Rehabilitation Grants to States   |                                 | 1,071,234                       | 61,096,114          | 62,167,348                           |
| 84.144                    | Migrant Education Coordination Program   |                                 | -                               | 139,380             | 139,380                              |
| 84.177                    | Rehabilitation Services Independent Living Services for Older Individuals Who are Blind                    |                                 | -                               | 92,604              | 92,604                               |
| 84.181                    | COVID-19 Special Education-Grants for Infants and Families   |                                 | 1,704,014                       | -                   |                                      |
| 84.181                    | Special Education-Grants for Infants and Families  |                                 | 3,725,153                       | 405,461             |                                      |
|                           | <i>Total 84.181</i>  |                                 |                                 |                     | 5,834,628                            |
| 84.184                    | School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs) |                                 | -                               | 629,157             | 629,157                              |
| 84.187                    | Supported Employment Services for Individuals with the Most Significant Disabilities                       |                                 | -                               | 239,298             | 239,298                              |
| 84.196                    | Education for Homeless Children and Youth  |                                 | 588,325                         | 192,374             | 780,699                              |
| 84.287                    | Twenty-First Century Community Learning Centers  |                                 | 11,514,969                      | 527,873             | 12,042,842                           |
| 84.305                    | Education Research, Development and Dissemination  |                                 | -                               | 48,958              | 48,958                               |
| 84.323                    | Special Education - State Personnel Development  |                                 | 463,731                         | 97,712              | 561,443                              |
| 84.358                    | Rural Education  |                                 | 441,247                         | 36,507              | 477,754                              |
| 84.365                    | English Language Acquisition State Grants  |                                 | 5,428,354                       | 436,731             | 5,865,085                            |
| 84.367                    | Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)             |                                 | 18,714,714                      | 703,076             | 19,417,790                           |
| 84.369                    | Grants for State Assessments and Related Activities  |                                 | -                               | 5,856,582           | 5,856,582                            |
| 84.377                    | School Improvement Grants  |                                 | 1,227,667                       | 12,335              | 1,240,002                            |
| 84.421                    | Disability Innovation Fund (DIF)   |                                 | -                               | 355,703             | 355,703                              |
| 84.U01                    | 83621  |                                 | -                               | 1,835               | 1,835                                |
| 84.U02                    | 86155  |                                 | -                               | (4,834)             | (4,834)                              |
| 84.U03                    | 88793  |                                 | -                               | 4,131               | 4,131                                |
| 84.U04                    | 91990020C0021  |                                 | -                               | 212,073             | 212,073                              |

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, 2022**

| 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 |
|--|--|---------------------------------|---------------------------------|-----------------------|--------------------------------------|
| <b>Special Education Cluster (IDEA)</b>                      |  |                                 |                                 |                       |                                      |
| 84.027   | COVID-19 Special Education Grants to States  |                                 | \$ 10,163,741                   | \$ -                  |                                      |
| 84.027   | Special Education Grants to States   |                                 | 127,179,251                     | 7,410,965             |                                      |
|  | <i>Total 84.027</i>  |                                 |                                 |                       | 144,753,957                          |
| 84.173   | COVID-19 Special Education Preschool Grants  |                                 | 853,720                         | -                     |                                      |
| 84.173   | Special Education Preschool Grants   |                                 | 3,898,623                       | 231,714               |                                      |
|  | <i>Total 84.173</i>  |                                 |                                 |                       | 4,984,057                            |
| <b>Total Special Education Cluster (IDEA)</b>                |  |                                 | <b>\$ 142,095,335</b>           | <b>\$ 7,642,679</b>   | <b>\$ 149,738,014</b>                |
| <b>Student Support and Academic Enrichment Program</b>       |  |                                 |                                 |                       |                                      |
| 84.424A  | Student Support and Academic Enrichment Program  |                                 | \$ 9,740,464                    | \$ 223,240            | \$ 9,963,704                         |
| 84.424D  | Expanding Access to Well-Rounded Courses Demonstration Grants Program  |                                 |                                 | 421,956               | 421,956                              |
| <b>Total Student Support and Academic Enrichment Program</b> |  |                                 | <b>\$ 9,740,464</b>             | <b>\$ 645,196</b>     | <b>\$ 10,385,660</b>                 |
| <b>Education Stabilization Fund (ESF)</b>                    |  |                                 |                                 |                       |                                      |
| 84.425   | COVID-19 Education Stabilization Fund  |                                 | \$ 5,454,371                    | \$ -                  | \$ 5,454,371                         |
| 84.425C  | COVID-19 Governor's Emergency Education Relief (GEER) Fund   |                                 | 162,622                         | 46,345                | 208,967                              |
| 84.425D  | COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund   |                                 | 246,385,446                     | 7,222,919             | 253,608,365                          |
| 84.425R  | COVID-19 Coronavirus Response and Relief Supplemental Appropriations Act, 2021 – Emergency Assistance to Non-Public Schools (CRRSA EANS) program |                                 | -                               | 12,270,309            | 12,270,309                           |
| 84.425U  | COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)   |                                 | 157,653,512                     | 1,087,489             | 158,741,001                          |
| 84.425V  | COVID-19 American Rescue Plan – Emergency Assistance to Non-Public Schools (ARP- EANS)   |                                 | -                               | 107,768               | 107,768                              |
| 84.425W  | COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth                                   |                                 | 546,240                         | 56,422                | 602,662                              |
| <b>Total Education Stabilization Fund (ESF)</b>              |  |                                 | <b>\$ 410,202,191</b>           | <b>\$ 20,791,252</b>  | <b>\$ 430,993,443</b>                |
| <b>Total Department of Education</b>                         |  |                                 | <b>\$ 787,622,505</b>           | <b>\$ 106,810,839</b> | <b>\$ 894,433,344</b>                |
| <b>Elections Assistance Commission</b>                       |  |                                 |                                 |                       |                                      |
| 90.401   | Help America Vote Act Requirements Payments  |                                 | \$ -                            | \$ 623,124            | \$ 623,124                           |
| 90.404   | 2018 HAVA Election Security Grants   |                                 | -                               | 2,636,194             | 2,636,194                            |
| <b>Total Elections Assistance Commission</b>                 |  |                                 | <b>\$ -</b>                     | <b>\$ 3,259,318</b>   | <b>\$ 3,259,318</b>                  |

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, 2022**

| 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 |
|--|---|---------------------------------|---------------------------------|---------------------|--------------------------------------|
| <b>Department of Health and Human Services</b> |   |                                 |                                 |                     |                                      |
| 93.041   | Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation |                                 | \$ 34,344                       | \$ -                | \$ 34,344                            |
| 93.042   | COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals  |                                 | -                               | 34,056              |                                      |
| 93.042   | Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals           |                                 | -                               | 281,091             |                                      |
|  | <i>Total 93.042</i>   |                                 |                                 |                     | 315,147                              |
| 93.043   | COVID-19 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services            |                                 | 38,913                          | -                   |                                      |
| 93.043   | Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services                     |                                 | 209,648                         | -                   |                                      |
|  | <i>Total 93.043</i>   |                                 |                                 |                     | 248,561                              |
| 93.048   | COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects                                 |                                 | 8,766                           | 356,484             |                                      |
| 93.048   | Special Programs for the Aging, Title IV, and Title II, Discretionary Projects  |                                 | 35,000                          | 540,040             |                                      |
|  | <i>Total 93.048</i>   |                                 |                                 |                     | 940,290                              |
| 93.052   | COVID-19 National Family Caregiver Support, Title III, Part E   |                                 | 690,404                         | 10,283              |                                      |
| 93.052   | National Family Caregiver Support, Title III, Part E  |                                 | 1,980,296                       | 139,356             |                                      |
|  | <i>Total 93.052</i>   |                                 |                                 |                     | 2,820,339                            |
| 93.066   | State Vital Statistics Improvement Program  |                                 | -                               | 769,403             | 769,403                              |
| 93.069   | Public Health Emergency Preparedness  |                                 | 4,111,139                       | 4,962,865           | 9,074,004                            |
| 93.070   | COVID-19 Environmental Public Health and Emergency Response   |                                 | -                               | 196,270             |                                      |
| 93.070   | Environmental Public Health and Emergency Response  |                                 | 90,088                          | 1,212,085           |                                      |
|  | <i>Total 93.070</i>   |                                 |                                 |                     | 1,498,443                            |
| 93.071   | Medicare Enrollment Assistance Program  |                                 | 79,835                          | 67,329              | 147,164                              |
| 93.073   | Birth Defects and Developmental Disabilities - Prevention and Surveillance  |                                 | -                               | -                   |                                      |
|  | Pass Through from: OHSU   | 20000000000011                  |                                 | 15,054              |                                      |
|  | <i>Total 93.073</i>   |                                 |                                 |                     | 15,054                               |

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, 2022**

| 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 |
|---------------------------|---|---------------------------------|---------------------------------|---------------------|--------------------------------------|
| 93.079                    | Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance                           |                                 | -                               | 5,680               | 5,680                                |
| 93.082                    | Sodium Reduction in Communities   |                                 | -                               | 123,866             | 123,866                              |
| 93.090                    | COVID-19 Guardianship Assistance  |                                 | -                               | 931,012             |                                      |
| 93.090                    | Guardianship Assistance   |                                 | -                               | 9,749,560           |                                      |
|                           | <i>Total 93.090</i>   |                                 |                                 | <hr/>               | 10,680,572                           |
| 93.092                    | Affordable Care Act (ACA) Personal Responsibility Education Program   |                                 | 187,500                         | 353,593             | 541,093                              |
| 93.103                    | Food and Drug Administration Research   |                                 | 3,750                           | 868,443             | 872,193                              |
| 93.110                    | Maternal and Child Health Federal Consolidated Programs   |                                 | -                               | 106,919             |                                      |
|                           | Pass Through from: Assoc of St Ph Nutritionists   | 40000000000032                  |                                 | 58,934              |                                      |
|                           | <i>Total 93.110</i>   |                                 |                                 | <hr/>               | 165,853                              |
| 93.113                    | Environmental Health  |                                 | -                               | 80                  |                                      |
|                           | Pass Through from: Oregon State University  | 30000000000004                  |                                 | 19,537              |                                      |
|                           | <i>Total 93.113</i>   |                                 |                                 | <hr/>               | 19,617                               |
| 93.116                    | Project Grants and Cooperative Agreements for Tuberculosis Control Programs   |                                 | -                               | 776,325             | 776,325                              |
| 93.127                    | Emergency Medical Services for Children   |                                 | -                               | 134,278             | 134,278                              |
| 93.130                    | Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices   |                                 | -                               | 199,709             | 199,709                              |
| 93.136                    | COVID-19 Injury Prevention and Control Research and State and Community Based Programs  |                                 | -                               | 31,020              |                                      |
| 93.136                    | Injury Prevention and Control Research and State and Community Based Programs   |                                 | 806,948                         | 3,974,427           |                                      |
|                           | Pass Through from: Oregon Health & Science Univer   | 237083114                       |                                 | (1)                 |                                      |
|                           | <i>Total 93.136</i>   |                                 |                                 | <hr/>               | 4,812,394                            |
| 93.150                    | Projects for Assistance in Transition from Homelessness (PATH)  |                                 | 639,734                         | 28,508              | 668,242                              |
| 93.197                    | Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children |                                 | -                               | 362,722             | 362,722                              |
| 93.217                    | Family Planning Services  |                                 | 28,645                          | 112,219             | 140,864                              |

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, 2022**

| 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 |
|---------------------------|--|---------------------------------|---------------------------------|---------------------|--------------------------------------|
| 93.235                    | Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program                 |                                 | -                               | 644,862             | 644,862                              |
| 93.236                    | Grants to States to Support Oral Health Workforce Activities                               |                                 | -                               | 273,269             | 273,269                              |
| 93.240                    | COVID-19 State Capacity Building   |                                 | -                               | 31,388              |                                      |
| 93.240                    | State Capacity Building  |                                 | -                               | 553,280             |                                      |
|                           | <i>Total 93.240</i>  |                                 |                                 |                     | 584,668                              |
| 93.243                    | Substance Abuse and Mental Health Services Projects of Regional and National Significance  |                                 | 1,860,035                       | 1,436,206           | 3,296,241                            |
| 93.251                    | Universal Newborn Hearing Screening  |                                 | 11,904                          | 221,092             | 232,996                              |
| 93.262                    | Occupational Safety and Health Program   |                                 | 63,854                          | -                   |                                      |
|                           | Pass Through from: OHSU  | 20000000000011                  |                                 | 121,496             |                                      |
|                           | <i>Total 93.262</i>  |                                 |                                 |                     | 185,350                              |
| 93.268                    | COVID-19 Immunization Cooperative Agreements   |                                 | 26,009,504                      | 7,039,674           |                                      |
| 93.268                    | Immunization Cooperative Agreements  |                                 | 999,840                         | 51,783,040          |                                      |
|                           | <i>Total 93.268</i>  |                                 |                                 |                     | 85,832,058                           |
| 93.270                    | Viral Hepatitis Prevention and Control   |                                 | -                               | 501,870             | 501,870                              |
| 93.279                    | Drug Abuse and Addiction Research Programs   |                                 | -                               | 129                 |                                      |
|                           | Pass Through from: OHSU  | 20000000000011                  |                                 | 33,942              |                                      |
|                           | <i>Total 93.279</i>  |                                 |                                 |                     | 34,071                               |
| 93.314                    | Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program |                                 | -                               | 263,582             | 263,582                              |
| 93.317                    | COVID-19 Emerging Infections Programs  |                                 | 18,750                          | 1,108,973           |                                      |
| 93.317                    | Emerging Infections Programs   |                                 | 227,593                         | 3,285,777           |                                      |
|                           | <i>Total 93.317</i>  |                                 |                                 |                     | 4,641,093                            |
| 93.323                    | COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)                |                                 | 51,808,112                      | 66,967,682          |                                      |
| 93.323                    | Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)                         |                                 | (1,080,365)                     | 2,823,432           |                                      |
|                           | <i>Total 93.323</i>  |                                 |                                 |                     | 120,518,861                          |

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, 2022**

| 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 |
|---------------------------|---|---------------------------------|---------------------------------|---------------------|--------------------------------------|
| 93.324                    | State Health Insurance Assistance Program   |                                 | 15,494                          | 762,194             | 777,688                              |
| 93.336                    | COVID-19 Behavioral Risk Factor Surveillance System   |                                 | -                               | 536,577             |                                      |
| 93.336                    | Behavioral Risk Factor Surveillance System  |                                 | -                               | 207,179             |                                      |
|                           | <i>Total 93.336</i>   |                                 |                                 |                     | 743,756                              |
| 93.354                    | COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response                      |                                 | 3,353,240                       | 874,832             |                                      |
| 93.354                    | Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response                               |                                 | -                               | 3,963               |                                      |
|                           | <i>Total 93.354</i>   |                                 |                                 |                     | 4,232,035                            |
| 93.369                    | ACL Independent Living State Grants   |                                 | -                               | 100,252             | 100,252                              |
| 93.378                    | Integrated Care for Kids Model  |                                 | 1,379,507                       | 776,093             | 2,155,600                            |
| 93.380                    | Public Health Cancer Genomics Program   |                                 | -                               | 276,892             | 276,892                              |
| 93.387                    | National and State Tobacco Control Program  |                                 | -                               | 1,821,987           | 1,821,987                            |
| 93.391                    | COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises |                                 | 6,321,805                       | 814,876             | 7,136,681                            |
| 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  | 40000000000015                  |                                 | 165,144             |                                      |
|                           | <i>Total 93.421</i>   |                                 |                                 |                     | 165,144                              |
| 93.423                    | State Innovation Waivers  |                                 | -                               | 54,775,261          | 54,775,261                           |
| 93.426                    | Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke                                |                                 | 22,056                          | 2,107,982           | 2,130,038                            |
| 93.434                    | Every Student Succeeds Act/Preschool Development Grants   |                                 | 1,342,101                       | 3,407,270           | 4,749,371                            |
| 93.464                    | ACL Assistive Technology  |                                 | 493,308                         | -                   | 493,308                              |
| 93.498                    | COVID-19 Provider Relief Fund   |                                 | -                               | 3,051,734           | 3,051,734                            |
| 93.499                    | COVID-19 Low Income Household Water Assistance Program  |                                 | 502,328                         | 176,480             |                                      |
| 93.499                    | Low Income Household Water Assistance Program   |                                 | 894,772                         | 202,783             |                                      |
|                           | <i>Total 93.499</i>   |                                 |                                 |                     | 1,776,363                            |
| 93.505                    | Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program   |                                 | -                               | 2,394               | 2,394                                |

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, 2022**

| 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 |
|---------------------------|--|---------------------------------|---------------------------------|---------------------|--------------------------------------|
| 93.525                    | COVID-19 State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges |                                 | -                               | 105,722             | 105,722                              |
| 93.556                    | COVID-19 Promoting Safe and Stable Families  |                                 | -                               | 122,750             |                                      |
| 93.556                    | Promoting Safe and Stable Families   |                                 | 826,771                         | 3,309,896           |                                      |
|                           | <i>Total 93.556</i>  |                                 |                                 |                     | 4,259,417                            |
| 93.558                    | COVID-19 Temporary Assistance for Needy Families   |                                 | -                               | 12,165,426          |                                      |
| 93.558                    | Temporary Assistance for Needy Families  |                                 | 2,081,684                       | 79,783,670          |                                      |
|                           | <i>Total 93.558</i>  |                                 |                                 |                     | 94,030,780                           |
| 93.563                    | Child Support Enforcement  |                                 | 11,148,717                      | 54,983,301          | 66,132,018                           |
| 93.566                    | Refugee and Entrant Assistance State/Replacement Designee Administered Programs                |                                 | -                               | 4,547,883           | 4,547,883                            |
| 93.568                    | COVID-19 Low-Income Home Energy Assistance   |                                 | 35,475,875                      | 291,847             |                                      |
| 93.568                    | Low-Income Home Energy Assistance  |                                 | 31,768,003                      | 1,981,084           |                                      |
|                           | <i>Total 93.568</i>  |                                 |                                 |                     | 69,516,809                           |
| 93.569                    | COVID-19 Community Services Block Grant  |                                 | 2,422,944                       | 2,797               |                                      |
| 93.569                    | Community Services Block Grant   |                                 | 6,458,637                       | 377,615             |                                      |
|                           | <i>Total 93.569</i>  |                                 |                                 |                     | 9,261,993                            |
| 93.579                    | U.S. Repatriation  |                                 | -                               | (506)               | (506)                                |
| 93.586                    | State Court Improvement Program  |                                 | -                               | 545,267             | 545,267                              |
| 93.590                    | COVID-19 Community-Based Child Abuse Prevention Grants   |                                 | -                               | 382,020             |                                      |
| 93.590                    | Community-Based Child Abuse Prevention Grants  |                                 | -                               | 353,604             |                                      |
|                           | <i>Total 93.590</i>  |                                 |                                 |                     | 735,624                              |
| 93.597                    | Grants to States for Access and Visitation Programs  |                                 | 86,941                          | 15,476              | 102,417                              |
| 93.599                    | COVID-19 Chafee Education and Training Vouchers Program (ETV)                                  |                                 | -                               | 67,945              |                                      |
| 93.599                    | Chafee Education and Training Vouchers Program (ETV)   |                                 | -                               | 1,180,399           |                                      |
|                           | <i>Total 93.599</i>  |                                 |                                 |                     | 1,248,344                            |

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, 2022**

| 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 |
|---------------------------|--|---------------------------------|---------------------------------|---------------------|--------------------------------------|
| 93.603                    | Adoption and Legal Guardianship Incentive Payments   |                                 | -                               | 1,114,240           | 1,114,240                            |
| 93.630                    | COVID-19 Developmental Disabilities Basic Support and Advocacy Grants                              |                                 | -                               | 48,842              |                                      |
| 93.630                    | Developmental Disabilities Basic Support and Advocacy Grants                                       |                                 | -                               | 615,498             |                                      |
|                           | <i>Total 93.630</i>  |                                 |                                 |                     | 664,340                              |
| 93.639                    | COVID-19 State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services  |                                 | -                               | 21,100              | 21,100                               |
| 93.643                    | Children's Justice Grants to States  |                                 | 142,760                         | 112,488             | 255,248                              |
| 93.645                    | COVID-19 Stephanie Tubbs Jones Child Welfare Services Program                                      |                                 | -                               | 254,285             |                                      |
| 93.645                    | Stephanie Tubbs Jones Child Welfare Services Program   |                                 | 433,687                         | 3,450,304           |                                      |
|                           | <i>Total 93.645</i>  |                                 |                                 |                     | 4,138,276                            |
| 93.658                    | COVID-19 Foster Care Title IV-E  |                                 | (14)                            | 1,604,073           |                                      |
| 93.658                    | Foster Care Title IV-E   |                                 | 2,122,319                       | 123,912,946         |                                      |
|                           | <i>Total 93.658</i>  |                                 |                                 |                     | 127,639,324                          |
| 93.659                    | ARRA - Adoption Assistance   |                                 | -                               | 6,000               |                                      |
| 93.659                    | COVID-19 Adoption Assistance   |                                 | -                               | 3,997,143           |                                      |
| 93.659                    | Adoption Assistance  |                                 | -                               | 50,865,661          |                                      |
|                           | <i>Total 93.659</i>  |                                 |                                 |                     | 54,868,804                           |
| 93.665                    | COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19            |                                 | 550,921                         | 3,661,888           | 4,212,809                            |
| 93.667                    | Social Services Block Grant  |                                 | 2,908,132                       | 22,723,811          | 25,631,943                           |
| 93.669                    | Child Abuse and Neglect State Grants   |                                 | -                               | 525,710             | 525,710                              |
| 93.671                    | COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services |                                 | -                               | (5,665)             |                                      |
| 93.671                    | Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services          |                                 | 1,482,139                       | -                   |                                      |
|                           | <i>Total 93.671</i>  |                                 |                                 |                     | 1,476,474                            |

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, 2022**

| 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 |
|---------------------------|--|---------------------------------|---------------------------------|---------------------|--------------------------------------|
| 93.674                    | COVID-19 John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood                      |                                 | -                               | 1,492,267           |                                      |
| 93.674                    | John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood                               |                                 | -                               | 4,022,973           |                                      |
|                           | <i>Total 93.674</i>  |                                 |                                 |                     | 5,515,240                            |
| 93.738                    | PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds |                                 | -                               | 588                 |                                      |
|                           | Pass Through from: Multnomah County  | 40000000000010                  |                                 | 77,662              |                                      |
|                           | <i>Total 93.738</i>  |                                 |                                 |                     | 78,250                               |
| 93.747                    | COVID-19 Elder Abuse Prevention Interventions Program  |                                 | -                               | 244,301             |                                      |
| 93.747                    | Elder Abuse Prevention Interventions Program   |                                 | -                               | 134,885             |                                      |
|                           | <i>Total 93.747</i>  |                                 |                                 |                     | 379,186                              |
| 93.767                    | ARRA - Children's Health Insurance Program   |                                 | -                               | 3                   |                                      |
| 93.767                    | COVID-19 Children's Health Insurance Program   |                                 | -                               | 19,638,415          |                                      |
| 93.767                    | Children's Health Insurance Program  |                                 | -                               | 319,811,099         |                                      |
|                           | <i>Total 93.767</i>  |                                 |                                 |                     | 339,449,517                          |
| 93.779                    | Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations                            |                                 | 7,700                           | 8,130               | 15,830                               |
| 93.788                    | Opioid STR   |                                 | 11,467,210                      | 4,427,263           | 15,894,473                           |
| 93.796                    | State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid                               |                                 | -                               | 3,506,025           | 3,506,025                            |
| 93.800                    | Organized Approaches to Increase Colorectal Cancer Screening   |                                 | 84,320                          | 722,230             | 806,550                              |
| 93.845                    | Promoting Population Health through Increased Capacity in Alcohol Epidemiology                                       |                                 | -                               | 108,396             | 108,396                              |
| 93.870                    | Maternal, Infant, and Early Childhood Home Visiting Grant  |                                 | 4,542,839                       | 1,992,256           | 6,535,095                            |
| 93.876                    | Antimicrobial Resistance Surveillance in Retail Food Specimens   |                                 | -                               | 201,392             | 201,392                              |
| 93.889                    | COVID-19 National Bioterrorism Hospital Preparedness Program   |                                 | 421,912                         | -                   |                                      |
| 93.889                    | National Bioterrorism Hospital Preparedness Program  |                                 | 1,459,008                       | 1,561,244           |                                      |
|                           | <i>Total 93.889</i>  |                                 |                                 |                     | 3,442,164                            |
| 93.898                    | Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations                               |                                 | -                               | 3,608,180           | 3,608,180                            |

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, 2022**

| 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 |
|---------------------------|---|---------------------------------|---------------------------------|---------------------|--------------------------------------|
| 93.917                    | COVID-19 HIV Care Formula Grants  |                                 | 26,068                          | 7                   |                                      |
| 93.917                    | HIV Care Formula Grants   |                                 | 1                               | 8,110,632           |                                      |
|                           | <i>Total 93.917</i>   |                                 |                                 |                     | 8,136,708                            |
| 93.940                    | HIV Prevention Activities Health Department Based   |                                 | 912,662                         | 1,652,818           | 2,565,480                            |
| 93.944                    | Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance   |                                 | 849,271                         | 120,153             | 969,424                              |
| 93.945                    | Assistance Programs for Chronic Disease Prevention and Control  |                                 | -                               | 263,648             | 263,648                              |
| 93.946                    | Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs   |                                 | -                               | 178,031             | 178,031                              |
| 93.958                    | COVID-19 Block Grants for Community Mental Health Services  |                                 | 245,798                         | 2,606,762           |                                      |
| 93.958                    | Block Grants for Community Mental Health Services   |                                 | 10,354,831                      | 2,082,822           |                                      |
|                           | <i>Total 93.958</i>   |                                 |                                 |                     | 15,290,213                           |
| 93.959                    | COVID-19 Block Grants for Prevention and Treatment of Substance Abuse   |                                 | -                               | 8,715,778           |                                      |
| 93.959                    | Block Grants for Prevention and Treatment of Substance Abuse  |                                 | 15,082,379                      | 3,463,941           |                                      |
|                           | Pass Through from: Eagle Technologies, Inc  | 40000000000024                  |                                 | 206,993             |                                      |
|                           | <i>Total 93.959</i>   |                                 |                                 |                     | 27,469,091                           |
| 93.977                    | COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants  |                                 | 976,367                         | 120,192             |                                      |
| 93.977                    | Sexually Transmitted Diseases (STD) Prevention and Control Grants   |                                 | -                               | 1,175,884           |                                      |
|                           | <i>Total 93.977</i>   |                                 |                                 |                     | 2,272,443                            |
| 93.981                    | COVID-19 Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools |                                 | -                               | 165,293             |                                      |
| 93.981                    | Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools          |                                 | 52,386                          | 257,052             |                                      |
|                           | <i>Total 93.981</i>   |                                 |                                 |                     | 474,731                              |
| 93.982                    | Mental Health Disaster Assistance and Emergency Mental Health   |                                 | 3,843,584                       | 544,880             | 4,388,464                            |
| 93.991                    | Preventive Health and Health Services Block Grant   |                                 | 98,861                          | 932,512             | 1,031,373                            |
| 93.994                    | Maternal and Child Health Services Block Grant to the States  |                                 | 3,646,216                       | 2,494,242           | 6,140,458                            |

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, 2022**

| 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 |
|---------------------------------|---|---------------------------------|---------------------------------|-----------------------|--------------------------------------|
| <b>Aging Cluster</b>            |   |                                 |                                 |                       |                                      |
| 93.044                          | COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers |                                 | \$ 2,099,251                    | \$ 23,307             |                                      |
| 93.044                          | Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers          |                                 | 4,890,123                       | 418,363               |                                      |
|                                 | <i>Total 93.044</i>   |                                 |                                 |                       | 7,431,044                            |
| 93.045                          | COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services                                |                                 | 5,581,469                       | 577,044               |                                      |
| 93.045                          | Special Programs for the Aging, Title III, Part C, Nutrition Services   |                                 | 7,792,644                       | 617,586               |                                      |
|                                 | <i>Total 93.045</i>   |                                 |                                 |                       | 14,568,743                           |
| 93.053                          | Nutrition Services Incentive Program  |                                 | 1,535,156                       | -                     | 1,535,156                            |
| <b>Total Aging Cluster</b>      |   |                                 | <b>\$ 21,898,643</b>            | <b>\$ 1,636,300</b>   | <b>\$ 23,534,943</b>                 |
| <b>CCDF Cluster</b>             |   |                                 |                                 |                       |                                      |
| 93.489                          | Child Care Disaster Relief  |                                 | \$ 134,636                      | -                     | \$ 134,636                           |
| 93.575                          | COVID-19 Child Care and Development Block Grant   |                                 | 918,857                         | 290,110,045           |                                      |
| 93.575                          | Child Care and Development Block Grant  |                                 | 16,339,933                      | 71,799,154            |                                      |
|                                 | <i>Total 93.575</i>   |                                 |                                 |                       | 379,167,989                          |
| 93.596                          | Child Care Mandatory and Matching Funds of the Child Care and Development Fund                                |                                 | 115,925                         | 12,246,111            | 12,362,036                           |
| <b>Total CCDF Cluster</b>       |   |                                 | <b>\$ 17,509,351</b>            | <b>\$ 374,155,310</b> | <b>\$ 391,664,661</b>                |
| <b>Head Start Cluster</b>       |   |                                 |                                 |                       |                                      |
| 93.600                          | Head Start  |                                 | -                               | 43,947                | 43,947                               |
| <b>Total Head Start Cluster</b> |   |                                 | <b>\$ -</b>                     | <b>\$ 43,947</b>      | <b>\$ 43,947</b>                     |

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, 2022**

| 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 |
|---|---|---------------------------------|---------------------------------|--------------------------|--------------------------------------|
| <b>Medicaid Cluster</b>   |   |                                 |                                 |                          |                                      |
| 93.775  | State Medicaid Fraud Control Units  |                                 | \$ -                            | \$ 2,454,446             | \$ 2,454,446                         |
| 93.777  | COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare |                                 | -                               | 3,401                    |                                      |
| 93.777  | State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare          |                                 | -                               | 5,298,317                |                                      |
|   | <i>Total 93.777</i>   |                                 |                                 |                          | 5,301,718                            |
| 93.778  | ARRA - Medical Assistance Program   |                                 | -                               | 4,441,426                |                                      |
| 93.778  | COVID-19 Medical Assistance Program   |                                 | -                               | 887,826,852              |                                      |
| 93.778  | Medical Assistance Program  |                                 | -                               | 9,891,869,450            |                                      |
|   | <i>Total 93.778</i>   |                                 |                                 |                          | 10,784,137,728                       |
| <b>Total Medicaid Cluster</b>   |   |                                 | <b>\$ -</b>                     | <b>\$ 10,791,893,892</b> | <b>\$ 10,791,893,892</b>             |
| <b>Total Department of Health and Human Services</b>                            |   |                                 | <b>\$ 294,628,187</b>           | <b>\$ 12,169,027,236</b> | <b>\$ 12,463,655,423</b>             |
| <b>Corporation For National and Community Service</b>                           |   |                                 |                                 |                          |                                      |
| 94.003  | State Commissions   |                                 | \$ -                            | \$ 233,871               | \$ 233,871                           |
| 94.006  | AmeriCorps  |                                 | 3,087,683                       | -                        | 3,087,683                            |
| 94.008  | Commission Investment Fund  |                                 | -                               | 22,629                   | 22,629                               |
| 94.009  | Training and Technical Assistance   |                                 | 61,570                          | 95,788                   | 157,358                              |
| 94.013  | Volunteers in Service to America  |                                 | -                               | -                        |                                      |
|   | Pass Through from: Corp for Ntl & Comm Service  | 10000000000007                  |                                 | 65,277                   |                                      |
|   | <i>Total 94.013</i>   |                                 |                                 |                          | 65,277                               |
| <b>Total Corporation For National and Community Service</b>                     |   |                                 | <b>\$ 3,149,253</b>             | <b>\$ 417,565</b>        | <b>\$ 3,566,818</b>                  |
| <b>Office of National Drug Control Policy Reauthorization Act of 2006</b>       |   |                                 |                                 |                          |                                      |
| 95.001  | High Intensity Drug Trafficking Areas Program   |                                 | \$ -                            | \$ 2,796,809             | \$ 2,796,809                         |
| <b>Total Office of National Drug Control Policy Reauthorization Act of 2006</b> |   |                                 | <b>\$ -</b>                     | <b>\$ 2,796,809</b>      | <b>\$ 2,796,809</b>                  |

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, 2022**

| 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 |
|---|---|---------------------------------|---------------------------------|--------------------------|--------------------------------------|
| <b>Social Security Administration</b>         |   |                                 |                                 |                          |                                      |
| 96.008  | Social Security - Work Incentives Planning and Assistance Program                     |                                 | \$ -                            | \$ 41,841                | \$ 41,841                            |
| <b>Disability Insurance/SSI Cluster</b>       |   |                                 |                                 |                          |                                      |
| 96.001  | Social Security Disability Insurance  |                                 | \$ -                            | \$ 30,049,681            | \$ 30,049,681                        |
| <b>Total Disability Insurance/SSI Cluster</b> |   |                                 | <b>\$ -</b>                     | <b>\$ 30,049,681</b>     | <b>\$ 30,049,681</b>                 |
| <b>Total Social Security Administration</b>   |   |                                 | <b>\$ -</b>                     | <b>\$ 30,091,522</b>     | <b>\$ 30,091,522</b>                 |
| <b>Department of Homeland Security</b>        |   |                                 |                                 |                          |                                      |
| 97.008  | Non-Profit Security Program   |                                 | \$ 684,241                      | \$ -                     | \$ 684,241                           |
| 97.012  | Boating Safety Financial Assistance   |                                 | 1,272,720                       | 64,309                   | 1,337,029                            |
| 97.023  | Community Assistance Program State Support Services Element (CAP-SSSE)                |                                 | -                               | 98,659                   | 98,659                               |
| 97.029  | Flood Mitigation Assistance   |                                 | 5,252                           | -                        | 5,252                                |
| 97.032  | Crisis Counseling   |                                 | (128,630)                       | 128,630                  | -                                    |
| 97.036  | COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)      |                                 | (13,317,779)                    | 44,659,233               |                                      |
| 97.036  | Disaster Grants - Public Assistance (Presidentially Declared Disasters)               |                                 | 78,979,848                      | 10,555,477               |                                      |
|   | Pass Through from: Chemeketa Community College  | 13000                           |                                 | 179,762                  |                                      |
|   | <i>Total 97.036</i>   |                                 |                                 |                          | 121,056,541                          |
| 97.039  | Hazard Mitigation Grant   |                                 | 854,933                         | 418,284                  | 1,273,217                            |
| 97.041  | National Dam Safety Program   |                                 | -                               | 121,078                  | 121,078                              |
| 97.042  | Emergency Management Performance Grants   |                                 | 4,715,337                       | 1,331,178                | 6,046,515                            |
| 97.044  | Assistance to Firefighters Grant  |                                 | -                               | 225,485                  | 225,485                              |
| 97.045  | Cooperating Technical Partners  |                                 | -                               | 789,348                  | 789,348                              |
| 97.047  | Pre-Disaster Mitigation   |                                 | 160,956                         | 169,713                  | 330,669                              |
| 97.050  | Presidential Declared Disaster Assistance to Individuals and Households - Other Needs |                                 | -                               | 3,596,007                | 3,596,007                            |
| 97.067  | Homeland Security Grant Program   |                                 | 3,043,465                       | 1,597,289                | 4,640,754                            |
| 97.082  | Earthquake Consortium   |                                 | -                               | 14,581                   | 14,581                               |
| 97.088  | Disaster Assistance Projects  |                                 | -                               | 4,360                    | 4,360                                |
| <b>Total Department of Homeland Security</b>  |   |                                 | <b>\$ 76,270,343</b>            | <b>\$ 63,953,393</b>     | <b>\$ 140,223,736</b>                |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>   |   |                                 | <b>\$ 2,100,660,681</b>         | <b>\$ 18,721,743,276</b> | <b>\$ 20,822,403,957</b>             |

The accompanying notes are an integral part of this schedule.

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2022**

---

**Note 1. Summary of Significant Accounting Policies**

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

The financial statements of the State of Oregon include all fund types for all agencies, boards, commissions, and courts that are legally part of the State's primary government and its component units. The Oregon Health and Science University, University of Oregon, Oregon State University, Portland State University, Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, Western Oregon University, State Accident Insurance Fund, State Fair Council, and Oregon Affordable Housing Assistance Corporation are legally separate component units. For the year ended June 30, 2022, these component units have issued separate financial statements and have obtained a separate single audit as outlined in §200.514 of Uniform Guidance. Therefore, the accompanying schedule does not include the federal grant activity of these component units. Readers may obtain complete financial statements from their respective administrative offices or from the Oregon Department of Administrative Services, Chief Financial Office, 155 Cottage Street NE, Salem, Oregon 97301-3969.

**Note 2. DeMinimis Cost Rate**

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

**Note 3. Programs Involving Non-Cash Assistance**

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

| Assistance |  |                    |                     |
|------------|--|--------------------|---------------------|
| Listing #  | Title  | Type of Assistance | Value               |
| 10.555     | National School Lunch Program                        | Food Commodities   | \$19,554,855        |
| 10.559     | Summer Food Service Program for Children             | Food Commodities   | 270,114             |
| 10.565     | Commodity Supplemental Food Program                  | Food Commodities   | 600,959             |
| 10.569     | Emergency Food Assistance Program (Food Commodities) | Food Commodities   | 18,000,399          |
| 39.003     | Donation of Federal Surplus Personal Property        | Surplus Property   | 1,443,505           |
| 93.268     | Immunization Cooperative Agreements                  | Vaccines           | 47,161,154          |
|            | Total  |                    | <u>\$87,030,986</u> |

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2022**

---

**Note 4. Unemployment Insurance**

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

State unemployment insurance funds are included with federal funds in the total expenditures for Assistance Listing 17.225 (Unemployment Insurance Program). Of the \$1,564,687,878.05 reported as expenditures for the Unemployment Insurance Program, \$529,176,781.60 represents expenditures of State funds held in the Unemployment Trust Fund.



## 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, 2021. It also includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2020 that were uncorrected at June 30, 2021.

Finding 2021-001:      **Department of Human Resources/Oregon Health Authority**  
**Improve internal controls over the SNAP program**  
**Significant Deficiency**

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

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

ODHS did the procurement for the ongoing Support of the ONE system. There were three sections that vendors could bid on. SOC audit was part of that area, however, the same vendor won all three areas. Based on that, ODHS will be going and doing a new procurement for a SOC audit to happen regularly on the system, and put the request for funding for this in our agency requested budget. We intend to have an independent vendor for SOC in the first quarter of the next biennium, assuming we are legislatively funded.

ODHS in partnership with OHA has continued to test the ONE system, looking at outcomes and determinations around benefits. We are monitoring audits, reviews, and continuing to test to ensure the quality of calculations and have had the lowest level of known defects since the system went live, while implementing multiple new programs and waivers.

ODHS continues to monitor overrides and is looking at opportunities to support and ensure accurate and timely benefits.

Quality Control reviews have continued for programs, findings beyond being submitted to federal partners, are being shared with program and OEP, including QA, to review if there are patterns, training, or system issues that could be addressed to minimize future errors.

In addition to the existing interface processes staff performed a full reconciliation between the SNAP transactions from the ONE system (authorizations) & FIS (usages) to the transactions processed by JV and sent to SFMA. This process has been

**State of Oregon**  
**Schedule of Prior Year Findings**

---

completed through November 2022. The reports/data needed for this process are currently requested through an adhoc request. In addition to this we are working on the following items:

- Working with OIS to create a monthly automated process to support the monthly reconciliation, including designing additional reports for monitoring “valid” delays in EBT reporting
- Drafting a request to have control reports created from the ONE system that would allow us to enhance our current daily interface validation process between ONE & JV

Anticipated Completion Date: June 2023

Finding 2021-002: **Department of Consumer and Business Services**  
**Improve documentation to facilitate review**  
**Significant Deficiency**

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

Status: Corrective action taken.

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

Recommendation: Department management implement controls to ensure compliance with state policy over the billing and collection of accounts receivable. **We also recommend** management strengthen internal controls to ensure receivables are appropriately recorded, reviewed, supported and reported at year end.

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

Actions taken: The department implemented a software solution, SAGE AR, which district and central service employees use to create invoices and upload supporting documentation for revenue related transactions. The use of SAGE AR provides an added layer of internal control to ensure recorded revenue is adequately supported and accurate. Additionally, the department assigned all eligible liquidated and delinquent

**State of Oregon**  
**Schedule of Prior Year Findings**

---

accounts receivable to the Department of Revenue by June 30, 2022, as required by ORS 293.231.

Current status: Department-specific accounts receivable policies have been drafted to ensure compliance with statewide accounts receivable management policies. An annual review was conducted to verify accounts receivable balances were properly adjusted to account for affiliated cash receipts; however, additional procedural updates are necessary to ensure these reviews are done timelier. Furthermore, the department plans to reclassify all accounts receivable activity using document-supported general ledger accounts to ensure duplicate reporting of current and noncurrent accounts receivable balances does not occur.

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

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

Status: Corrective action taken.

Finding 2021-005: **Oregon Department of Fish and Wildlife**  
**Improve cash handling and reconciliation controls**  
**Significant Deficiency**

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

Status: Corrective action taken.

**State of Oregon**  
**Schedule of Prior Year Findings**

---

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

Recommendation: Department management ensure adequate internal controls are in place to appropriately record and report revenue.

Status: Corrective action taken.

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

Recommendation: Department management ensure adequate controls are in place to appropriately record and report advanced federal funding and federally eligible expenditures.

Status: Corrective action taken.

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

Recommendation: Commission management strengthen internal controls to ensure the accounting systems reconcile and that the appropriate amount is being transferred to the General Fund each month.

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

A temp. has been working on the annual reconciliations since he started in May 2022. He has completed data entry and reconciled many differences through FY 2020 and is currently working on FY 2021. OLCC plans to continue using a temp. in this role until the reconciliations are caught up.

Finding 2020-001: **Department of Revenue**  
**Consider historic percentages in accruals when methodology requires adjustments**  
**Material Weakness**

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

**State of Oregon**  
**Schedule of Prior Year Findings**

---

Status: Corrective action taken.

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

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

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

The agency implemented all eight corrective actions listed in the 2021 response: reconciliation processes have been documented, staff are trained, and tracksheets and templates have been created and used. However, the agency still experiences high staff burnout and turnover with this task.

The Department of Revenue receives thousands of transactions every month for 55 revenue streams and these transactions have to be reconciled across SFMA, GenTax, and Treasury on a monthly basis. Because of system limitations, the process is incredibly manual, time-consuming, and risks error.

This is because during the GenTax system build, financial requirements were not fully represented, considered and/or gathered. This has resulted in a system that has weak or unknown financial data compilation on the backend, which results in reports and data not matching bank statements or SFMA. Staff simply cannot keep up with the number of transactions coupled with the lack of sound GenTax system reporting.

Since late 2021 the agency's main priority has been fixing financial recording and reporting in the GenTax system. The agency has documented all of its applicable GASB and statewide accounting requirements and applied these standards to each revenue stream. Over 500 financial requirements were then compared against how the GenTax system was recording and reporting these entries in a gap analysis. The agency also interviewed 15 other states on how they handle GenTax financial reconciliations.

The results of the requirement gap analysis and state interviews were compiled into a project plan to fix and enhance the GenTax system so financial reconciliation can happen accurately and automatically. This project

**State of Oregon**  
**Schedule of Prior Year Findings**

---

is slated to launch December 2022 (after the GenTax upgrade is completed in November 2022) and completed in late 2023.

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

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

Status: Corrective action taken.

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

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

Status: Corrective action taken.

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

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

Status: Corrective action taken.

**State of Oregon**  
**Schedule of Prior Year Findings**

---

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

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

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

OLCC has fallen further behind since COVID continued to impact our ability to perform audits. Some stores outside of the local area that were scheduled called at the last-minute saying employees had COVID and they needed to close and didn't want to put anyone at risk. We have not yet set a policy to include the risk-based factor of these audits but that is something OLCC will be considering. Currently there are 31 stores that have gone beyond a twelve-month audit period.

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

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

Status: Corrective action taken.

## Prior Year Federal Award Findings and Questioned Costs

This section includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2021. It also includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2020 that were uncorrected at June 30, 2021.

|                   |  |
|-------------------|--|
| Finding 2021-009: | <p><b>Department of Human Services</b><br/><b><u>Ensure performance data reports are complete and accurate</u></b><br/><b>93.558 Temporary Assistance for Needy Families (TANF)</b><br/><b>Reporting</b><br/><b>Material Weakness; Material Noncompliance</b></p>  |
| Initial Year:     | 2018   |
| Recommendation:   | <p>Department management ensure system requirements used to prepare the ACF-199 and ACF-209 are appropriate to ensure compliance and implement review procedures to ensure performance data reports submitted are complete and accurate. <b>We also recommend</b> department management obtain an annual SOC report over the service organization's internal controls for the ONE application.</p>   |
| Status:           | <p>Partial corrective action was taken. The agency response is as follows:</p> <p>The Oregon Department of Human Services (ODHS) will develop a workgroup consisting of policy analysts, business analysts, OIS (Legacy) staff, and contracted Deloitte staff to complete a comprehensive analysis of the ONE system report requirements, code, and federal instructions. The comprehensive analysis will identify areas within both the 199 and 209 where requirement and/or code are not in sync with the federal instructions. The workgroup will then conduct work to bring all three areas into sync to ensure the ONE system is producing accurate and complete federal reports 199 and 209. Through this process the workgroup will test data and complete data analysis for validation. The Department is exploring ways to validate data at quarterly submissions. Once a solution is identified, a procedure will be implemented.</p> <p>ODHS and the ONE Maintenance and Operations (M&amp;O) program are in a Request for Proposal (RFP) process to identify our IT service vendor(s) related to ONE, beginning July 2023. Related to this effort we are projecting annual SOC reports beginning in the 23-25 biennium and are including these projections in our 23-25 legislative Policy Option Package (POP) request.</p> <p>Anticipated Completion Date: December 31, 2022</p> |



**State of Oregon**  
**Schedule of Prior Year Findings**

---

|                   |  |
|-------------------|--|
| Finding 2021-010: | <b>Department of Human Services</b><br><b><u>Ensure work participation rate calculation uses verified and accurate data</u></b><br><b>93.558 Temporary Assistance for Needy Families (TANF)</b><br><b>Special Tests and Provisions</b><br><b>Material Weakness; Material Noncompliance</b>   |
| Initial Year:     | 2019   |
| Recommendation:   | TANF program management ensure the work participation rate is calculated appropriately using verified and accurate participation data in adherence to the department's Work Verification Plan. <b>We also recommend</b> program management review the system of controls and identify where improvements are needed to ensure compliance with the work verification plan.  |
| Status:           | <p>Partial corrective action was taken. The agency response is as follows:</p> <p>The Oregon Department of Human Services (ODHS) recently received approval from Administration for Children and Families for changes made to Oregon's Work Verification Plan. The Department is in the process of updating rules and guidance changing the way educational activity hours can be documented and verified by allowing greater flexibility. The Department will continue to explore other options to allow greater flexibility in documenting and verifying attendance for countable activities. The Department will continue to train staff on attendance reporting requirements through biannual analyst hour sessions and individual sessions offered to districts specific to the trends in their area. The Department will also offer technical assistance to Case Aides who are responsible for entering participation hours in TRACS.</p> <p>The Oregon Department of Human Services (ODHS) has implemented changes to documentation and verification of hours in educational activities effective June 1, 2022. Communication was sent out to staff via a Policy Transmittal on June 15, 2022. TANF Policy analysts continue to explore other options to allow greater flexibility in documenting and verifying attendance for additional countable activities. TANF Policy analysts completed a training with District 2 on June 8, 2022. The training provided covered their district specific error trends related to attendance documentation.</p> <p>As stated in our response in a separate finding, titled 'Ensure performance data reports are complete and accurate,' ODHS will test data and complete data analysis for validation. This process will include the fields where work participation hours are reported.</p> <p>Anticipated Completion Date: December 31, 2022</p> |

State of Oregon  
Schedule of Prior Year Findings

---

|                   |   |
|-------------------|---|
| Finding 2021-011: | <b>Department of Human Services</b><br><b><u>Improve documentation of required income and benefit verifications</u></b><br><b>93.558 Temporary Assistance for Needy Families (TANF)</b><br><b>Special Tests and Provisions</b><br><b>Material Weakness; Material Noncompliance</b>  |
| Initial Year:     | 2021  |
| Recommendation:   | Department management ensure verification of income with IEVS screens is clearly documented in client case files when determining client eligibility. <b>We also recommend</b> management develop policies and procedures directing case workers to document their review of the IEVS screens in ONE, the new case management system.   |
| Status:           | Partial corrective action taken. The agency response is as follows:<br><br>The Oregon Department of Human Services (ODHS) is reviewing and revising the previously submitted Change Request (CR) to implement a system change to capture when staff are using the IEVS screens at eligibility determination. The previous CR has not been prioritized due to the level of effort (LOE). By revising the CR, the LOE will reduce while still meeting the needs of the Department. Until the CR is prioritized, the Department will update the Quick Reference Guide directing staff to document their review of the IEVS screens in ONE. A quarterly ONE system announcement reminding staff to check IEVS at eligibility determination and add a case note will be requested. The ODHS will also conduct training with staff regarding the IEVS requirements.<br><br>Anticipated Completion Date: December 31, 2022 |
| Finding 2021-012: | <b>Oregon Housing and Community Services Department</b><br><b><u>Ensure financial and Federal Funding Accountability and Transparency Act reports are submitted</u></b><br><b>93.568 Low-Income Home Energy Assistance Program (LIHEAP)</b><br><b>Reporting</b><br><b>Material Weakness; Material Noncompliance</b>   |
| Initial Year:     | 2021  |
| Recommendation:   | Department management ensure outstanding financial and FFATA reports are completed and submitted, and allocate sufficient staff resources to ensure compliance with reporting requirements in future fiscal periods.  |
| Status:           | Partial corrective action was taken. The agency response is as follows:   |

**State of Oregon**  
**Schedule of Prior Year Findings**

---

The FFATA was removed from the Compliance Supplement but has been added back as a requirement.

OHCS will reprioritize and assign resources back to FFATA reporting by hiring additional staff and will have the FFATA reporting current.

OHCS has made multiple attempts in working with our federal partner to resolve a system reporting issue, as the federal tax ID is incorrect for our agency.

During this time, the federal reporting platform also transitioned from Grant Solutions to PMS, and staff have struggled to obtain the appropriate access for filing reports for this program.

OCHS will continue to assign resources and further pursue this issue, resolving any access issues and will bring reports current.

Anticipated Completion Date: December 31, 2023

|                   |   |
|-------------------|---|
| Finding 2021-013: | <p><b>Oregon Housing and Community Services Department</b><br/><b><u>Ensure documentation is maintained to support amounts reported and review of reports</u></b><br/><b>93.568 Low-Income Home Energy Assistance Program (LIHEAP)</b><br/><b>Reporting</b><br/><b>Significant Deficiency; Noncompliance</b></p>  |
| Initial Year:     | 2021  |
| Recommendation:   | Department management ensure adequate controls are in place to ensure documentation is maintained to support amounts reported and reports are reviewed prior to submission.   |
| Status:           | <p>Partial corrective action was taken. The agency response is as follows:</p> <p>Assistant Director has met with the Program Coordinator and reiterated mutual expectations regarding reporting requirements to include:</p> <ul style="list-style-type: none"><li>• Required reports will be submitted to Assistant Director along with supporting documentation prior to report submission.</li><li>• Assistant Director will review reports and documentation timely and provide feedback via email</li></ul> |

**State of Oregon**  
**Schedule of Prior Year Findings**

---

- Program Coordinator will organize and maintain all support documentation relative to submitted reports.
- Federal reporting deadlines have been added to both the Assistant Director and Program Coordinator calendars.

Anticipated Completion Date: December 31, 2023

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

**93.568 Low-Income Home Energy Assistance Program (LIHEAP)**

**Earmarking**

**Significant Deficiency**

Initial Year: 2021

Recommendation: Department management establish controls to ensure system reports are processed timely to allow for preparation of the GMR reports.

Status: Corrective action taken.

Finding 2021-015: **Department of Human Services**  
**Implement review to ensure accurate behavior rehabilitation service rates are used**

**93.658 Foster Care – Title IV-E**

**Allowable Costs/Cost Principles**

**Significant Deficiency, Noncompliance**

**Questioned Costs: \$20,793 (known)**

Initial Year: 2021

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

Status: Corrective action taken.

State of Oregon  
Schedule of Prior Year Findings

---

|                   |   |
|-------------------|---|
| Finding 2021-016: | <p><b>Department of Human Services</b><br/><b><u>Timely review foster care maintenance payment rates for continuing appropriateness</u></b><br/><b>93.658 Foster Care – Title IV-E</b><br/><b>Special Tests and Provisions</b><br/><b>Significant Deficiency</b></p>  |
| Initial Year:     | 2021  |
| Recommendation:   | Department management ensure reviews of maintenance payment rates for continuing appropriateness are conducted timely and in compliance with department rules.  |
| Status:           | <p>Partial corrective action was taken. The agency response is as follows:</p> <p>The Foster Care and Youth Transitions Program has been notified of the finding and is in the process of determining how to integrate a consistent two-year review with their current plan for managing foster care rates. We anticipate having a procedure to report in the next several weeks.</p> <p>Anticipated Completion Date: September 30, 2022</p>            |
| Finding 2021-017: | <p><b>Department of Human Services</b><br/><b><u>Improve controls and compliance over hospitals and long-term care facility audits</u></b><br/><b>93.777, 93.778 Medicaid Cluster</b><br/><b>Special Tests and Provisions</b><br/><b>Significant Deficiency; Noncompliance</b></p>  |
| Initial Year:     | 2021  |
| Recommendation:   | Department management strengthen controls to ensure the long-term care facility’s administrator compensation does not exceed the prorated maximum compensation limit for administrators who average less than 40 hours a week. <b>We also recommend</b> authority management strengthen controls to ensure evidence of review is maintained and readily available.  |
| Status:           | <p>Partial corrective action was taken. The agency response is as follows:</p> <p>For the long-term care facility financial statement review audit deficiency findings, the ongoing corrective action plan is being implemented. The department is adding administrator hourly audit to the long-term care facility desk audit procedure. Additionally, the department will ensure to the requested documentation is placed in a designated folder.</p> |

**State of Oregon**  
**Schedule of Prior Year Findings**

---

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

Anticipated Completion Date: October 30, 2022

Finding 2021-018: **Department of Human Services**  
**Implement review procedures to ensure accuracy of manual cost allocation calculations**  
**93.777, 93.778 Medicaid Cluster**  
**Allowable Costs/Cost Principles**  
**Significant Deficiency; Noncompliance**  
**Questioned Costs: \$180,643 (known)**

Initial Year: 2021

Recommendation: Department management implement review processes and procedures to ensure manual calculations are complete and accurate.

Status: Corrective action taken

Finding 2021-019: **Department of Human Services/Oregon Health Authority**  
**Strengthen review over costs charged to the program**  
**93.777, 93.778 Medicaid Cluster**  
**Activities Allowed or Unallowed**  
**Significant Deficiency; Noncompliance**  
**Questioned Costs: \$72,716 (known)**

Initial Year: 2021

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

Status: Corrective action taken.

State of Oregon  
Schedule of Prior Year Findings

---

|                   |   |
|-------------------|---|
| Finding 2021-020: | <b>Department of Human Services/Oregon Health Authority</b><br><b><u>Improve documentation for provider eligibility determinations and revalidations</u></b><br><b>93.777, 93.778 Medicaid Cluster</b><br><b>Special Tests and Provisions</b><br><b>Significant Deficiency; Noncompliance</b> |
| Initial Year:     | 2020  |
| Recommendation:   | Department and authority management strengthen controls to ensure documentation supporting a provider’s eligibility determination and revalidation is retained and is complete.   |
| Status:           | Corrective action taken.  |
| Finding 2021-021: | <b>Oregon Health Authority</b><br><b><u>Ensure medical loss ratio reports are complete</u></b><br><b>93.777, 93.778 Medicaid Cluster</b><br><b>Special Tests and Provisions</b><br><b>Significant Deficiency; Noncompliance</b>   |
| Initial Year:     | 2021  |
| Recommendation:   | Authority management strengthen internal controls to ensure each MLR report contains all required information.  |
| Status:           | Corrective action taken.  |
| Finding 2021-022: | <b>Oregon Health Authority</b><br><b><u>OHA should improve financial reporting accuracy</u></b><br><b>93.323 Epidemiology and Laboratory Capacity</b><br><b>Reporting</b><br><b>Material Weakness; Noncompliance</b>  |
| Initial Year:     | 2021  |
| Recommendation:   | Department management develop and implement procedures to help ensure the accuracy of amounts reported in the monthly financial reports. Additionally, we recommend department management work with the CDC to revise and resubmit the inaccurate reports.                                    |
| Status:           | Corrective action taken.  |

State of Oregon  
Schedule of Prior Year Findings

---

Finding 2021-023: **Oregon Health Authority**  
**Strengthen review over costs charged to the program**  
**93.767 Children’s Health Insurance Program (CHIP), Non-Major Program**  
**Allowable Costs/Cost Principles; Matching**  
**Significant Deficiency; Noncompliance**  
**Questioned Costs: \$77,214 (known)**

Initial Year: 2020

Recommendation: The authority return the questioned costs to the Department of Health and Human Services.

Status: Corrective action taken.

Finding 2021-024: **Department of Education**  
**Implement controls to ensure accuracy of federal reporting**  
**84.425D Education Stabilization Fund (ESF)**  
**Reporting**  
**Material Weakness; Noncompliance**

Initial Year: 2021

Recommendation: Department develop a process to ensure that accurate expenditure data is submitted to the federal government for federal reporting.

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

ODE is developing documentation of the tools and processes used to report annual Education Stabilization Fund data collections. The process has been updated to define expenses as a paid reimbursement. Updated documentation will be available in August 2022, after the completion of the reporting period.

Finding 2021-025: **Department of Education**  
**Improve subaward reporting under the Federal Funding Accountability and Transparency Act**  
**84.010 Title I Grants to Local Educational Agencies**  
**84.425D Education Stabilization Fund (ESF)**  
**Reporting**  
**Significant Deficiency; Noncompliance**

Initial Year: 2021

Recommendation: Department management implement controls to ensure the monthly FFATA reports are independently reviewed to ensure accurate and complete reporting



**State of Oregon**  
**Schedule of Prior Year Findings**

---

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

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

ODE has processed corrective entries for the nine subawards identified in the testing. ODE's written Federal Funding Accountability and Transparency Act (FFATA) reporting procedures were reviewed and updated to include processes to maintain documentation of all communications with the FFATA system helpdesk regarding data load issues, and to require a monthly review of FFATA reporting by a senior accountant.

Validation of prior reported data is continuing and any missing subgrants will be uploaded to FSRS.

Anticipated Completion Date: June 30, 2023

Finding 2021-026: **Department of Education**  
**Implement documented methodology and review controls over State Level of Effort**  
**84.027, 84.173 Special Education Cluster (IDEA)**  
**Level of Effort**  
**Significant Deficiency**

Initial Year: 2021

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

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

ODE has contracted with a national technical assistance provider to inform and guide the development of a risk assessment program to assist in collecting and monitoring level of effort. Also, ODE is receiving guidance from the Center for IDEA Fiscal Reporting in order to develop a better system to address this issue. The model has been reviewed with the technical assistance providers; processes that needed to be addressed have been identified; and meetings are planned for July through September for the development of tools.

**State of Oregon**  
**Schedule of Prior Year Findings**

---

|                   |   |
|-------------------|---|
| Finding 2021-027: | <b>Department of Human Services</b><br><b><u>Improve controls over EBT card security</u></b><br><b>10.551, 10.561 Supplemental Nutrition Assistance Program (SNAP) Cluster</b><br><b>Special Tests and Provisions</b><br><b>Significant Deficiency, Noncompliance</b>   |
| Initial Year:     | 2021  |
| Recommendation:   | Department management implement a consistent process to verify branch offices are conducting required inventory and accurately completing inventory control logs.   |
| Status:           | <p>Partial corrective action was taken. The agency response is as follows:</p> <p>The department agrees with the findings of the audit regarding non-compliance with EBT inventory control processes in 3 of the 17 field offices included in the review. The department will implement a statewide management strategy to monitor and verify compliance with required EBT card security and inventory control log requirements.</p> <p>The department will use quarterly meetings for local offices to provide updates to executive leadership on district compliance or progress towards meeting reporting and verification requirements. The department will require each district to provide verification of compliance at least annually. The department will develop and use a tracking tool to monitor compliance by district and branch. The department will request verification sufficient to prove compliance with EBT card security and controls.</p> <p>The department's executive leadership will support communicating policy and process guidance in leadership meetings where the following leaders are present: Program Manager, District Manager, Administrative Support Specialist and Business Expert meetings. The department will confirm that each district has sufficient protocols and assist with developing contingency planning to ensure EBT inventory compliance during staff absences or shortages.</p> |

**State of Oregon**  
**Schedule of Prior Year Findings**

---

|                   |  |
|-------------------|--|
| Finding 2021-028: | <p><b>Oregon Military Department</b><br/><b><u>Strengthen controls to ensure expenditures are not obligated beyond the period of performance</u></b><br/><b>12.401 National Guard Military Operations and Maintenance Projects</b><br/><b>Period of Performance</b><br/><b>Significant Deficiency; Noncompliance</b><br/><b>Questioned Costs: \$150,544, Known</b></p>   |
| Initial Year:     | 2020   |
| Recommendation:   | Department management implement controls to ensure payroll expenditures are recorded in the correct federal grant year.  |
| Status:           | <p>Partial corrective action was taken.</p> <p>OMD, on November 1st of each year, will deactivate or modify payroll “short codes” associated with the previous Federal Fiscal Year. This will allow for final payroll costs to be applied during September Payroll Run 2 which occurs in mid-October each fiscal year.</p> <p>When capturing monthly payroll costs to be applied to an SF-270, OMD accounting staff within the Financial Administration Division will include all open Fiscal Years within their payroll queries. Payroll costs should only be seen in the current Fiscal Year, so including all open fiscal years will allow erroneous costs to be identified and moved to the correct fiscal year prior to a SF-270 being created.</p> <p>During their follow-up engagement, Secretary of State identified expenditures which were applied to the wrong fiscal year, and that OMD Accounting staff had not already identified. Due to this OMD is changing the Status for this finding to Partial Corrective Action was taken.</p> |
| Finding 2021-029: | <p><b>Oregon Military Department</b><br/><b><u>Strengthen controls to ensure level of federal support for expenditures is accurately recorded</u></b><br/><b>12.401 National Guard Military Operations and Maintenance Projects</b><br/><b>Matching</b><br/><b>Significant Deficiency; Noncompliance</b><br/><b>Questioned Costs: \$1,180 (known); \$509,544 (likely)</b></p>  |
| Initial Year:     | 2020   |
| Recommendation:   | Department management establish controls to ensure the level of federal support for expenditures is accurately recorded.   |

**State of Oregon**  
**Schedule of Prior Year Findings**

---

Status: Corrective action taken.

Finding 2021-030: **Oregon Military Department**  
**Strengthen controls to ensure changes in expenditures requested for reimbursement are sufficiently documented and tracked**  
**12.401 National Guard Military Operations and Maintenance Projects Reporting**  
**Significant Deficiency**

Initial Year: 2020

Recommendation: Department management establish controls and procedures to sufficiently document and track changes in expenditures requested for reimbursement on SF-270 reports.

Status: Corrective action taken.

Finding 2021-031: **Oregon Department of Fish and Wildlife**  
**Perform consistent inventory and monitoring of capital assets, including real property**  
**15.605, 15.611, 15.626 Fish and Wildlife Cluster**  
**Equipment and Real Property Management**  
**Significant Deficiency; Noncompliance**

Initial Year: 2020

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

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

The Department has nearly completed entering historical land records into the recently implemented Asset Management System. Once a full catalog of land holdings are available, regional managers will be tasked with inspecting each parcel to ensure all property is being used in accordance with its originally intended purpose.

Anticipated Completion Date: June 30, 2024

State of Oregon  
Schedule of Prior Year Findings

---

|                   |   |
|-------------------|---|
| Finding 2021-032: | <p><b>Department of Administrative Services</b><br/><b><u>Ensure costs submitted for reimbursement are allowable</u></b><br/><b>21.019 Coronavirus Relief Fund</b><br/><b>Activities Allowed or Unallowed</b><br/><b>Significant Deficiency; Noncompliance</b><br/><b>Questioned Costs: \$3,917,490 (known)</b></p>   |
| Initial Year:     | 2021  |
| Recommendation:   | Program management strengthen its review process to include consideration of all requirements related to the allowability of expenditures and reimburse the federal agency for unallowable costs.   |
| Status:           | Corrective action taken.  |
| Finding 2021-033: | <p><b>Oregon Business Development Department</b><br/><b><u>Strengthen controls to ensure subawards are used for authorized purposes</u></b><br/><b>21.019 Coronavirus Relief Fund</b><br/><b>Allowable Costs/Cost Principles; Subrecipient Monitoring</b><br/><b>Significant Deficiency; Noncompliance</b><br/><b>Questioned Costs: \$24,573 (known); \$61,782 (likely)</b></p>   |
| Initial Year:     | 2021  |
| Recommendation:   | Department management strengthen controls to ensure subawards are used for authorized purposes. <b>We also recommend</b> department management reimburse the federal agency for unallowable costs.  |
| Status:           | <p>Partial corrective action was taken. The agency response is as follows:</p> <p>Some of the actions already taken by the agency as we received additional emergency assistance funding, specifically for Commercial Rent Relief (CRF) and Live Venues Support (ARPA), included:</p> <ul style="list-style-type: none"><li>• Requested and secured administrative funding for new programs so appropriate staff could be added to support both the initial deployment of funds, and associated monitoring</li><li>• Requested and secured a more reasonable time lime to deploy new program funding to better establish processes for developing program guidelines, processes, and documentation standards</li><li>• OBDD directly administered Round 5 of the COVID-19 Emergency Small Business Assistance funds, Commercial Rent Relief funds, and Live</li></ul> |

**State of Oregon**  
**Schedule of Prior Year Findings**

---

Venue funds, as we recognized many sub-recipients do not have the same capacity or resources of a state agency

- Delayed distribution of funds until United States Treasury guidance was final (ARPA funded Live Venues program)
- Made investments in form assembly and other technology resources to improve application completeness, and application accuracy, that resulted in streamlining the application review, documentation review, and contracting of awards
- Created new program development and implementation checklists

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

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

OBDD repaid a total of \$5,282 of questioned costs to DAS on July 31, 2022, reports were received from subrecipients documenting costs were eligible for the remaining \$19,291 of questioned costs.

Finding 2021-034:

**Oregon Health Authority**  
**Strengthen controls to ensure appropriate subrecipient monitoring is performed timely**  
**21.019 Coronavirus Relief Fund**  
**Allowable Costs/Cost Principles; Subrecipient Monitoring**  
**Significant Deficiency; Noncompliance**  
**Questioned Costs: \$372,002 (known); \$4,222,558 (likely)**

Initial Year:

2021

Recommendation:

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

Status:

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

**State of Oregon**  
**Schedule of Prior Year Findings**

---

Health Systems Division (HSD) – Behavioral Health Response:

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

HSD – Behavioral Health Response:

- As of the writing of this response, OHA has received final expenditure reports and recovered \$99,613 in unspent funds from one entity. Since completion of the audit, HSD – Behavioral health, has also confirmed through expenditure reports that the other two entities expended all their funding appropriately.
- Behavioral health is working statewide to ensure that all county-based CRF reports are submitted, and any unspent funds will be returned to OHA by August 1, 2022. Additionally, OHA will ensure that any unspent funds will be returned to the US Department of Treasury promptly.
- There was out-reach made to providers by HSD in April 2022 as it related to CRF funds. We will extend final outreach August 15, 2022, with a request for all funds to be returned to OHA by September 15, 2022.

Public Health Division (PHD) Response:

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

State of Oregon  
Schedule of Prior Year Findings

---

|                   |  |
|-------------------|--|
| Finding 2021-035: | <b>Oregon Health Authority</b><br><b><u>Strengthen controls to ensure subaward information is accurately communicated and subrecipient risk is assessed</u></b><br><b>21.019 Coronavirus Relief Fund</b><br><b>Subrecipient Monitoring</b><br><b>Significant Deficiency; Noncompliance</b>                               |
| Initial Year:     | 2021   |
| Recommendation:   | Management strengthen internal controls to ensure subaward information is accurately communicated to all subrecipients. <b>We also recommend</b> management ensure a risk assessment is completed for each subrecipient.   |
| Status:           | Corrective action was taken.   |
| Finding 2021-036: | <b>Oregon Housing and Community Services</b><br><b><u>Strengthen controls to ensure subaward information is communicated</u></b><br><b>21.019 Coronavirus Relief Fund</b><br><b>Significant Deficiency; Noncompliance</b>  |
| Initial Year:     | 2021   |
| Recommendation:   | Department management strengthen its existing controls over communications to subrecipients to ensure all required information is communicated.  |
| Status:           | Corrective action taken.   |
| Finding 2021-037: | <b>Oregon Housing and Community Services</b><br><b><u>Discontinue federal subawards to noncompliant subrecipients</u></b><br><b>21.019 Coronavirus Relief Fund</b><br><b>Subrecipient Monitoring</b><br><b>Noncompliance</b><br><b>Questioned Costs: \$4,426 (known); \$415,997 (likely)</b>                             |
| Initial Year:     | 2021   |
| Recommendation:   | Department management continue working with the Oregon legislature to find alternate entities to serve migrant workers, consider non-federal funds for service delivery until the identified subrecipient is compliant with program and monitoring requirements, and reimburse the federal agency for unallowable costs. |
| Status:           | Corrective action taken.   |



State of Oregon  
Schedule of Prior Year Findings

---

|                   |   |
|-------------------|---|
| Finding 2020-013: | <p><b>Department of Human Services</b><br/><b><u>Ensure performance data reports are complete and accurate</u></b><br/><b>Temporary Assistance for Needy Families (TANF) (93.558)</b><br/><b>Reporting</b><br/><b>Material Weakness, Material Noncompliance</b></p>   |
| Initial Year:     | 2018  |
| Recommendation:   | 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.   |
| Status:           | <p>Partial corrective action taken. The agency response is as follows:</p> <p>The Oregon Department of Human Services (ODHS) will develop a workgroup consisting of policy analysts, business analysts, OIS (Legacy) staff, and contracted Deloitte staff to complete a comprehensive analysis of the ONE system report requirements, code, and federal instructions. The comprehensive analysis will identify areas within both the 199 and 209 where requirement and/or code are not in sync with the federal instructions. The workgroup will then conduct work to bring all three areas into sync to ensure the ONE system is producing accurate and complete federal reports 199 and 209. Through this process the workgroup will test data and complete data analysis for validation. The Department is exploring ways to validate data at quarterly submissions. Once a solution is identified, a procedure will be implemented.</p> <p>Anticipated Completion Date: December 31, 2022</p> |
| Finding 2020-014: | <p><b>Department of Human Services</b><br/><b><u>Ensure work participation rate calculation uses verified and accurate data</u></b><br/><b>Temporary Assistance for Needy Families (TANF) (93.558)</b><br/><b>Special Tests and Provisions</b><br/><b>Material Weakness, Material Noncompliance</b></p>   |
| Initial Year:     | 2019  |
| Recommendation:   | TANF program management ensure the work participation rate is calculated appropriately using verified and accurate participation data in adherence with the department's Work Verification Plan. We recommend program   |

**State of Oregon**  
**Schedule of Prior Year Findings**

---

management review their system of controls and identify where improvements are needed to ensure compliance with the work verification plan.

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

The Engagement Specialist (ES) focus group began in May 2021. Work began by creating a charter and identifying scope of work. Focus group was strategically paused through October 2021. The scope of the focus group shifted priorities to include the following: review information for ES positions, the skills, knowledge, and attributes for the position, ensuring alignment of the engagement model and completing a workload study. Work was not completed to identify the specific trainings needed to allow ES' to serve as subject matter experts and provide support to Family Coaches and Case Aides. Policy will conduct follow up by completing focus groups with Engagement Specialist and provide resources so they can serve as subject matter experts at the local level for both Family Coaches and Case Aides.

A checklist for contractors who are responsible for obtaining and entering JOBS attendance was created and technical assistance was provided on December 17, 2021.

Anticipated Completion Date: December 31, 2022

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

**Temporary Assistance for Needy Families (TANF) (93.558)**

**Activities Allowed or Unallowed;**

**Allowable Costs/Cost Principles; Eligibility**

**Material Weakness, Material Noncompliance**

**Questioned Costs: \$4,295 (known)**

Initial Year: 2019

**Recommendation:** 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.

**Status:** Corrective action taken.

State of Oregon  
Schedule of Prior Year Findings

---

|                   |   |
|-------------------|---|
| Finding 2020-017: | <p><b>Department of Human Services</b><br/><b><u>Subrecipient monitoring controls should be strengthened to include review of financial records</u></b><br/><b>Special Programs for the Aging – Title III, Part B (93.044)</b><br/><b>Special Programs for the Aging – Title III, Part C (93.045)</b><br/><b>Nutrition Services Incentive Program (93.053)</b><br/><b>Subrecipient Monitoring</b><br/><b>Significant Deficiency, Noncompliance</b></p>  |
| Initial Year:     | 2020  |
| Recommendation:   | Department management strengthen existing controls by implementing procedures that include review of financial records supporting expenditures submitted for reimbursement.   |
| Status:           | Corrective action taken.  |
| Finding 2020-018: | <p><b>Department of Human Services/Oregon Health Authority</b><br/><b><u>Improve documentation and controls over client eligibility</u></b><br/><b>Medicaid Cluster (93.777, 93.778)</b><br/><b>Eligibility</b><br/><b>Significant Deficiency, Noncompliance</b><br/><b>Questioned Costs: \$16,500 (known)</b></p>  |
| Initial Year:     | 2017  |
| Recommendation:   | Department and authority management strengthen controls to perform timely eligibility redeterminations and provide periodic training to caseworkers to reduce the risk of administrative errors. <b>We also recommend</b> management implement corrections in the ONE system to address the weaknesses identified in verifying income. Management should also review the entire duration of the claim identified to determine if there are additional questioned costs from previous years. Additionally, management should reimburse the federal agency for unallowable costs. |
| Status:           | Corrective action taken.  |

State of Oregon  
Schedule of Prior Year Findings

---

|                   |  |
|-------------------|--|
| Finding 2020-021: | <p><b>Oregon Health Authority</b><br/><b><u>Strengthen review over costs charged to the program</u></b><br/><b>Children’s Health Insurance Program (CHIP) (93.767)</b><br/><b>Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching</b><br/><b>Significant Deficiency, Noncompliance</b><br/><b>Questioned Costs: \$342,566 (known)</b></p>   |
| Initial Year:     | 2020   |
| Recommendation:   | Authority management strengthen controls over review to ensure transactions are adequately supported and the federal financial participation rate is correctly applied. Additionally, we recommend the authority reimburse the federal agency for unallowable costs.   |
| Status:           | Corrective action taken.   |
| Finding 2020-022: | <p><b>Oregon Health Authority</b><br/><b><u>Improve documentation and controls over client eligibility</u></b><br/><b>Children’s Health Insurance Program (CHIP) (93.767)</b><br/><b>Activities Allowed or Unallowed; Eligibility</b><br/><b>Significant Deficiency, Noncompliance</b><br/><b>Questioned Costs: \$25,429 (known)</b></p>   |
| Initial Year:     | 2020   |
| Recommendation:   | 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. |
| Status:           | Corrective action taken.   |

**State of Oregon**  
**Schedule of Prior Year Findings**

---

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

**State of Oregon**  
**Schedule of Prior Year Findings**

---

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

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

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

All missing provider documents were received and one provider was end dated because they failed to respond by August 31, 2021.

|                   |  |
|-------------------|--|
| Finding 2020-025: | <p><b>Department of Human Services</b><br/><b><u>Improve controls over copay and child care hour calculations and multiple provider copays</u></b><br/><b>Child Care Development Fund Cluster (93.575, 93.596)</b><br/><b>Allowable Costs/Cost Principles</b><br/><b>Significant Deficiency, Noncompliance</b><br/><b>Questioned Costs: \$10,241 (known); \$1,354,980 (likely)</b></p> |
| Initial Year:     | 2017   |
| Recommendation:   | Department management ensure a client’s monthly copay and childcare hours are correctly calculated, and provider addresses are updated timely. In addition, in situations with multiple providers, the department should seek reimbursement from a client when the client copay is not met as the primary  |

**State of Oregon**  
**Schedule of Prior Year Findings**

---

provider did not provide care. **We also recommend** department management reimburse the federal agency for unallowable costs.

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

- 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.
- Child Care Program will provide case findings information to the Office of Payment and Accuracy and Recovery (OPAR) for recoupment purposes.

Finding 2020-027: **Department of Human Services**  
**Investigate fraud referral cases and conduct other fraud detection activities**  
**Child Care Development Fund Cluster (93.575, 93.596)**  
**Special Tests and Provisions**  
**Significant Deficiency, Noncompliance**

Initial Year: 2020

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

Status: Corrective action taken.

State of Oregon  
Schedule of Prior Year Findings

---

|                   |  |
|-------------------|--|
| Finding 2020-028: | <p><b>Department of Education</b><br/><b><u>Improve controls to ensure expenditures are liquidated by federally mandated date</u></b><br/><b>Child Care Development Fund Cluster (93.575, 93.596)</b><br/><b>Period of Performance</b><br/><b>Significant Deficiency, Noncompliance</b><br/><b>Questioned Costs: \$1,452,166 (known)</b></p>   |
| Initial Year:     | 2020   |
| Recommendation:   | Department management review and revise how it relies on the accounting system coding to ensure payments are liquidated by federally mandated dates. <b>We also recommend</b> department management reimburse the 2018 grant award.  |
| Status:           | Corrective action taken.   |
| Finding 2020-029: | <p><b>Department of Education</b><br/><b><u>Improve controls over expenditures</u></b><br/><b>Child Care Development Fund Cluster (93.575, 93.596)</b><br/><b>Allowable Costs/Cost Principles</b><br/><b>Significant Deficiency, Noncompliance</b><br/><b>Questioned Costs: \$40,282 (known); \$688,610 (likely)</b></p>   |
| Initial Year:     | 2020   |
| Recommendation:   | Department management improve its review of timesheets, ensure position descriptions are completed and retained, and strengthen its review of data entry. <b>We also recommend</b> department management reimburse the federal agency for unallowable costs.   |
| Status:           | Partial corrective action was taken. The agency response is as follows:<br><br>ODE has implemented Workday for storage of signed position descriptions. Human Resources has provided additional training and communication to managers to reinforce the requirement for managers to electronically approve all timesheets, and any exceptions require a manually signed form to be maintained in a central directory for documentation. The Early Learning Division (ELD) human resources team is continuing to work with the budget team to document a procedure for reviewing position descriptions to ensure alignment of duties and cost allocations of federal funds for all ELD employees. |



State of Oregon  
Schedule of Prior Year Findings

---

|                   |  |
|-------------------|--|
| Finding 2020-030: | <p><b>Oregon Military Department</b><br/><b><u>Strengthen controls to ensure financial reports are accurate and adequately supported by accounting records</u></b><br/><b>National Guard Military Operations and Maintenance Projects (12.401)</b><br/><b>Reporting</b><br/><b>Material Weakness, Noncompliance</b></p>  |
| Initial Year:     | 2019   |
| Recommendation:   | Department management ensure corrections are made in the accounting records as errors are identified and consider implementing the use of additional data fields within the accounting system to promote accurate federal reporting. Finally, we recommend the department separately account for non-federal expenditures by federal award.  |
| Status:           | Corrective action taken.   |
| Finding 2020-033: | <p><b>Oregon Department of Emergency Management</b><br/><b><u>Fully implement subrecipient risk assessments</u></b><br/><b>Disaster Grants – Public Assistance (Presidentially Declared) (97.036)</b><br/><b>Subrecipient Monitoring</b><br/><b>Significant Deficiency, Noncompliance</b></p>  |
| Initial Year:     | 2020   |
| Recommendation:   | Department management continue to implement and document its risk assessments process for each subrecipient.   |
| Status:           | Partial corrective action was taken. The agency response is as follows: <ul style="list-style-type: none"><li>• Management within the Oregon Department of Emergency Management have assigned Grant Accountants to review/document all open awards from last year along with all new awards obligated this year. On or before October 1, 2022, risk assessments will be sent to all new, ongoing, and any awards without a risk assessment on file for completion and return by December 1, 2022. ODEM has identified a single internal POC to track and coordinate all outgoing and incoming assessments and to track missing requests for follow-up. Ongoing accountant turnover has delayed final development of the policies and procedures, but we are hoping to have in place by 31 January 2023 for the upcoming calendar year.</li></ul> |

**State of Oregon**  
**Schedule of Prior Year Findings**

---

- For future Prior Year Audit Findings reports, this finding should be associated with the Oregon Department of Emergency Management (ODEM). ODEM became an independent state agency effective July 1, 2022 as required by HB2927 (2021 Session). OMD would recommend that DAS and Secretary of State confirm corrective action finalization with ODEM senior management.

Finding 2020-034: **Oregon Department of Emergency Management**  
**Improve accuracy of quarterly performance reporting**  
**Disaster Grants – Public Assistance (Presidentially Declared) (97.036)**  
**Reporting**  
**Significant Deficiency, Noncompliance**

Initial Year: 2020

Recommendation: Department management improve existing controls to ensure quarterly performance reports are complete and accurate prior to report submission.

Status: Corrective action was taken.

Finding 2020-038: **Department of Human Services**  
**Strengthen controls over program expenditures**  
**Rehabilitation Services – Vocational Rehabilitation**  
**Grants to States (84.126)**  
**Activities Allowed or Unallowed; Allowable Costs/Cost Principles**  
**Significant Deficiency**

Initial Year: 2020

Recommendation: 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.

Status: Corrective action taken.

State of Oregon  
Schedule of Prior Year Findings

---

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

Initial Year: 2020

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

Status: 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 2022 are included here for informational purposes as subjects may relate to federal programs administered in Oregon.

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

REPORT DATE: December 2021

RESULTS IN BRIEF: The purpose of this audit was to determine if the Oregon Health Authority (OHA) was appropriately processing claims for ancillary services when Medicaid clients are in an extended, inpatient hospital stay. According to the federal Office of Management and Budget, the Medicaid program is at risk of issuing significant improper payments. In 2020, the Centers for Medicare and Medicaid Services (CMS) estimated the national improper payment rate for Medicaid was 21%, which represents about \$86 billion. Improper payments are not necessarily indicative of fraud. These are payments that did not meet statutory, regulatory, administrative, or other legal requirements. Overpayments, underpayments, fraud, waste, and abuse are all considered improper payments. The federal government estimates health care expenditures will increase by 30% from 2019 to 2024. OHA estimates the cost of health care in Oregon is projected to grow faster than the state's economy. Due to the size and dollar amounts that flow into this program, it is important the state take steps to reduce improper payments.

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

We found OHA lacks timely notification of inpatient hospital stays, which results in some claims being paid when services were not provided because the Medicaid client was in the hospital. Our testing identified \$52,344 in improper payments made to providers who billed for services that were likely not provided while Medicaid clients were in the hospital. We also identified approximately \$1.6 million in other claims that are at high risk of being improper.

#### What We Found

1. OHA lacks timely notification of inpatient hospital stays. This results in some claims being paid when services were not provided because the Medicaid client was in the hospital.
2. Our testing of 25 hospital inpatient stays identified \$52,344 in improper payments made to providers not associated with the hospital who likely did not provide services. Approximately \$1.6 million in additional payments were identified as high risk of being deemed improper. The testing focused on three areas generally not allowed during a hospital stay: in-home services, non-emergency medical transportation (NEMT), and private duty nursing.

## Appendix A

---

- a. In-home services are provided to clients with disabilities and are intended to keep clients in their home and out of facilities. Our testing found \$49,875 in improper payments, representing 42 claims. We estimate approximately \$1.3 million in other in-home service claims that are at high risk of being improper.
- b. Our testing found \$1,644 in improper payments across 73 NEMT claims. We estimate \$211,507 in other NEMT claims that are at a high risk of being improper.
- c. Our testing found \$825 in improper payments over three private duty nursing claims. We estimate \$5,982 in other private duty nursing claims that are at a high risk of being improper.

### What We Recommend

In order to comply with Medicaid program requirements, we recommend OHA:

1. Reimburse the federal government for the federal portion of the identified improper payment amount.

In order to reduce the risk of improper payments, we recommend OHA:

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

**REPORT TITLE AND NUMBER: Oregon Can Do More to Mitigate the Alarming Risk of Domestic Terrorism and Violent Extremist Attacks; Report 2022-12**

REPORT DATE: March 2022

**RESULTS IN BRIEF:** This advisory report suggests actions the Legislature, Oregon Department of Justice (DOJ), and Oregon State Police (OSP) can take to mitigate the risks posed by domestic, violent extremism statewide.

Over the past decade, Oregon witnessed the sixth-highest number of domestic violent extremism incidents in the nation. That alarming trend manifest itself dramatically in 2020 both nationally and within Oregon, culminating in violent attacks on the State Capitol Building on December 21, 2020 (see photo on the cover page), and the U.S. Capitol Building on January 6, 2021.

For this advisory report, the Oregon Audits Division reviewed data and information from research and interviews pertaining to domestic violent extremism and threat management to identify gaps in Oregon's statutes, rules, and practices. Addressing these gaps could help the state mitigate the risk of future domestic violent extremism incidents. We focused on five areas of review: state governance, insider threat, critical infrastructure, Urban Area Securities Initiative grants, and public awareness.

The impact of domestic terrorism and violent extremism extends to all Oregonians and can affect communities and individuals alike. The trauma caused by these incidents can have lasting effects and may have a greater impact on communities already suffering from the COVID-19 pandemic, economic loss, or racial bias in the case of racially or ethnically motivated extremism. Depending on the nature of the incident, the continued trauma may impede the ability of individuals and communities to enjoy their economic, social, and cultural rights.

### Key issues and suggested actions

Lessons learned during 2020, a year unprecedented by the number of domestic violent extremist incidents in Oregon and nationwide, can help improve risk mitigation, interagency planning, and accountability — all areas that need strengthening based on our review.

Concerning risks related to governance of domestic violent extremism in Oregon:

1. Oregon has experienced one of the highest rates of domestic violent extremism in the country; yet it is one of 16 states that does not have any legislation defining or criminalizing these specific acts. Such legislation may provide the state with mechanisms to mitigate future risk.
2. The Oregon Homeland Security Council is the advisory body for emergency management and situational awareness of domestic violent extremism risks within the state. The council should establish a statewide strategy with specific, measurable outcomes for countering violent extremism risks and activities. In the absence of such a strategy and guidance, state oversight agencies lack consistent and connected plans and outcome goals increasing the risk of gaps or redundancies in the state approach for monitoring and addressing violent extremism risks.
3. The jurisdiction of law enforcement agencies often overlaps when working to mitigate or respond to domestic violent extremism. In addition to potential inefficiencies, this situation can

result in confusion and miscommunication. The state can better position itself to meet this threat by formalizing these relationships.

4. State critical infrastructure continues to be a high-risk target. While the state has worked toward mitigating that risk, its infrastructure protection plan could be revised to consider the evolving threat of domestic violent extremism.
5. Oregon currently receives federal funding through the Urban Area Security Initiative to improve efforts to mitigate domestic violent extremism risk. The state should continue to identify and leverage federal funding opportunities for programs to counter violent extremism and encourage local entities to do the same when applicable.

Concerning state agency and law enforcement training on domestic violent extremism:

6. Identifying individuals on the pathway to violence is critical to threat management. Current law enforcement and state employee training is limited. Increased opportunities for training statewide may increase effectiveness in identifying potential threats.

Concerning public awareness of the ongoing risks of risk of domestic violent extremism:

7. The lack of publicly available information regarding domestic violent extremist plots and threats compounds the difficulty for policymakers to understand the nature and extent of the threat. The state should create a system for public transparency of this information where release does not violate the privacy of any individual or cause harm to state security.
8. The proliferation of extremist ideologies is protected by the first amendment of the U.S. Constitution. The state cannot stifle those activities unless they result in violence. However, the state can work to increase public awareness on the risks of violent extremism and the methods used by extremist groups to target and recruit individuals online.

### Suggested Actions

As this is an advisory report and not an audit, we are not making recommendations that require an agency response. However, we suggest the following actions to help reduce the risk domestic violent extremism poses in Oregon. Some of these actions would likely require additional resources.

To enhance the state's ability to mitigate the risk of domestic violent extremism and protect the residents of Oregon, DOJ and OSP could: Document and implement code review processes to ensure that only approved changes are made during application development.

- work with the Legislature to enact statute and rules defining and criminalizing domestic terrorism and domestic violent extremism;
- collaborate with the Oregon Homeland Security Council to:
  - establish a statewide strategy with specific, measurable outcomes for countering violent extremism;
  - establish dedicated plans to mitigate the risk of insider threat; and
  - revise the Oregon Infrastructure Protection Plan to consider the evolving threat of domestic violent extremism.

## Appendix A

---

- develop and implement processes to track progress, measure effectiveness, and report on efforts to counter violent extremism activities;
- create an external reporting system of domestic violent extremism plots and incidents where release of such information does not violate the privacy of any individual or cause harm to state security; and
- formalize interagency and interjurisdictional working agreements to better facilitate the long-term success of organizations to meet future threats.

To enhance the ability of communities statewide to identify and mitigate the risk of local domestic violent extremism:

- OSP and DOJ can collaborate with the Department of Administrative Services to increase employee training opportunities statewide, including:
  - law enforcement training could be expanded to increase awareness of domestic violent extremism indicators at state and local levels; and
  - recurring training for other state employees on the risk, indicators, and how to report potential insider threat could further reduce statewide risk.
- OSP can work with state and local partners to increase public awareness of the nature and extent of the risk of violent extremism and the methods used by extremist groups to target and recruit individuals online; and
- DOJ, OEM, and other state agencies should continue to identify and leverage federal funding opportunities for funding programs to counter violent extremism and encourage local entities to do the same when applicable.



REPORT TITLE AND NUMBER: **Some Constraints Still Remain in Oregon's Prescription Drug Monitoring Program; Report 2022-17**

REPORT DATE: June 2022

RESULTS IN BRIEF: The purpose of this report is to follow up on the recommendations we made to the Oregon Health Authority (OHA) as included in audit report 2018-40, "Constraints on Oregon's Prescription Drug Monitoring Program (PDMP) Limit the State's Ability to Help Address Opioid Misuse and Abuse." The audit, which looked at ways Oregon could better leverage its PDMP to help with the opioid epidemic, received the National State Auditor Association's Excellence in Accountability Award for 2020 because of its innovative approach and compelling findings and recommendations addressing this critical public health issue.

Conclusion: The misuse and abuse of opioids and risk of overdose remain a health threat nationally and in Oregon. This involves both prescription opioid pain medications and illicit opioids.

Oregon has the highest rate of misuse of prescription opioids in the nation. Although Oregon is dispensing fewer opioid prescriptions, it is still prescribing at a higher rate than the national average. Additionally, there has been a steady increase in prescription stimulants. Oregon's PDMP is an important tool to help address prescription drug abuse and misuse, and improve health outcomes.

Since the original audit was issued in December 2018, PDMP staff have:

- maintained an ongoing partnership with health licensing boards to help get more required prescribers registered with the PDMP, and the percentage of required prescribers registered has increased to 85% as of mid-2021.
- included specialty information for every applicable registered prescriber in the PDMP and have a process in place to add X-waivered DEA numbers for applicable prescribers.

Further, subsequent legislation allowed for some program changes and PDMP staff have:

- created prescriber report cards and medical director reports to provide comparative analysis of prescribing at an individual and clinic level.
- collected and tracked prescriptions for gabapentin.
- collected diagnosis code as a part of the prescription information reported to the PDMP when provided by prescribers to pharmacists.

Our follow-up work indicates Oregon could do more to promote and enhance the use of PDMP as a tool to help combat drug epidemics. Oregon does not require all prescribers or pharmacists to use the PDMP database prior to writing or dispensing controlled substance prescriptions. Also, other states allow their PDMP to share information proactively with stakeholders to help monitor and address questionable prescription activity and collect some additional prescription information that could be critical in preventing prescription drug abuse.

REPORT TITLE AND NUMBER: **The Pandemic's Effects on Oregonians Exposed Risks and Highlighted the Need to Modernize Oregon's Unemployment Insurance System; Report 2022-21**

REPORT DATE: July 2022

RESULTS IN BRIEF: Unemployment insurance (UI) is a program delivered through a federal-state partnership that began in 1935 with the Social Security Act. The program is funded at both the federal and state level, with administrative funding amounts tied to economic conditions; when unemployment is high, states receive more federal funding. Employers contribute most of the funding through payroll taxes.

States develop and deliver their own unique UI program while following broader federal program requirements. The program is administered in Oregon by the Oregon Employment Department (OED). Each state also determines its own method for calculating weekly benefit amounts and the duration of benefit coverage, with most states, including Oregon, offering up to 26 weeks of compensation. The main purpose of unemployment insurance is twofold: provide temporary, partial wage replacement to eligible unemployed workers, and help stabilize the economy during economic recessions.

The COVID-19 pandemic caused unprecedented increases in unemployment claims across the country. Like many other states, Oregon struggled under this surge in claims and in setting up new, emergency unemployment programs authorized by Congress. OED's antiquated computer systems could not easily handle the many program changes implemented during the pandemic and the agency's phone-based approach, while generally adequate in normal times, could not accommodate the wave of phone calls OED received.

Even before the pandemic, OED struggled with meeting federal timeliness guidelines for making complex claim decisions, through a process called adjudication. Until January 2022, the agency had only met federal timeliness standards for job separation-related adjudications once since 2014. Reasons include inefficient communication procedures and a lack of detailed monitoring of claims that need further action. Additionally, the agency's outdated mainframe IT system includes many anomalies and data entry errors. The system is so antiquated, updating it to add more controls and functionality is difficult and expensive. OED is currently in the process of designing and implementing a new IT system, which is estimated to be completed in the spring of 2024.

State workforce agencies across the country, including OED, were overwhelmed by the surge of pandemic-related UI claims. The agency's inflexible computer systems could not be updated when programs changed, and the phone system could not keep up with the extraordinary increase in calls OED received. The agency also struggled to keep its published resources up to date with the many legislative and UI program changes that occurred.

OED is already taking some steps to improve its communications, data system controls, and guidance, but additional improvements could be made to improve adjudication timeliness, reduce the risk of inconsistent determinations, and examine potential inequities. Establishing an ombuds office could also help claimants navigate complex UI programs.

### What We Found

1. Complex UI claims go through a process called adjudication, in which OED staff gather more information to determine whether a claimant is eligible for benefits. Even before the pandemic, the agency struggled to meet timeliness requirements to process these claims. The pandemic and its resulting surge in claims only exacerbated the problem, causing some to wait months or more than a year to receive benefits.
2. Delays were worsened by several inefficiencies in OED's systems: a lack of formal policies to monitor claims that need additional action; outdated procedures on how to contact involved parties; and online resources that contained conflicting and difficult-to-find information.
3. Auditors found data anomalies in the agency's current IT systems; however, the agency's antiquated and rigid IT systems make it difficult to add additional controls. OED's ongoing IT system modernization should address this, as well as help simplify how the agency communicates with parties involved in UI claims.
4. Oregonians could benefit from an OED ombuds office to advocate for and help individuals navigate the complex UI system.
5. Auditors identified some concerning demographic trends during the pandemic: adjudicated claims for some groups, separated by race or by income, appeared to take longer on average than for others. Though the cause of these trends was not determined, OED should continue to track the data and develop strategies to reduce any disparities found.

### What We Recommend

To improve adjudication timeliness and potential inequities, OED should:

1. Implement formal policies and procedures for oversight of adjudicated and suspended claims and data systems;
  - a. Monitor the suspended claims list and adjudication data reports that identify claim files that have not been reviewed within a set period;
2. Incorporate controls and functionality in the modernized IT system to:
  - a. Reduce data errors, such as illogical dates and manual entry errors;
  - b. Automatically flag claims that have not been reviewed within a set period;
  - c. Allow secure electronic communication methods and use claimants' preferred method of communication;
  - d. Allow individuals to securely upload documents and track the progress of their claim;
  - e. Continue to make communication available in languages other than English;
  - f. Provide accurate guidance, explanations, and tips for filling out claim applications;

## Appendix A

---

3. Explore whether other state workforce agencies use texting to communicate with claimants and consider offering texting as an option for claimants who prefer that contact method;
4. Consolidate UI information into one website with detailed, updated guidance and resources for current and prospective claimants;
5. Establish a central repository for adjudicator guidance and assign a manager or lead worker to regularly update that guidance;
6. Study the creation of an ombuds office to help claimants navigate the complexities of the UI system and address unresolved claim issues, in consultation with the Governor's Office and other states; and
7. Continue gathering and analyzing OED data on inequities to identify and address the causes for any confirmed inequities.

# About the Audit

## Audit Report Team

Teresa Furnish, CISA, Deputy Director  
Sarah Anderson, CPA, Audit Manager  
Amy John, CPA, Audit Manager  
Kelly Olson, CPA, Audit Manager  
Michelle Searfus, CPA, Audit Manager  
Tracey Gates, CPA, Principal Auditor

## Audit Team Leads

Alan Bell, MBA  
Shelly Cardenas, CPA  
Geoff Hill, CPA  
Kari Mott, CPA, MBA  
Michael Yamamoto  
Hannah Creighton  
Kalindi Devi-Dasi, CPA  
Katie Hull  
Janet Lowrey, CPA  
Austin Moore  
Michelle Rock, CPA  
Synthea Russell, CPA

## 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.



Secretary of State  
LaVonne Griffin-Valade



Audits Director  
Kip Memmott

This report is intended to promote the best possible management of public resources.  
Copies may be obtained from:

Oregon Audits Division  
255 Capitol St NE, Suite 180  
Salem OR 97310

(503) 986-2255

[audits.sos@oregon.gov](mailto:audits.sos@oregon.gov)

[sos.oregon.gov/audits](http://sos.oregon.gov/audits)