



2024-25 Audit Plan



Secretary of State
LaVonne Griffin-Valade



Audits Director
Kip Memmott

Letter from the Secretary of State

When I was sworn in as Oregon's 29th Secretary of State, I knew my top priority had to be rebuilding public trust in our agency. My 16 years as a government auditor, including serving on the Association of Local Government Auditors' peer review committee, gave me the tools and experience to make this happen.

2023 was an exceptionally difficult year for the Secretary of State's Office, and nowhere was that more apparent than in our Audits Division. The division has long enjoyed a well-deserved reputation for objectivity and integrity, so it was disappointing to see how the actions of one individual stirred public doubt about the credibility of their work.

But the Secretary of State's Office is no stranger to change, and agency staff are resilient, dedicated professionals. Indeed, I am pleased to report the Audits Division has taken advantage of the opportunity to improve and refine several of its processes and procedures. Two of these improvements are reflected in the 2024-25 Audit Plan.

First, you'll notice each proposed audit clearly states the origin of each planned audit, many of which came from the experience and knowledge of auditors on staff. Other suggestions were generated by the Governor, legislators, and agency directors. However, it is the Secretary of State and division management who ultimately vet audit topics for inclusion in the plan.

Second, the Audits Division has launched an ongoing initiative to carefully document the risk assessment process by which audit projects are selected. Future audits will benefit from some of our longer-term planned efforts, which includes contracting with an independent, third-party consultant to further improve the risk assessment process.

The division has had a highly productive year. The list of audits released thus far include Measure 110's distribution of grants to address substance abuse disorders; how Oregon can better address domestic violence; drawing attention to Extreme Risk Protection Orders; and the massive undertaking that is the Statewide Single Audit of the state government's financial health.

I want to thank Audits Director Kip Memmott for his leadership throughout the year, as well as the Audits Division's dedicated staff. They've endured intense scrutiny — including my own — with grace and dignity. They are the reason I can stand behind the division's good work.



— LaVonne Griffin-Valade, Secretary of State



Audit Plan at a Glance



New Performance and IT Audits [pg. 3](#)

Bureau of Labor and Industries Governance | [Bureau of Labor and Industries](#)
Behavioral Health Crisis Services and Crisis Response | [Oregon Health Authority](#)
Department of Corrections Operations | [Department of Corrections](#)
Emergency Management Time Accounting Practices | [Oregon Department of Emergency Management](#)
High School Graduation and College and Career Readiness Act (Measure 98) | [Department of Education](#)
Measure 110 Program Effectiveness | [Oregon Health Authority](#)
Statewide Contracting Practices | [Multiple agencies](#)
State Data Center Operations and Controls | [Department of Administrative Services, Enterprise Information Services](#)
Cybersecurity Controls | [Oregon Judicial Department](#)

Financial Audits [pg. 7](#)

Statewide Single Audit, financial and federal
Financial statement audits

Updates on Audits From the 2023-24 Plan [pg. 8](#)

About the Plan and Our Risk Assessment [pg. 10](#)

New Performance and IT Audits

The Audits Division selects new performance audits through a team-centric, independent risk assessment process ([see pg. 15](#)). Part of this process involves considering feedback from a wide range of stakeholders, including the Governor's Office, agency directors, and members of the Legislature. It is ultimately the decision of division management which audits are selected for inclusion in the annual audit plan.

Bureau of Labor and Industries Governance

Bureau of Labor and Industries

The mission of the Bureau of Labor and Industries (BOLI) is to protect employment rights, advance employment opportunities, and protect access to housing and public accommodations free from discrimination. To evaluate whether the agency is meeting its mission, the audit could review the agency's current governance model and statutory responsibilities. The audit could also examine the bureau's labor and civil rights or wage and hour investigation processes as well as its oversight over Oregon's apprenticeship programs.

Suggested by: Oregon Audits Division staff, request from agency leadership



Behavioral Health Crisis Services and Crisis Response

Oregon Health Authority

Several Secretary of State audits have noted serious and complex risks and challenges within Oregon's behavioral health care system. A 2020 performance audit presented a high-level review of system shortfalls. This audit's objectives will focus on the Oregon Health Authority's (OHA) implementation and oversight of the state's recently enhanced Behavioral Health Crisis Response System and the associated 988 Suicide and Crisis Lifeline. Additionally, it will examine the state's oversight of hospital and emergency department discharge requirements for individuals who are treated for a behavioral health crisis or suicide attempt as required by House Bill 2023 (2015) and House Bill 3090 (2018). This project is a rollover from the 2023-24 Audit Plan and was originally intended to focus on youth suicide prevention efforts.

Suggested by: Oregon Audits Division staff



Department of Corrections Operations

Department of Corrections

Since the last performance audit conducted by the Secretary of State in 2013, numerous health and safety issues have been reported regarding adults in custody and corrections staff across the state, in addition to lawsuits against agency staff. There have been reports on risks regarding staffing, particularly around coverage, overtime, training, and oversight. These risks can affect the agency's ability to meet its mission. This audit will examine the root causes of these risks and the department's efficacy in addressing them. The audit may include an objective examining the roles of the Corrections Ombudsman in the Governor's Office and the department's Inspector General functions.

Suggested by: Oregon Audits Division staff

Emergency Management Time Accounting Practices

Oregon Department of Emergency Management

The Legislature created an independent Department of Emergency Management (ODEM), whereas it had previously been housed under the Oregon Military Department. New agency leadership reached out to the division to request assistance with a risk assessment. This audit will examine agency time accounting practices to determine compliance with funding source requirements and to assess personnel utilization trends. The new director has performed a 90-day assessment, identified several significant challenges and risks to operations, and has requested the division provide an independent evaluation of the agency's fiscal practices to inform strategic planning. This audit will be designed to assist ODEM successfully establish practices that will ensure effective coordination of private sector and government efforts to prevent, prepare for, respond to, and recover from emergencies to the benefit of all Oregonians.

Suggested by: Oregon Audits Division staff, request from agency leadership



High School Graduation and College and Career Readiness Act (Measure 98)

Department of Education

ORS 327.895 requires a program audit of the uses and effectiveness of the fund established by the High School Graduation and College and Career Readiness Act. The Act allocates funds to several programs including: career and technical education, college-level educational opportunities, and drop-out prevention strategies. The initial audit, issued in 2020, focused on governance and controls and was a "real-time" audit owing to the early status of the program's implementation. Subsequent audits will examine the Act's program areas. Per statute, the next audit must be issued by December 2024. This will be the third audit of the measure since it passed.

This is a statutorily mandated audit

Measure 110 Program Effectiveness

Oregon Health Authority

The last of three mandated audits of Measure 110, the state's pioneering effort around drug decriminalization and funding expanded substance use disorder treatment. This audit will assess the program effectiveness and outcomes of the new treatment system funded by grants from the Oversight and Accountability Council and administered by the Oregon Health Authority. Legislative requirements include an assessment of the functioning of law enforcement and the courts, the telephone hotline, and outcomes such as whether access to care has increased, treatment service providers have increased, and overdoses decreased. It will also assess data on Behavioral Health Resource Networks and grant recipients, including outcomes of each network or recipient, the numbers of individuals seeking treatment who are denied access and the reasons for any delays, the average wait time to access services, and demographic data on clients served.

This is a statutorily mandated audit

Statewide Contracting Practices

Multiple agencies

Poorly structured, managed, or executed contracts can severely impact the availability, quality, or value of services provided to Oregonians and can result in mismanagement of state resources. Agencies may not be following leading practices, leveraging available resources and tools, or ensuring personnel involved in the contracting process have adequate and appropriate training. The Department of Administrative Services is required to create and provide procurement training offerings, resources, and tools; however, agencies and those involved in the contracting process may not be using them. This audit will assess whether state contracts are following leading practices, and if personnel involved with structuring, managing, and executing contracts have the required, adequate, and appropriate training and experience for their roles.

Suggested by: Oregon Audits Division staff

State Data Center Operations and Controls

Department of Administrative Services, Enterprise Information Services

Data Center Services (DCS) provides centralized computer services such as networking, email, backup, and server services for more than 100 state agencies, boards, and commissions. In addition, Cyber Security Services (CSS) provides centralized security services to state agencies, including state-level security incident response, security information and event management from the perimeter firewalls and other data feeds, and network security monitoring and analysis. The Audits Division regularly conducts audits of these entities, approximately every three years. This audit will provide an objective external look at the operating and security controls to ensure those controls are appropriately designed, implemented, and effective in minimizing the risk to the availability and security of the state's data assets.

Suggested by: Oregon Audits Division staff



Cybersecurity Controls

Oregon Judicial Department

The division has issued a number of cybersecurity audits at several state agencies. The purpose of these audits is to determine whether state agencies have effective and efficient IT security frameworks and control structures.

The Oregon Judicial Department is the next agency to be reviewed.

Suggested by: Oregon Audits Division staff

Financial Audits

Statewide Single Audit

In two parts: Financial and federal

A single audit is required by the federal government for the federal financial assistance Oregon receives each year. These audits determine whether amounts reported in Oregon's financial statements are materially correct and adequately supported; evaluate the state's administration of major federal programs for compliance with applicable laws, rules, and regulations; conclude on whether the Schedule of Expenditures of Federal Awards is fairly presented in relation to the state's financial statements; and review accounting and compliance control procedures.

The Single Audit, which accounts for a significant portion of the division's financial work, has two main components. The first is a financial audit of the State's financial statements and reporting on the schedule of expenditures of federal awards (SEFA) in relation to those financial statements. The second is a compliance audit of major federal awards expended during the fiscal year. Most of Oregon's biggest agencies are included in this audit.



Financial statement audits

The objective of these audits is to review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.

We annually audit the following programs and agencies:

Oregon State Treasury: Short-Term, Local Government Investment Fund, Intermediate Term Pool

Oregon Business Development Department: Special Public Works Fund and Water Fund

Oregon Department of Energy: Small Scale Energy Loan Program

Department of Environmental Quality: Clean Water Revolving Fund

Oregon Department of Higher Education: High School Graduation and College and Career Readiness Fund (*biennial audit*)

Oregon Health Authority: Oregon Health Insurance Marketplace

This audit also seeks to verify compliance with programmatic requirements set forth by federal regulations, state statute, and the Centers for Medicare & Medicaid Services.

Oregon Housing and Community Services

Oregon State Lottery

Oregon Department of Veterans' Affairs

Updates on Audits From the 2023-24 Plan

Boards and Commissions Governance High Risk Report

Multiple agencies

Kicked off in September 2023.

This advisory risk report will include a systemic root cause assessment of boards and commissions with the goal of generating enterprise-wide recommendations based on leading practices to ensure state boards and commissions are fulfilling their statutory responsibilities in a transparent and effective manner.

Children's Mental Health Services

Oregon Health Authority

Kicked off in April 2023, but the scope has changed.

The 2023-24 Plan indicated this audit would assess state services and programs designed to prevent suicide and identifying leading practices based on emerging studies of youth suicide risks. The scope has been [updated as reflected in the new listing of audits](#).

Cybersecurity Controls

Oregon Department of Justice

Will kick off in July 2024.

The division has executed nine cybersecurity audits of large state agencies. The Oregon of Justice will be the next agency to undergo a cybersecurity audit, in addition to the audit of the Oregon Judicial Department announced in this year's plan.

New Agency Governance and Controls

Department of Early Learning and Care (DELIC)

Kicked off in May 2023.

This real-time audit will examine risks and challenges that may hinder DELIC from getting off to a strong and lasting start as a new state agency. The audit will also provide assurance and will be based on a collaborative approach with key stakeholders including agency management. The audit will include an objective assessing time tax risks with DELIC programs and services.

Universal Health Care Administrative Costs and Time Tax Risks

Oregon Health Authority, Oregon Department of Human Services

Kicked off in October 2023.

In September 2022, the Joint Task Force on Universal Health Care issued its final report and recommendations. This audit will examine the administrative savings potentials outlined in the report. The team will also examine the impacts of the “time tax” imposed by the existing bureaucratic health care system.

Oregon License Issuance and Vehicle Registration System (OLIVR) Controls

Oregon Department of Transportation

Kicked off in November 2022.

The Oregon License Issuance and Vehicle Registration System (OLIVR) is ODOT's new IT system for the Department of Motor Vehicles. This audit will examine and test system controls to support work being performed by the financial audit team and may also include an accessibility and usability objective.

Integrated Eligibility (ONE) System Controls

Oregon Department of Human Services, Oregon Health Authority

Kicked off in March 2022.

The ONE system determines eligibility for multiple benefit programs at ODHS and OHA. This audit will examine whether the ONE system is appropriately determining eligibility for Medicaid, CHIP, and SNAP programs, whether eligibility overrides are appropriately performed, and whether changes to the ONE system are appropriately controlled.

Audits no longer under consideration: Adult protective services; Student Success Act district performance monitoring; and sexual health care and reproductive access.

About the Plan and Our Risk Assessment

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

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

Government audit standards require any audit initiated be completed unless circumstances arise that justify its termination. Any decision to terminate an audit must be documented and publicly reported. We follow professional standards and guidelines in both developing and executing this audit plan.

We select and prioritize audits using a risk-assessment approach

Audits are all about risk. There will always be inherent risks in state government owing to the size of budgets, the vulnerable populations served, and the important work state agencies do in service of Oregonians.

There are no government audit standards or best practices that dictate how a risk assessment should be conducted. Beginning with the 2024-25 risk assessment, the division implemented an audit team-centric risk assessment process. Audit teams will be responsible for identifying, ranking, and proposing audits for inclusion in the annual audit plan.

Along with the audit team, the Audits Director, Deputy Director, and the division's Communications Specialist play a key role in developing and editing the audit plan. In conjunction with our professional judgement, we consider some of the following factors when choosing audits:

- Emerging public policy, especially with regard to aspects of human health or safety;
- Opportunities to assess equity within state government, including agency efforts that specifically call out diversity, inclusion, and equity;
- Established priorities of state leadership, including the Governor, Legislature, and the Secretary of State;
- Known problem areas, often identified through other audit shops, agency leadership, or media coverage;
- And others.

In addition to risk assessment used to identify the limited number of discretionary audits included in the plan, several of the audits included in the plan are mandated by federal or state statute.



Oregon Audits Division
255 Capitol St NE, Suite 180
Salem OR 97310

(503) 986-2255

audits.sos@oregon.gov

sos.oregon.gov/audits



Secretary of State
LaVonne Griffin-Valade



Audits Director
Kip Memmott