
Secretary of State

State of Oregon
**REPORT TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE**

November 19, 1997



Audits Division

Secretary of State

State of Oregon
**REPORT TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE**

November 19, 1997



Audits Division



Secretary of State

Audits Division

Auditing for a Better Oregon

Senator Eugene Timms and
Representative Bob Repine, Co-Chairs,
and Members of the Joint Legislative Audit Committee

Dear Committee Members:

The Oregon Audits Division is pleased to present this report on audits we plan to conduct, audits currently in process, and reports we have issued. The report consists of three sections. The first section briefly describes five of the audits we have planned and intend to conduct in 1998. Although this is not an all-inclusive list of the programs and activities we intend to audit, the list does cite those audits we consider of higher priority at this time. The second section includes summaries of the 29 audits we are currently conducting. These audits are presented in order of their anticipated release dates. The third section contains brief summaries of the 96 reports we have issued since the Joint Legislative Audit Committee's November 20, 1996, meeting. In compliance with the provisions of ORS 297.230 (2), we also have included an appendix that compares our state agency assessments to the costs of the audit work we have completed. At the back of the report is an index sorted by agency name so that audit activity within an agency can be found.

Our goal is to provide the best possible audit services to the state's taxpayers, the Governor, the Legislative Assembly, and state agencies. We welcome the committee's review of this report. My staff and I want to be responsive to your audit needs; we are interested in your suggestions for potential audits in all areas of state government. To this end, we are always available to discuss potential audits as well as the results of those audits we have completed. We look forward to working with the committee in the future.

OREGON AUDITS DIVISION

John N. Lattimer
Director

November 19, 1997

-iii-

T A B L E O F C O N T E N T S

Page

PLANNED AUDITS

Oregon Department of Transportation — Administrative and Overhead Costs	1
Information Technology Centers	1
Department of Human Resources — State Office of Services to Children and Families	2
Department of Forestry	2
Court System.....	2

AUDITS IN PROCESS

Department of Human Resources — Group Home Investigation.....	3
Department of Human Resources — Medicaid Management Information System Review	3
Oregon Department of Transportation — Change-of-Director Audit.....	3
Oregon Housing and Community Services Department — Opinion Audit	4
SAIF Corporation — Opinion Audit.....	4
Department of Revenue — Property Tax Exemption Review	4
Department of Human Resources, Senior and Disabled Services Division — Long-Term Care Review	4
Department of Corrections — Infrastructure Planning and Development.....	5
Review of Appointments to State Service.....	5
Oregon Youth Authority — Treatment and Education Programs	5
Public Employees Retirement System — Opinion Audit	5
Oregon Resource and Technology Development Fund — Opinion Audit.....	5
Board of Massage Technicians — Change-of-Director Audit	6
Oregon State System of Higher Education — Opinion Audit.....	6
Oregon Department of Transportation — Sources and Uses of Funds	6
Department of Corrections — Construction Contract Management.....	6
Cash Handling Review	6
Oregon State Lottery — Opinion Audit.....	7
Department of Veterans’ Affairs — Opinion Audit.....	7
State Scholarship Commission — Opinion Audit.....	7

	<u>Page</u>
Oregon Economic Development Department Special Public Works Fund — Opinion Audit.....	7
Oregon Economic Development Department Water Fund Bond Program — Opinion Audit.....	7
Columbia River Gorge Commission — Opinion Audit	8
Department of Revenue — Information Technology General and Application Controls Review.....	8
Oregon Office of Energy, Small Scale Energy Loan Program — Opinion Audit.....	8
Department of Human Resources, Adult and Family Services Division — Subsidized Child Care Review.....	9
Oregon Transportation Commission/Oregon Department of Transportation — State Transportation Improvement Program.....	9
Oregon State Fair and Exposition Center — Fiscal Review.....	9
1997 Statewide Audit.....	10

REPORTS ISSUED SINCE NOVEMBER 20, 1996

96-49 Klamath County Fairground and Race Meet.....	11
96-50 Employment Department — Unemployment Benefit Overpayments — Special Review	11
96-51 Report to the Joint Legislative Audit Committee	11
96-52 Board of Medical Examiners — Special Review.....	12
96-53 Review of Internal Auditing Functions in State Agencies.....	12
96-54 Oregon Commission on Children and Families.....	12
96-55 Department of Human Resources — Office of Medical Assistance Programs Provider Postpayment Reviews.....	13
96-56 Psychiatric Security Review Board — Special Review.....	13
96-57 Compliance with IRS Forms 1099-MISC/Reporting Requirements Calendar Year 1995.....	13
96-58 Statewide Financial Management System — Phase 1C	14
96-59 Oregon Disabilities Commission.....	14
96-60 Commission for Women.....	14
96-61 Commission on Black Affairs.....	14
96-62 Council on Court Procedures	15
96-63 Board of Geologist Examiners.....	15

	<u>Page</u>
96-64 Oregon Comprehensive Annual Financial Report for the Year Ended June 30, 1996.....	15
97-01 Oregon Resource and Technology Development Fund.....	15
97-02 Portland Boundary Commission.....	15
97-03 Dispute Resolution Commission.....	16
97-04 Oregon Criminal Justice Council.....	16
97-05 Oregon Department of Transportation, Grant County Transportation District — Loss of Public Funds.....	16
97-06 Board of Engineering Examiners.....	16
97-07 Board of Architect Examiners.....	17
97-08 Commission on Hispanic Affairs.....	17
97-09 Landscape Architects Board.....	17
97-10 Oregon Government Standards and Practices Commission.....	17
97-11 Oregon State Lottery Commission.....	17
97-12 Oregon Housing and Community Services Department.....	18
97-13 Driver and Motor Vehicle Services — New Licensing System Software Contract Expenditures — Special Review.....	18
97-14 Department of Corrections — Overtime Special Review.....	18
97-15 Oregon Racing Commission — Special Review.....	18
97-16 Overtime Practices.....	19
97-17 Lane County Boundary Commission.....	19
97-18 Board of Chiropractic Examiners — Special Review.....	19
97-19 Personal Services Contracts Procurement Practices.....	19
97-20 Board on Public Safety Standards and Training.....	20
97-21 Department of Administrative Services — Statewide Financial Management System Phase 2B Part 1 Review.....	20
97-22 Oregon State System of Higher Education.....	20
97-23 Department of Corrections — Special Payroll Investigation.....	21
97-24 Department of Veterans' Affairs.....	21
97-25 Oil Heat Commission.....	21
97-26 Columbia River Gorge Commission.....	21
97-27 Department of Corrections — Review of Prison Industries Operations.....	22
97-28 Department of Land Conservation and Development — Special Review.....	22

Table of Contents

	<u>Page</u>
97-29 Department of Justice — Special Review	22
97-30 Department of Administrative Services — Statewide Financial Management System Phase 2B Part 2 Review	22
97-31 Commission on Judicial Fitness and Disability	23
97-32 Oregon Economic Development Department — Water Fund	23
97-33 Oregon Economic Development Department — Special Public Works Fund	23
97-34 Office of Energy — Small Scale Energy Loan Program	23
97-35 Landscape Contractors Board — Special Review	23
97-36 Opportunities to Reduce State Employee Travel Costs	24
97-37 Oregon Department of Education — To Lead Education Reform: An Appraisal of the Oregon Department of Education.....	24
97-38 Public Utility Commission — Special Review.....	24
97-39 Oregon State Bar — Professional Liability Fund	25
97-40 Health, Housing, Educational and Cultural Facilities Authority — Special Review	25
97-41 Department of Revenue — Special Review: Change of Director	25
97-42 Public Employees Retirement System.....	25
97-43 Department of Human Resources — Review of Accounting for Health-Related Licensing Boards	25
97-44 Board of Pharmacy — Special Review	26
97-45 Oregon Board of Dentistry — Special Review	26
97-46 Board of Examiners of Nursing Home Administrators — Special Review	26
97-47 Oregon Board of Optometry — Special Review	26
97-48 Board of Clinical Social Workers — Special Review.....	26
97-49 State Mortuary and Cemetery Board — Special Review.....	26
97-50 Veterinary Medical Examining Board — Special Review	27
97-51 Board of Naturopathic Examiners — Special Review	27
97-52 Board of Radiologic Technology — Special Review	27
97-53 Occupational Therapy Licensing Board — Special Review	27
97-54 Board of Psychologist Examiners — Special Review.....	27
97-55 Physical Therapist Licensing Board — Special Review	28
97-56 Board of Licensed Professional Counselors and Therapists — Special Review	28

	<u>Page</u>
97-57 Board of Examiners of Licensed Dietitians — Special Review	28
97-58 Board of Examiners for Speech Pathology and Audiology — Special Review.....	28
97-59 Board of Massage Technicians — Special Review.....	28
97-60 National State Auditors Association Joint Audit — Corrections Industries.....	28
97-61 Board of Architect Examiners/Landscape Architect Board — Change of Administrator	29
97-62 Farmers Irrigation District: SELP Bond Debt — Special Review.....	29
97-63 Oregon Economic Development Department — Wood Products Competitiveness Corporation, Inc.....	30
97-64 Federal Compliance Report and Internal Control Report for the Year Ending June 30, 1996.....	30
97-65 Oregon Youth Authority — Security and Safety at Youth Correctional Facilities	31
97-66 Board of Nursing — Special Review	31
97-67 Department of Education: Office of Community College Services — Special Review.....	31
97-68 Water Resources Department — Special Review	31
97-69 Oregon Department of Administrative Services — Statewide Financial Management System — Special Review.....	32
97-70 Desk Reviews of Municipal Reports — Summary Results Year Ended June 30, 1996.....	32
97-71 Oregon State Treasury — Administrative Accounts January 1, 1995, to June 30, 1996.....	33
97-72 Board of Parole and Post-Prison Supervision — Special Review	33
97-73 Investigation of Allegations of Building Code Violations in Harney County	33
97-74 Department of Administrative Services — Statewide Purchasing and Price Agreements	34
97-75 Oregon Beef Council.....	34
97-76 Department of Administrative Services — Statewide Financial Management System Phase 3A Review.....	34
97-77 Opportunities to Improve Delinquent Debt Collection by State Agencies.....	35
97-78 Oregon State Library — Special Review	35
97-79 Oregon Parks and Recreation Department — Review of the Salem Office’s Over-the-Counter Sales Receipts.....	35

Table of Contents

	<u>Page</u>
97-80 Department of Administrative Services — Procurement Practices for Custodial Products	36
APPENDIX: COMPARISON OF ESTIMATED EXPENSES TO THE COST OF AUDIT WORK PERFORMED	35
INDEX: SORTED BY AGENCY NAME	61

PLANNED AUDITS

The following are five of the more significant audits we plan to start in 1998. We intend to conduct these audits because they compared favorably against a series of screening criteria. These criteria included, but were not limited to:

- Known Legislative or Legislative Fiscal Office interest;
- Conceptual soundness of potential audit methodologies;
- Opportunities for improvement may exist; and
- Potential for demonstrating dollar savings or other effects.

Oregon Department of Transportation — Administrative and Overhead Costs

This audit will be conducted in response to questions about the Oregon Department of Transportation's expenditures that were raised during the 1997 legislative session. The audit will report and evaluate the department's expenditures for management, supervision, and other overhead. The audit will provide conclusions on the economy of the department's central administration services, office supplies and equipment, and office facilities. In addition, the audit will evaluate the appropriateness and reasonableness of the department's allocation of central administration costs to department branch organizations.

Information Technology Centers

State government is moving rapidly into the complex arena of computer automation and electronic commerce. New technologies, such as Electronic Benefits Transfers, Electronic Funds Transfers, and other automation, are intended to reduce the cost of doing business and improve data accuracy and customer service. To ensure that these technologies meet their intended results, Information Technology (IT) Centers must be properly managed. This audit would assess fiscal and management controls over the state's three largest IT centers (Department of Administrative Services, Department of Human Resources, and Department of Transportation). This assessment would determine the scope of further audit work.

Department of Human Resources — State Office of Services to Children and Families

The State Office for Services to Children and Families is responsible for providing safe and permanent families to Oregon's abused and neglected children. The agency works to increase involvement of families and communities in the needs of children so that more children remain safe in their own homes, or if that is not possible, in other permanent families. The agency also provides treatment for children who require residential services to meet their treatment needs. This audit would review fiscal and management controls over the office's monitoring and purchasing of residential care treatment services.

Department of Forestry

The Oregon Department of Forestry is responsible for managing over 11 million acres of state-owned and private forest land. These responsibilities include fire protection, pest detection and control, and a 15 million tree nursery maintenance program. The Forestry Board authorizes a program designed to assure an adequate future wood supply to benefit society, the economy, and the environment. This audit would review and evaluate the department's marketing practices, contracting techniques, and forest management methods used to maximize timber revenues from state forest lands.

Court System

The state court administrator, a statutory position created by the 1971 Oregon Legislative Assembly, assists the chief justice in exercising administrative authority and supervision over the courts of the state. This review would begin with an assessment of fiscal and management controls over various functions performed by the state's Supreme, District, Circuit, Tax, and Appeals Courts. This assessment would determine the scope of subsequent audit work.

AUDITS IN PROCESS

The following are the 29 audits we have started but have not yet completed. They are arranged in order of anticipated report release date, with those reports anticipated soonest listed first.

Department of Human Resources — Group Home Investigation

At the request of the Oregon State Police, we are assisting in an investigation of state and federal funds paid to a childcare provider in Eastern Oregon. This audit includes a review of Medicaid and child care billings paid by the Department of Human Resources' Mental Health and Developmental Disability Services Division and the State Office for Services to Children and Families. Release of our draft report is pending a decision by the Malheur County District Attorney's office regarding prosecution.

Department of Human Resources — Medicaid Management Information System Review

The Medicaid Management Information System (MMIS) is the federally mandated computer system to automate Medicaid claims payment. During fiscal year 1995-96, approximately 14 million claims totaling \$1.3 billion were paid through the MMIS. The purpose of this review is to determine whether MMIS controls are sufficient to ensure that claims paid through the system are appropriate. The report is scheduled for release in November 1997.

Oregon Department of Transportation — Change-of-Director Audit

This review is being conducted for the purpose of complying with *Oregon Revised Statutes* 297.210(2) requiring a review of any state agency when the executive head leaves his or her position. On December 31, 1995, the director of the Department of Transportation left his position. The objective of our review is to test accountability of transactions and accounts directly related to control by the former director. Additional objectives included a determination whether controls were in place to safeguard assets and whether selected transactions complied with pertinent laws, rules, and regulations. The report is scheduled for release in November 1997.

Oregon Housing and Community Services Department — Opinion Audit

This is an annual audit conducted for the purpose of reporting on the financial statements of the Oregon Housing and Community Services Department's enterprise fund. This audit includes an evaluation of internal controls and tests for compliance with applicable laws and regulations. The audit encompasses the fiscal year ended June 30, 1997, and is scheduled for release in November 1997.

SAIF Corporation — Opinion Audit

This is an annual audit conducted for the purpose of reporting on the financial statements of SAIF Corporation. The independent CPA firm of KPMG Peat Marwick is conducting this audit under contract with the Oregon Audits Division. This audit includes an evaluation of internal controls and tests for compliance with applicable laws and regulations. The audit encompasses the calendar year ended December 31, 1996, and is scheduled for release in November 1997.

Department of Revenue — Property Tax Exemption Review

Recent ballot measures passed by Oregon citizens have placed limits on property tax rates and on overall property taxes collectible. To maximize the amount of funds that are available for programs supported by property taxes and to lessen the amount of funds that are lost by schools and that the state and other taxpayers must replace, the state should ensure that all property that should be assessed taxes is assessed. State statutes provide for more than 40 types of exemptions that remove real and personal property values from the tax rolls. The purpose of this review is to determine whether controls are sufficient to ensure that only eligible property is exempted from taxation. The report is scheduled for release in December 1997.

Department of Human Resources, Senior and Disabled Services Division — Long-Term Care Review

The Senior and Disabled Services Division administers programs that serve seniors and persons with physical disabilities. The programs are delivered through a network of local and state government offices and private non-profit agencies. The purpose of this review is to determine whether requirements for adult foster homes are met prior to issuance of licenses, whether complaints are properly received and investigated, whether clients' dates of death are identified in a timely manner to prevent overpayments to providers, and whether collections from the estates of deceased clients are maximized. The report is scheduled for release in December 1997.

Department of Corrections — Infrastructure Planning and Development

The Department of Corrections has started a 10-year \$1 billion prison construction program. Infrastructure costs represent a significant portion of the prison construction budget. This audit examines the process used by the Department to obtain water, sewer, and other infrastructure needed for new prisons. This report is scheduled for release in December 1997.

Review of Appointments to State Service

This audit is a review of state agencies' compliance with key requirements governing appointments to state service. This audit also evaluates state agencies' review of applicant qualifications, employment testing, and the timeliness by which agencies fill vacant positions. In addition, the audit addresses the extent to which the state is meeting its seasonal employment needs economically and in compliance with state requirements. The report is scheduled for release in December 1997.

Oregon Youth Authority — Treatment and Education Programs

This audit is the second of a multiple-phase review of Oregon's juvenile justice system, as required by Senate Bill 1 enacted during the Legislative Assembly's 1995 session. Following a June 1997 report on safety and security matters, this audit focuses on the treatment and educational services at the MacLaren and Hillcrest youth correctional facilities. The report is scheduled for release in December 1997.

Public Employees Retirement System — Opinion Audit

This is an annual audit conducted for the purpose of reporting on the financial statements of the Oregon Public Employees Retirement System. This audit includes an evaluation of internal controls and tests for compliance with applicable laws and regulations. The audit encompasses the fiscal year ended June 30, 1997, and is scheduled for release in December 1997.

Oregon Resource and Technology Development Fund — Opinion Audit

This is an annual audit conducted for the purpose of reporting on the financial statements of the Oregon Resource and Technology Development Fund. The independent CPA firm of Coopers & Lybrand is conducting this audit under contract with the Oregon Audits Division. This audit includes an evaluation of internal controls and tests for compliance with applicable laws and regulations. The audit encompasses the fiscal years ended June 30, 1996, and June 30, 1997, and is scheduled for release in December 1997.

Board of Massage Technicians — Change-of-Director Audit

This review is being conducted for the purpose of complying with *Oregon Revised Statutes* 297.210(2) requiring a review of any state agency when the executive head leaves his or her position and to address the Board of Massage Technician's concerns. The audit will review transactions, accounts, and activities under the control of the former Executive Director and also will examine financial transactions specifically requested by the board. The audit is scheduled for release in December 1997.

Oregon State System of Higher Education — Opinion Audit

This is an annual audit conducted for the purpose of reporting on the Oregon State System of Higher Education's financial statements, including an evaluation of internal control and compliance with laws and regulations material to the financial statements and to major federal programs. This audit covers the fiscal year ended June 30, 1997, and is being conducted by Deloitte & Touche LLP under contract with the Oregon Audits Division. The report is scheduled for release in December 1997.

Oregon Department of Transportation — Sources and Uses of Funds

This review is being conducted to provide information requested by members of the Legislative Assembly and the public on the sources and uses of the State Highway Fund. The report will also include a discussion of the Statewide Transportation Improvement Program as well as a review of some specific expenditures. The report is scheduled for release in January 1998.

Department of Corrections — Construction Contract Management

The Department of Corrections has started a 10 year \$1 billion prison construction program. During the 10-year period, the Department will expand Snake River Correctional Institution by 2350 beds and build 4 new prisons and 3 new work camps. This audit examines the process used by the Department to procure construction services and manage construction contracts. This report is scheduled for release in January 1998.

Cash Handling Review

This audit is being performed as a result of issues raised during prior audits of cash handling controls at the Departments of Justice and Revenue. The audit is reviewing cash handling controls at various field locations of the Parks and Recreation Department, the Driver and Motor Vehicle Services Branch of the Department of Transportation, the Judicial Department, and Oregon State University Extension Service Offices and Experiment Stations. This report is scheduled for release in February 1998.

Oregon State Lottery — Opinion Audit

This is an annual audit conducted for the purpose of reporting on the Oregon State Lottery Commission's financial statements. The audit covers the fiscal year ended June 30, 1997. The Lottery operates as a self-supporting revenue-raising agency of state government. All proceeds from the Lottery, excluding costs of administration and payment of prizes, are to be used for the purpose of creating jobs, furthering economic development, and financing public education in Oregon. The audit includes an evaluation of the Lottery's internal controls and tests for compliance with applicable laws and regulations. The report is scheduled for release in January 1998.

Department of Veterans' Affairs — Opinion Audit

This is an annual audit conducted for the purpose of reporting on the Department of Veterans' Affairs financial statements, including an evaluation of internal control and compliance with laws and regulations material to the financial statements. This audit covers the fiscal year ended June 30, 1997, and is scheduled for release in January 1998.

State Scholarship Commission — Opinion Audit

This is an annual audit conducted for the purpose of reporting on the Commission's financial statements, including an evaluation of internal control and compliance with laws and regulations material to the financial statements and to major federal programs. This audit covers the fiscal year ended June 30, 1997, and is scheduled for release in February 1998.

Oregon Economic Development Department Special Public Works Fund — Opinion Audit

This is an annual audit of the Oregon Economic Development Department's Special Public Works Fund (SPWF). The audit covers the fiscal year ended June 30, 1997. The audit includes a review of the program's financial statements, internal controls and compliance with applicable laws and regulations pertaining to the program. SPWF, which receives money from the Oregon State Lottery and revenue bonds, makes loans and grants to local governments for public infrastructure needed to support industrial and commercial development. The report is scheduled for release in early 1998.

Oregon Economic Development Department Water Fund Bond Program — Opinion Audit

This is an annual audit of the Oregon Economic Development Department's Water Fund bond program. The Water Fund makes loans and grants to local governments for construction and improvement of public drinking water systems and public wastewater collection systems. These systems help meet the requirements of the Safe Drinking Water

Act and the Clean Water Act. Financing is available through lottery proceeds and the sale of revenue bonds. This audit, which covers the fiscal year ended June 30, 1997, includes the program's financial statements and a review of the internal controls and compliance with applicable laws and regulations pertaining to the program. The report is scheduled for release in early 1998.

Columbia River Gorge Commission — Opinion Audit

This is an annual audit of the Columbia River Gorge Commission. The Commission is a regional agency authorized by Congress and created by the states of Washington and Oregon by interstate compact. This audit is performed jointly and in cooperation with the Washington State Auditor's Office pursuant to an interstate cooperative agreement reached in 1992. The audit, which covers the fiscal year ended June 30, 1997, includes the Commission's financial statements and a review of the internal controls and compliance with applicable laws and regulations. The joint audit will be released by both the Oregon Audits Division and the Washington State Auditor's Office in their respective states. The report is scheduled for release in early 1998.

Department of Revenue — Information Technology General and Application Controls Review

The purpose of this audit is to follow-up on a 1995 audit of the Department of Revenue's Computer Center General Controls and Personal Income Tax Application Controls. The audit will evaluate any changes or improvements in computer controls and determine whether the department has taken steps to address recommendations made in the prior audit. The review of computer controls will include an assessment of the adequacy of controls over physical security, access, backup and recovery, program modification, and specific controls pertinent to the Personal Income Tax application. The report is scheduled for release in early 1998.

Oregon Office of Energy, Small Scale Energy Loan Program — Opinion Audit

This is an annual audit conducted for the purpose of reporting on the financial statements of the Office of Energy's Small Scale Energy Loan Program (SELP). This audit includes an evaluation of internal controls and tests for compliance with applicable laws and regulations. The audit encompasses the fiscal year ended June 30, 1997, and is scheduled for release in March 1998.

Department of Human Resources, Adult and Family Services Division — Subsidized Child Care Review

This audit reviews the Adult and Family Services Division (AFSD) subsidized child care system. The objectives of the audit are to (1) determine whether providers paid by AFSD are eligible to provide child care, (2) determine whether child care claims paid by

AFSD are proper, (3) evaluate the effectiveness of the Employment Related Day Care co-payment system, and (4) evaluate the controls over the health and safety of children of AFSD clients cared for by family child care providers. The audit considers the relationship of AFSD and the Child Care Division of the Department of Employment in providing integrated child care services. The audit is utilizing special audit software to download and analyze data from the Adult and Family Services Division's provider payment system, the Department of Employment, and the Oregon State Police law enforcement data system. The report is scheduled for release in March 1998.

Oregon Transportation Commission/Oregon Department of Transportation — State Transportation Improvement Program

This study is being conducted to provide information requested by members of the Legislative Assembly and the public concerning the Oregon Transportation Commission's scheduling, funding, and prioritizing of highway projects. The report will show the amount and proportion of state, federal, and local funds that have been approved and spent for new construction, bridge and highway preservation, safety improvements, and other highway projects. The report will evaluate the department's success in starting highway projects on schedule and within cost estimates. This report is scheduled for release in April 1998.

Oregon State Fair and Exposition Center — Fiscal Review

This audit is a review of the Oregon State Fair and Exposition Center's accounting structure and controls. It is being performed to address concerns of the 1997 Legislative Assembly over whether the fair has sufficient information to determine the revenues and expenditures associated with the annual state fair and periodic exposition, conference and entertainment events. The 1997 Legislative Assembly approved a one-year budget for the fair for fiscal year 1997-98 and requested that the Joint Legislative Audit Committee consider conducting a performance audit of the fair. The Assembly further requested the fair to report to the Emergency Board on the outcome of any performance audit prior to the fair receiving its limitation for the 1998-99 fiscal year. In response to this request, the Oregon Audits Division agreed to perform the audit jointly with the Legislative Fiscal Office and the Department of Administrative Services. The Oregon Audits Division's portion of the audit work includes a review of the fair's overall system of policies and procedures to determine if they appropriately monitor expenditures and revenues for both the annual fair and individual exposition events, provide an adequate structure to develop and monitor budgets, are sufficient to assure compliance with bond covenants and other applicable statutes and rules, and provide adequate controls to ensure transactions are documented and properly authorized, access to records is restricted, and procedures provide for appropriate segregation of duties. The report is scheduled for release and presentation to the Joint Legislative Audit Committee in April 1998.

1997 Statewide Audit

This annual four-part audit of the state of Oregon is conducted in compliance with the Single Audit Act. Our opinion on the state's general-purpose financial statements, which will be issued in December 1997, is included in the state's *Comprehensive Annual Financial Report*. The three related reports on the state's schedule of expenditures of federal awards, internal controls, and compliance with laws and regulations are scheduled for release in April 1998.

REPORTS ISSUED SINCE NOVEMBER 20, 1996

The following are brief summaries of the 96 audit reports we have issued since the November 20, 1996, meeting of the Joint Legislative Audit Committee. The reports are arranged in sequential order by report number.

96-49 Klamath County Fairgrounds and Race Meet

The Oregon Racing Commission's Executive Director requested that the Audits Division review allegations received from a citizen that included concerns about the race meet accounting records. This audit reports that the Klamath County Fairgrounds manager used public resources for private purposes. In addition, the fairgrounds manager or other officials engaged in activities that appear to have benefited themselves, relatives, and personal business associates. The audit also found instances in which adequate controls were not in place to provide for prior approval of expenditures, to properly account for and safeguard assets, and to provide accountability for the use of public resources.

96-50 Employment Department — Unemployment Benefit Overpayments — Special Review

This audit evaluated overpayments of unemployment benefits made by the Employment Department. The report states that \$364 million in benefits were paid by the department in 1995, and that overpayments could be as much as \$39 million based on a statistical sample. The department detected \$9 million of these overpayments and recovered \$4 million. The total amount of overpayments detected by the department, but not recovered, more than doubled in four years. The report also notes that overpayments occur in all benefit programs and that state law prevents efficient collection of some overpayments. However, suggestions were made to enable the department to improve its ability to detect and collect overpayment of unemployment benefits.

96-51 Report to the Joint Legislative Audit Committee

This report summarizes the activities of the Oregon Audits Division since the November 30, 1995 JLAC meeting. The report contains three sections: (1) a description of eight audits planned for 1997, (2) summaries of 32 audits being conducted in 1996, and (3) summaries of 60 reports issued between November 30, 1995, and November 20, 1996. The report is a compilation of information from various audits.

96-52 Board of Medical Examiners — Special Review

This audit reviewed the Board of Medical Examiners to determine if the board had adequate complaint and investigative processes in place, if they had complied with applicable statutes when disciplining licensees, and if they had adequate accounting

controls in place over cash and purchases. In 1995, the board received approximately 1,000 oral and written complaints against doctors and other licensees that it oversees. Of this number, the board opened case files on 300 complaints. There was no record to explain why the remaining 700 complaints did not warrant an investigation because the board maintains detailed information only on opened complaints. Although the board maintains a written log of oral complaints, it does not follow up with complainants who do not submit their complaints in writing, which may result in violations not being investigated. The review also found that the board did not always have adequate internal controls in place to ensure that cash accounts were reconciled in a timely manner that would prevent overpayments and had not reconciled its revolving account since 1994 and had overpaid a consultant by more than \$2,000.

96-53 Review of Internal Auditing Functions in State Agencies

This audit reviewed the internal auditing functions of state agencies and determined that improvements were needed in the internal auditing function of state government. Although 28 state agencies met Department of Administrative Services (DAS) criteria for having internal auditors, only eleven had active internal auditors. Consequently, 17 agencies spend nearly \$9 billion a biennium and employ over 14,000 full-time employees without the benefits of active internal auditing. The report notes that deficiencies may exist because some state managers have given internal auditing relatively low priority, and it recommended that DAS continue to stress the value of internal auditing in state government, and that agencies' internal auditing staff work with management on several issues.

96-54 Oregon Commission on Children and Families

This audit focused primarily on activities of the Oregon Commission for Children and Families during the 1993-1995 biennium. The audit determined that 42 percent of the commission's grant funds went for administrative costs at the state, local, and provider levels. The report proposes recommendations that could allow an increase in funding for direct services to children and families by at least \$1.2 million to \$1.5 million each biennium with existing resources by limiting administrative charges incurred at the state, county, and provider levels. Administrative costs include some mandated directives. Six out of seven counties reviewed showed that local general funds accounted for less than 3 percent of the program costs. The report recommends that local financial participation increase, and that the commission work with the Legislature and local commissions to develop policies that define an expected level of local support. The report also notes that information about commission-funded services was frequently untimely, inaccurate, incomplete, and resulted in inflated counts of clients served. By providing the commission with accurate and timely financial and client service data, counties and service providers can better demonstrate a capacity to efficiently and properly manage state commission funds.

**96-55 Department of Human Resources, Office of Medical Assistance Programs
— Provider Postpayment Reviews**

This audit reviewed overpayments made by the Office of Medical Assistance Programs to medical service providers who submitted bills to the office for reimbursement. The review determined that the office's Provider Audit Group, which is responsible for reviewing billings to detect overpayments, did not conduct a sufficient number of provider reviews, resulting in a decline in the amount of overpayments collected in 1994 and 1995. During a nine-month period when the office's automated system was not working, the audit group reviewed only ten cases. This level of review is below the minimum required by federal officials. Many of these issues were also noted in a 1990 audit that noted that the Department of Human Resources needed to improve its monitoring of Medicaid services. This report recommends that the governor and the director of the department consider removing the post payment review function from the Department of Human Resources and place it in another agency due to the history of inattention to this function. The review also found that the office did not have a structured collection process, allowed unduly generous repayment terms amounting to several years, and did not charge interest on amounts owed. The report offers recommendations to improve the identification and recovery of overpayments to doctors and other providers of Medicaid services.

96-56 Psychiatric Security Review Board — Special Review

This audit found no material weaknesses in the Psychiatric Security Review Board's internal control structure. The audit identified one area of noncompliance with laws and regulations; payments to board members were charged to the wrong appropriation period.

**96-57 Compliance with IRS Forms 1099-MISC/Reporting Requirements
Calendar Year 1995**

This audit reviewed four agencies for compliance with IRS Form 1099-MISC (Miscellaneous Income) for calendar year 1995 based on the large number of new personal service contracts for calendar year 1994. Personal service contract payees often provide services that require Form 1099-MISC reporting. The agencies selected for compliance review were the Department of Human Resources' Adult and Family Services, and Senior and Disabled Services Divisions; the Oregon State Fair and Exposition Center; and the Oregon State System of Higher Education. The Internal Revenue Code requires state agencies to file Form 1099-MISC for non-employees, other than corporations and tax-exempt organizations, paid more than \$600 for services, prizes, awards, rent, or other income payments in a calendar year by February 28. In addition, the code requires agencies to perform mismatch correction and backup withholding procedures. The audit determined that two agencies did not identify and report all vendors that met Form 1099-MISC reporting requirements in calendar year 1995 due to accounting system or coding problems, and had also not performed mismatch correction and backup withholding procedures as required by the IRS.

96-58 Statewide Financial Management System — Phase 1C

At the request of the Department of Administrative Services, the Audits Division performed an audit to determine the implementation risk of agencies targeted to convert to the new Statewide Financial Management System (SFMS) under phase 1C. For the three agencies implemented as part of phase 1C, two were assessed as having a medium to high risk of an unsuccessful conversion, the third was assessed at low. Subsequent to conversion, auditors performed post-implementation work to ensure that the accounting data reported by R*STARS accurately represented the account balances converted from the prior accounting systems. These tests also determined if the user class security assignments appeared to be appropriate for adequate segregation of duties. Overall, the Phase 1C conversion produced results that were materially correct.

96-59 Oregon Disabilities Commission

The audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Oregon Disabilities Commission failed to comply with laws and regulations. In addition, the financial statements complied with reporting requirements and no weaknesses were found with internal controls.

96-60 Commission for Women

The audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Commission for Women failed to comply with laws and regulations. In addition, the financial statements complied with reporting requirements and no weaknesses were found with internal controls.

96-61 Commission on Black Affairs

The audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Commission on Black Affairs failed to comply with laws and regulations. In addition, the financial statements complied with reporting requirements and no weaknesses were found with internal controls.

96-62 Council on Court Procedures

The audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Council on Court Procedures failed to comply with laws and regulations. In addition, the financial statements complied with reporting requirements and no weaknesses were found with internal controls.

96-63 Board of Geologist Examiners

The audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Board of Geologist Examiners failed to comply with laws and regulations. The report noted one reportable condition relating to the board's internal control structure: revenues were not recorded in a timely manner during fiscal year 1994-95.

96-64 Oregon Comprehensive Annual Financial Report for the Year Ended June 30, 1996

This audit concluded that the financial statements of the state of Oregon, as of and for the year ended June 30, 1996, were presented fairly in all material respects. This report is one of four reports required by the Single Audit Act of 1984. The other three reports required by the act are issued separately and are combined in our report 97-64.

97-01 Oregon Resource and Technology Development Fund

This audit, performed by the accounting firm of Coopers & Lybrand under contract with the Audits Division, was for the 1995 and 1996 fiscal years. The results of the audit indicate the financial statements fairly present, in all material respects, the financial position of the Oregon Resource and Technology Development Fund and the result of its operations and its cash flows in conformity with generally accepted accounting principles. No material weaknesses were noted in the internal control structure.

97-02 Portland Boundary Commission

This audit, performed by Aldrich, Kilbride, and Tatone L.L.P. under contract with the Audits Division, was for the year ending June 30, 1995. The results of the review found no material weaknesses in the Portland Boundary Commission's internal control structure. The audit identified no areas of noncompliance with laws and regulations.

97-03 Dispute Resolution Commission

This audit, performed by Aldrich, Kilbride, and Tatone L.L.P. under contract with the Audits Division, was for the year ending June 30, 1996. The results of the review found no material weaknesses in the Dispute Resolution Commission's internal control structure. The audit identified no areas of noncompliance with laws and regulations.

97-04 Oregon Criminal Justice Council

This audit, performed by Aldrich, Kilbride, and Tatone L.L.P. under contract with the Audits Division, was for the year ending June 30, 1995. The report did not express an opinion on the special-purpose financial statements because management did not provide auditors with written representations as required by generally accepted auditing standards. The audit identified no areas of noncompliance with laws and regulations.

97-05 Oregon Department of Transportation, Grant County Transportation District — Loss of Public Funds

This audit was initiated at the request of the Oregon Department of Transportation to determine whether a loss of public funds had occurred. The audit concluded that the Grant County Transportation District lost approximately \$10,000 due to misappropriated cash receipts, personal expenses charged to the district credit card, extra paychecks taken by the former bookkeeper, and unsupported cash disbursements. Details of the loss were given to the Grant County District Attorney and the Oregon State Police. An indictment was subsequently returned against the former bookkeeper. Besides the misappropriated funds described above, the district suffered losses from penalties and interest charges caused by failure to pay the district's debts. Furthermore, the district suffered operating losses, the effects of which were not estimated, from temporarily shutting down its operations. The audit report provides recommendations to assist the district in further improving its controls to reduce the risk of future losses.

97-06 Board of Engineering Examiners

This audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Board of Engineering Examiners failed to comply with laws and regulations. The audit notes one reportable condition relating to the board's internal controls.

97-07 Board of Architect Examiners

This audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Board of Architect Examiners failed to comply with laws and regulations. The audit notes two reportable conditions relating to the board's internal controls.

97-08 Commission on Hispanic Affairs

This audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify

any instances in which the Commission on Hispanic Affairs failed to comply with laws and regulations. In addition, the financial statements complied with reporting requirements and no weaknesses were found in the system of internal control.

97-09 Landscape Architects Board

This audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Landscape Architects Board failed to comply with laws and regulations. The audit notes one reportable condition relating to the board's internal controls.

97-10 Oregon Government Standards and Practices Commission

This audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Oregon Government Standards and Practices Commission failed to comply with laws and regulations. In addition, the audit found no material weaknesses in the commission's internal controls.

97-11 Oregon State Lottery Commission

This audit reports on the financial statements for the Oregon State Lottery Commission for the year ending June 30, 1996. The audit found that the financial statements were fairly presented and that there were no material weaknesses involving the Lottery's internal controls. In addition, the audit found no instances in which the Lottery did not comply with applicable laws and regulations.

97-12 Oregon Housing and Community Services Department

This audit reports on the financial statements for the Oregon Housing and Community Services Department's enterprise funds for the year ending June 30, 1996. The audit found that the financial statements were presented fairly. The audit found no material weaknesses involving the department's internal controls. In addition, the audit found no instances in which the department did not comply with applicable laws and regulations.

97-13 Driver and Motor Vehicle Services — New Licensing System Software Contract Expenditures — Special Review

This audit reviewed selected expenditures associated with the New Licensing System software design and construction contract between the Oregon Driver and Motor Vehicles Services (DMV) and DMR Group, Inc., for the period October 1, 1993, to February 29, 1996. The audit found that DMV managers engaged in several practices

contrary to prudent contract administration such as failing to obtain and review detailed documentation supporting contractor expense reimbursement invoices, failing to establish adequate guidelines for the reimbursement of travel and living expenses, and approving the use of the contractor's international relocation program without obtaining knowledge of the specific provisions of the program and without incorporating the provisions into the contract. The audit questioned more than \$700,000 in charges that were either not clearly allowed under the contract or erroneous. The audit includes recommendations that would establish an effective system of review and control over fees and expenses paid under the contract and improve the contract management process.

97-14 Department of Corrections — Overtime Special Review

This audit reviewed instances of questionable overtime and alleged unreported sick leave at the Department of Corrections. The review questioned the validity of an employee's claiming 193 hours of overtime in December 1995. The administrator of the department's training unit authorized apparently unjustified or avoidable overtime to a retiring secretary. The total cost of this overtime exceeded \$12,000. The review also found that the supervisor of the employee in question failed to report sick leave used. Using standard payroll rates, the unreported sick leave cost the state \$2,490. The audit contains a series of recommendations which, if implemented, would enable the department to better monitor overtime and sick leave.

97-15 Oregon Racing Commission — Special Review

This audit found several areas where the Oregon Racing Commission can improve its operations. Race meet license fees were not collected for the race meet at the Oregon State Fair until it was brought to the commission's attention during the audit. The audit also found that some receipts were not deposited in a timely manner and documentation supporting the receipt of unclaimed winnings from race meet operators was not retained. Additionally, employee timesheets were not always approved by a supervisor. Several of these findings were also identified in previous audits.

97-16 Overtime Practices

This audit examined selected state agency overtime practices and made recommendations for using overtime and compensatory leave more cost effectively to meet state staffing needs. The audit reviewed eight state agencies that collectively incurred most of the state's \$22 million expenditures in overtime and \$9 million in compensatory leave expenses during the 1996 fiscal year. The audit found that factors contributing to the ineffective use of overtime included inadequate monitoring and controlling of overtime, difficulty in estimating the effect of organizational changes, and pressures to reduce full-time positions in agencies required to provide services on an around-the-clock basis. The audit noted that some agencies allowed their employees to work what appeared to be unreasonable amounts of overtime. One agency paid one of its employees \$89,000 during 1995 for a position which, under the state's salary schedule, paid an annual salary of less

than \$28,000. In addition, this same agency spent an estimated \$388,000 more during fiscal year 1996 than it would have if enough employees were available to work regular shifts.

97-17 Lane County Boundary Commission

This audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Lane County Boundary Commission failed to comply with laws and regulations. In addition, the financial statements complied with reporting requirements and no weaknesses were found in the system of internal control.

97-18 Board of Chiropractic Examiners — Special Review

This audit, for the period ending June 30, 1996, did not identify any instances in which the Board of Chiropractic Examiners failed to comply with laws and regulations. In addition, no reportable weaknesses were found in the board's system of internal controls.

97-19 Personal Services Contracts Procurement Practices

This audit makes several recommendations to improve the state's processes for procurement of personal services contracts. The audit, which included work at six state agencies, found that some agencies were limiting efforts to encourage competition by using sole source procurements that were not justified. Also, the audit found agencies were not ensuring that payments for personal services were supported by personal services contracts. Finally, the audit found some instances of noncompliance with state laws and rules governing personal services contracting.

97-20 Board on Public Safety Standards and Training

This audit examined certain selected financial activities including personal services expenditures, travel expenditures, expenditures for temporary instructors, the Western Oregon State College contract, supplies, inventories and fixed assets. The audit found that the Board on Public Safety Standards and Training's process for managing compensation for part-time instructors needs improvement. The audit also found that the control process used by the board for managing travel costs was satisfactory in most cases; however, certain aspects of out-of-state travel expenditure reimbursement and reimbursement of travel expenditures for part-time instructors need improvement. The report recommends improvements in the systems used to administer part-time instructors' compensation and the processes used to manage the board's travel expenditures.

97-21 Department of Administrative Services — Statewide Financial Management System Phase 2B Part 1 Review

At the request of the Department of Administrative Services, the Audits Division performed an audit to determine the implementation risk of the agencies targeted to convert to the new Statewide Financial Management System under phase 2B Part 1 of the implementation process. For the five agencies implemented as part of phase 2B Part 1, two were assessed as having a medium risk of an unsuccessful conversion, the other three were assessed at low. Subsequent to conversion, auditors performed post-implementation work to ensure that the accounting balances converted from the prior accounting systems. These tests also determine if the user class security assignments appeared to be appropriate for adequate segregation of duties. Overall, the Phase 2B Part 1 conversion produced results that were materially correct.

97-22 Oregon State System of Higher Education

This audit, performed by Deloitte and Touche L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1996. The audit disclosed immaterial instances of noncompliance with federal laws and regulations. In addition, the financial statements complied with reporting requirements and no weaknesses were found in the system of internal control.

97-23 Department of Corrections — Special Payroll Investigation

In March 1996, the Audits Division began an audit of the Board of Public Safety Standards and Training (see audit #97-20). The audit of selected payroll records at the board disclosed irregularities found in the time records of a board instructor who claimed sick leave pay from his full-time employer, the Department of Corrections, while he was teaching for the board. As a result of this finding, the division expanded its review of this employee's time records. This investigation disclosed additional instances of inappropriate sick leave claims and instances of unreported leave. Specifically, this employee inappropriately claimed and received a total of \$6,165 in compensation from the department while working at the board. The audit recommends that the department recover the \$6,165 in inappropriate compensation paid to the employee. This special investigation was conducted in cooperation with the department's Inspector General.

97-24 Department of Veterans' Affairs

This audit, for the fiscal year ending June 30, 1996, gives an "unqualified opinion" to the Department of Veterans' Affairs, which means that the financial statements taken as a whole present fairly the financial position, results of operations, and cash flows in conformity with generally accepted accounting principles. No significant finding were disclosed in tests of the internal controls and compliance with applicable laws and regulations.

97-25 Oil Heat Commission

This audit, performed by Merina McCoy Gerritz, P.C. under contract with the Audits Division, encompassed fiscal years ending June 30, 1995 and June 30, 1996. The audit concluded that the financial statements were fairly presented in accordance with generally accepted auditing standards and Government Auditing Standards and no weaknesses were found in the system of internal control.

97-26 Columbia River Gorge Commission

This audit, a cooperative venture of the Oregon Audits Division and the Washington State Auditor's Office, was for the period of July 1, 1995, through June 30, 1996. In the tests of financial transactions, the audit found that the Columbia River Gorge Commission complied with applicable laws and regulations. In addition, the audit concluded that the financial statements were fairly presented in all material respects.

97-27 Department of Corrections — Review of Prison Industries Operations

This audit reviewed selected financial records and operations of the various work programs within the department's prison industries program. The audit found that the department can make improvements in its management of the program's inventories, accounts receivable, and the costing and pricing of services and products. Specifically, the audit recommends that the department properly protect and account for inventories; know the costs of producing products and services and price them accordingly; better manage its accounts receivable by charging interest on past due accounts, write off uncollectables, and actively pursue collections of past due accounts; and improve its farm operation.

97-28 Department of Land Conservation and Development — Special Review

This audit was conducted for the purpose of reporting on the Department of Land Conservation and Development's internal control structure and compliance with applicable laws and regulations for the period July 1, 1995 through June 30, 1996. The audit identified needed improvements in cash receipting, service and supplies expenditures, overtime and vacation leave approvals, and travel claim reimbursements. The audit also identified issues related to grant agreements and capital lease accounting.

97-29 Department of Justice — Special Review

This audit found that controls over recording, safeguarding, depositing and reconciling cash receipts at the Department of Justice (DOJ) needed improvement. Cash receipts were sometimes not recorded when received by the department nor were they always properly safeguarded until deposited. Checks were sometimes not deposited in a timely manner. Procedures for monitoring and reconciling cash accounts were inadequate to

promptly prevent or detect errors and irregularities. Further, the department's accounts receivable included a number of aged and uncollectible items which needed to be written off. Finally, some years ago, the Charitable Trust and Solicitation unit chose to stop collecting the \$10 minimum annual fee from small charitable organizations. This unit can increase its revenue by more than \$20,000 annually by collecting the statutory minimum fees.

97-30 Department of Administrative Services — Statewide Financial Management System Phase 2B Part 2 Review

At the request of the Department of Administrative services, the Audits Division performed an audit to determine the implementation risk of the agencies targeted to convert to the new Statewide Financial Management System under phase 2B Part 2. For the three agencies implemented as part of phase 2B Part 2, all were assessed as having a low risk of an unsuccessful conversion. Subsequent to conversion, auditors performed post-implementation work to ensure that the accounting data reported by R*STARS accurately represented the account balances converted from the prior accounting systems. These tests also determined if the user class security assignments appeared to be appropriate for adequate segregation of duties. Overall, the Phase 3B Part 2 conversion produced results that were materially correct.

97-31 Commission on Judicial Fitness and Disability

This audit, performed by Aldrich, Kilbride, and Tatone L. L. P. under contract with the Audits Division, encompassed the year ending June 30, 1995. The audit did not identify any instances in which the Commission on Judicial Fitness and Disability failed to comply with laws and regulations. In addition, the audit found no matters relating to the internal controls of the commission that were considered to be a material weakness.

97-32 Oregon Economic Development Department — Water Fund

The audit, for the year ending June 30, 1996, concludes that the Oregon Economic Development Department's Water Fund financial statements are fairly presented. The audit included a review of the related internal control and compliance with applicable laws and regulations, and did not disclose any reportable conditions.

97-33 Oregon Economic Development Department — Special Public Works Fund

This audit, for the year ending June 30, 1996, concluded that the Oregon Economic Development Department's (OEDD) Special Public Works Fund financial statements were fairly presented. The audit included a review of the related internal control and compliance with applicable laws and regulations, and did not disclose any reportable conditions.

97-34 Office of Energy — Small Scale Energy Loan Program

This audit on the Office of Energy, Small Scale Energy Loan Program (SELP) for the fiscal year ending June 30, 1996, concluded that the financial statements were fairly presented. The report also provided recommendations for improvements in SELP's accounting for cash and investments.

97-35 Landscape Contractors Board — Special Review

This audit on the Landscape Contractors Board (board) for the fiscal year ending June 30, 1996, found no material weaknesses in the board's internal controls and did not identify any instances of noncompliance with laws and regulations.

97-36 Opportunities to Reduce State Employee Travel Costs

This audit makes several recommendations on ways the state could save money for state employee travel. The audit found that the state could have saved up to \$85,000 during 1995 if it provided vehicles to employees who were reimbursed for using their own vehicles in excess of 1,427 miles a month. On the other hand, the state could have saved \$1.6 million in 1995 if it had replaced permanently assigned state vehicles that were driven low miles each month with private mileage reimbursement. The audit notes there may be valid reasons for choosing a method that is not the most economical. The audit also found that the state has more vehicles than it needs. The audit found more than 200 vehicles on a typical high travel day that were sitting idle at three centralized state motor pools. If 150 of the idle vehicles were sold, the state could recover at least \$226,000 and could avoid at much as \$2.4 million in future replacement costs.

97-37 Oregon Department of Education — To Lead Education Reform: An Appraisal of the Oregon Department of Education

This audit of the Oregon Department of Education was conducted by Management Analysis and Planning (MAP) Associates, a California-based education consulting firm under contract with the Audits Division. This review, which was approved by the Joint Legislative Audit Committee, was planned and managed by the Legislative Fiscal Office, the Department of Administrative Services, and the Audits Division in a cooperative effort. The report concludes that the department has worked diligently to make progress in implementing the Oregon Educational Act for the 21st Century, but a mid-course correction is in order to keep the reform effort on track. Specifically, the department needs to assume a more activist leadership role in improving the quality of teaching and learning in Oregon's schools. With regard to the department's supervision, management, and control of schools, the report notes that the department has not adequately adjusted to the demands of a new policy environment for public education in Oregon, particularly in terms of how it monitors school finance. This report makes fourteen recommendations in the areas of leadership, monitoring and enforcement, capacity building, research and analysis, and communication.

97-38 Public Utility Commission — Special Review

This audit on the Public Utility Commission for the fiscal year ending June 30, 1996, included an evaluation of internal controls; tests of revenue, expenditures and fixed assets; and a review of the transfer of the motor carrier and rail programs to the Department of Transportation. The report recommends that controls be established to assure that surcharges for the Residential Service Protection fund are collected and remitted by companies which are required to do so, that internal controls over cash be improved, that written policies and procedures include a description of authority and responsibility for expenditures, and that procedures be established to assure compliance with state travel rules and fixed asset control rules.

97-39 Oregon State Bar — Professional Liability Fund

This audit on the Professional Liability Fund of the Oregon State Bar for the year ending December 31, 1996, concluded that, in all material respects, the financial statements present fairly the financial position of the fund and the results of its operations and its cash flows are in conformity with generally accepted accounting principles.

97-40 Health, Housing, Educational and Cultural Facilities Authority — Special Review

This audit on the Health, Housing, Educational and Cultural Facilities Authority for the fiscal year ending June 30, 1996, found no material weaknesses in the authority's internal controls. In addition, the audit did not identify any significant instances of noncompliance with laws and regulations.

97-41 Department of Revenue — Special Review: Change of Director

This audit was performed on the Oregon Department of Revenue for the purpose of complying with ORS 297.210(2), which requires an audit when an executive head leaves his or her agency. The report contains the results of the audit at the department upon the retirement of the director, effective March 31, 1997. The review found no material weaknesses in the department's internal control structure and did not identify any material instances of noncompliance with laws and regulations.

97-42 Public Employees Retirement System

This report on the Public Employees Retirement System (PERS) is for the fiscal year ending June 30, 1996. The audit found that the financial statements are free of material misstatement and conform with accounting principles. This report communicates the results of tests on internal control and compliance with applicable laws and regulations. The audit makes five recommendations where improvements can be made.

97-43 Department of Human Resources — Review of Accounting for Health-Related Licensing Boards

The Office of Administrative Services, Accounting Section of the Department of Human Resources, Office of the Director, performs various accounting functions for 16 Health-Related Licensing Boards. This audit identified several control weaknesses relating to the department's procedures for processing and recording individual board's transactions. The audit recommends improvements in the areas of cash receipting and reconciliations, accounts receivable, revenue transfers, expenditure approvals, and fixed assets.

97-44 Board of Pharmacy — Special Review

This audit, for the audit period July 1, 1995, through March 31, 1996, found no instances of noncompliance with laws and regulations. However, the audit found that the internal controls related to the processing of refunds could be improved.

97-45 Oregon Board of Dentistry — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no instances of noncompliance with laws and regulations. However, the audit found that the Oregon Board of Dentistry could improve the internal controls related to cash receipting to provide better assurance that cash and cash-related transactions will be accounted for properly.

97-46 Board of Examiners of Nursing Home Administrators — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no material weaknesses in the board's internal control structure and did not identify any instances of noncompliance with laws and regulations.

97-47 Oregon Board of Optometry — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no material weaknesses in the Oregon Board of Optometry's internal control structure and did not identify any instances of noncompliance with laws and regulations.

97-48 Board of Clinical Social Workers — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no instances of noncompliance with laws and regulations. However, the audit found that the Board of Clinical Social Workers could improve internal controls over the processing of receipts.

97-49 State Mortuary and Cemetery Board — Special Review

This audit, for the period July 1, 1995, through March 31, 1996, found no instances of noncompliance with laws and regulations. However, the audit found that the State Mortuary and Cemetery Board could improve internal controls over revenue processing procedures and accounting for fixed assets. Also, the board did not properly document the disposal of its two computer systems. As a result, the board's fixed assets were overstated by \$24,650.

97-50 Veterinary Medical Examining Board — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no instances of noncompliance with laws and regulations. However, the audit found that the internal controls could be improved over revenue transfers. Revenue transfers were not made by the Veterinary Medical Examining Board to reimburse another health-related board for its portion of the salary of a clerical position. Further, a finding from a prior review had not been adequately resolved. As a result, we recommend that the board's fee structure be reviewed again.

97-51 Board of Naturopathic Examiners — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no material weaknesses in the Board of Naturopathic Examiners' internal controls. The audit did find one instance of noncompliance with laws and regulations: the board had not updated its administrative rules to reflect the increases in fees approved by the 1995 legislature with the passage of Senate Bill 333.

97-52 Board of Radiologic Technology — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no instances of noncompliance with laws and regulations. However, the audit found that improvement could be made in the internal controls related to revenue transfers. Revenue transfers were not made by the Board of Radiologic Technology to reimburse another health-related board for its portion of the salary of a shared clerical position.

97-53 Occupational Therapy Licensing Board — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no instances of noncompliance with laws and regulations. However, the audit found that the Occupational Therapy Licensing Board could improve the internal controls related to the processing of the board's cash receipts from initial license applications.

97-54 Board of Psychologist Examiners — Special Review

This audit, for the audit period July 1, 1995, to March 31, 1996, found no material weaknesses in the Board of Psychologist Examiners' internal controls or reportable instances of noncompliance.

97-55 Physical Therapist Licensing Board — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no material weaknesses in the Physical Therapist Licensing Board's internal control structure and did not identify any instances of noncompliance with laws and regulations.

97-56 Board of Licensed Professional Counselors and Therapists — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no material weaknesses in the State Board of Licensed Professional Counselors and Therapists' internal control structure or any instances of noncompliance with laws and regulations.

97-57 Board of Examiners of Licensed Dietitians — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no material weaknesses in the Board of Examiners of Licensed Dietitians' internal control structure or any instances of noncompliance with laws and regulations.

97-58 Board of Examiners for Speech Pathology and Audiology — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no instances of noncompliance with laws and regulations. However, the audit found that internal controls over revenues can be improved. Transfers were not received to reimburse the portion of the clerical assistant's salary that is to be funded by two other boards.

97-59 Board of Massage Technicians — Special Review

This audit, for the period July 1, 1995, to March 31, 1996, found no material weaknesses in the State Board of Massage Technicians' internal control structure and it did not identify any instances of noncompliance with laws and regulations. The audit also reviewed the status of findings contained in a previous audit of the board and found one unresolved finding related to its cash balance.

97-60 National State Auditors Association Joint Audit — Corrections Industries

As part of the 1996 National State Auditors Association's (NSAA) joint audit of corrections industries programs, thirteen states conducted fieldwork and issued reports on their respective programs. Oregon was the lead state for this project and issued this joint audit report on behalf of NSAA. This national review covered 11 program and financial issues related to corrections industries, including whether corrections industries conducted adequate planning, maximized inmate employment, and had adequate procedures for efficient operations. While each participating state selected specific areas within its corrections industries program to review, all states generally had similar findings. Specifically, the joint review found that corrections industries are not consistently meeting program goals, and that opportunities exist to improve corrections industries programs and better meet program goals.

97-61 Board of Architect Examiners/Landscape Architect Board — Change of Administrator

This audit was performed at the request of the director of the Department of Administrative Services, and to comply with ORS 297.210(2), which requires the Secretary of State to audit or review any state agency when the executive head leaves his or her position. The director for the Board of Architect Examiners and the Landscape Architect Board changed as of August 1, 1996. The audit found that cash receipts were not processed timely by the boards; travel expense reimbursement forms were not submitted timely by board members or the boards' former administrator; shared costs were not consistently and equitably distributed between the two boards; and financial reports prepared by the Department of Administrative Services for the boards were incomplete and transactions were not processed timely.

97-62 Farmers Irrigation District: SELP Bond Debt — Special Review

This audit of the Farmers Irrigation District (district) was performed at the request of the Office of Energy's Small Scale Energy Loan Program (SELP). The report identifies \$91,476 of unallowable costs allocated by the district to the hydrogeneration fund and questions the allowability of additional costs totaling \$431,609. The report recommends that (1) SELP and the district reach agreement on the allowability and allocation of certain district expenses being charged to hydrogeneration; and (2) the district reimburse those costs determined to be unallowable, and that SELP and the district determine what amount of the questioned costs should be reimbursed to the hydrogeneration fund and ensure that reimbursement is made. The report also suggests that SELP personnel may need to determine whether prior years' allocations to hydrogeneration are reasonable or whether additional amounts need to be reimbursed to the hydrogeneration fund. The report also suggests that the district may need to increase irrigation revenues or decrease irrigation spending to reimburse costs determined to be improperly allocated to the hydrogeneration fund.

97-63 Oregon Economic Development Department — Wood Products Competitiveness Corporation, Inc.

This audit was performed at the request of the Oregon Economic Development Department because of external concerns received about the Wood Products Competitiveness Corporation, Inc. (WPCC). The issues centered around alterations to timesheets, overcharging administrative expenses to grants, and management practices related to contracting and other association activities. This audit questioned WPCC's payment of \$12,431 in bonuses from June 1995 through July 1996, while WPCC's audited financial statements showed a steady decrease in net income and while WPCC relied heavily upon federal and state grants. It also questioned WPCC's executive director's practice of sometimes shifting hours reported by employees on timesheets from overhead categories to program categories eligible for grant reimbursement. This audit further questioned other expenses paid from grant funds that appeared inappropriate for grant reimbursement or inadequately documented. Questioned expenses totaled approximately \$15,302. This audit recommended that the department determine the allowability of the questioned expense reimbursements and take action to recover any amounts inappropriately paid to WPCC. This audit further recommended that the department strengthen its reimbursement approval process and include clearer criteria and guidance regarding allowable expenses in future grant agreements.

97-64 Federal Compliance Report and Internal Control Report for the Year Ending June 30, 1996

This statewide audit was conducted in accordance with the Single Audit Act of 1984, *Government Auditing Standards*, and Office of Management and Budget Circular A-128. The statewide audit has four main components: an audit of the general-purpose financial statements, an audit to determine compliance with laws and regulations, a review of the internal controls used in administering state and federal funds, and a Schedule of Federal Financial Assistance. This report contains three of the four components. The first is an opinion on the schedule, which is supplemental to the state's general-purpose financial statements. The schedule, which is also included in the report, summarizes federal expenditures made by the state of Oregon for the year ended June 30, 1996. The second is a report on the state of Oregon's compliance with laws and regulations, including those related to administering federal programs. A schedule describing identified instances of noncompliance and questioned costs accompanies this report. The third is a report on the study and evaluation of internal control established and maintained by management of the state of Oregon. A schedule describing conditions affecting internal control accompanies this report. Further, material uncorrected prior audit findings were included in this audit report.

97-65 Oregon Youth Authority — Security and Safety at Youth Correctional Facilities

The Oregon Audits Division, in consultation with the Oregon Youth Authority (OYA), cooperated with the American Correctional Association (ACA) on the audit. The ACA administers the only nationwide accreditation program for all components of adult and juvenile correction facilities. ACA reviewers checked for compliance with ACA standards relevant to security and safety at juvenile training schools. Oregon Audits Division reviewers examined agency data pertaining to runaways from OYA custody, inspected records, and interviewed key administrators. Security and safety reviews at three major youth correctional facilities found that although the condition of confinement in these institutions is generally good, OYA needs to address numerous security and safety issues. Another review showed that although strengthened security at OYA youth correctional facilities has resulted in fewer runaways in recent years, an ongoing problem with unauthorized absences exists among youths still in OYA's legal custody but on parole or probation in community settings.

97-66 Board of Nursing — Special Review

This audit found no instances of noncompliance with laws, rules, and regulations. However, the audit found that the Oregon State Board of Nursing could improve its internal controls related to revenue processing, timely follow-up on accounts receivable, and tracking fixed assets.

97-67 Department of Education: Office of Community College Services — Special Review

This audit, which covered the period July 1, 1995 through December 31, 1996, included an evaluation of internal control, tests of revenue and expenditures, and a review of compliance with federal regulations and contractual agreements. The report recommends that the Office of Community College Services (OCCS) retain validated back-up documentation to support cash receipts, establish procedures to require all expenditures be approved for payment by management, and develop a system to monitor expenditures for each federal grant throughout the grant period, so that corrective action can be taken if expenditures are not conforming to federal requirements.

97-68 Water Resources Department — Special Review

This report, for the audit period July 1, 1995, to June 30, 1996, found that the Water Resources Department has not conducted a physical inventory of its fixed assets since 1993 and, therefore, is not in compliance with the Department of Administrative Services' policy on physical inventories.

97-69 Oregon Department of Administrative Services — Statewide Financial Management System — Special Review

Since March 1995, state agencies have been converting in phases to the new core accounting and purchasing components of the statewide financial management system. The system is a target group of coordinated computer applications intended to support the financial functions of Oregon state government. During its implementation of the system's core accounting and purchasing components, the Oregon Department of Administrative Services incurred costs that exceeded original estimates, experienced implementation delays, and accepted a product with less functionality than envisioned. As of June 30, 1996, the department had incurred costs exceeding \$15 million for the core accounting and purchasing components of the system. The review found that opportunities for improvement existed in project planning, contract administration, and ad hoc reporting. During the planning phase of the project, the department did not identify measurable factors to use in determining whether or not the implementation was successful. By not assuring that adequate resources were available to work on the project, the department reduced the likelihood that the project would finish on schedule. In administering a contract, the department paid \$1.4 million more than the amount specified in the contract, without holding the contractor accountable to provide the software and services necessary to complete the implementation of all Phase 1 agencies within the \$5.1 million cost negotiated for these services. The department also made more than \$34,000 (net) in erroneous payments to the contractor. Lastly, the department's lack of timely provision of *ad hoc* reporting capability as part of the system has resulted in agencies' developing ancillary systems to generate information necessary to manage their activities. The report recommends addressing immediate concerns as well as improving future projects involving significant information technology implementation.

97-70 Desk Reviews of Municipal Reports — Summary Results Year Ended June 30, 1996

The Secretary of State's Audits Division is required by Municipal Audit Law (ORS 297.405 to 297.555) to review audits of the annual financial reports of Oregon's municipal corporations conducted by independent certified public accountants. There are approximately 1,650 cities, counties, school districts, community colleges and special districts in Oregon. This report summarizes our review of the annual audit reports of all cities and counties to determine whether financial reporting and legal compliance standards were met. Deficiencies were communicated to the city or county governing body for possible corrective actions.

97-71 Oregon State Treasury — Administrative Accounts January 1, 1995, to June 30, 1996

This audit found that Treasury could improve accounting and internal control for its fixed assets by taking annual physical inventories and improving accounting for computer software. Two prior recommendations made in a 1994 administrative accounts audit

were reported to be fully implemented: Treasury has established procedures to review limited partnership investment fees, and is providing information on earnings and brokerage-related services from soft dollar arrangements to the Oregon Public Employees Retirement System. Treasury and the Oregon Investment Council also have partially implemented the recommendations concerning derivative financial instruments. Treasury has not established a system or procedure to accumulate consolidated information on the types and amounts of derivative holdings to facilitate preparation of financial statement disclosures.

97-72 Board of Parole and Post-Prison Supervision — Special Review

This audit found that internal controls at the Board of Parole and Post-Prison Supervision could be improved over the monitoring of the board's accounting reports. The board's accounting records do not reflect two budget actions approved by the Emergency Board.

97-73 Investigation of Allegations of Building Code Violations in Harney County

This investigation found that beginning in January 1996, the Safari Motor Coach Corporation (SMCC) partially renovated a building and started a manufacturing operation without first submitting complete building plans, obtaining a building permit, and receiving a certificate of occupancy. Although the Building Codes Division (BCD) agreed to work with SMCC to find alternative solutions consistent with the state's building code, BCD would not establish an occupancy classification or approve SMCC's plans until the company obtained scientific tests of the flammable materials. The tests were not obtained by SMCC until May 1997, delaying completion of the plan review process for more than a year; but SMCC continued to use the building and the materials in question for manufacturing, in violation of state regulations. The report also questions the timeliness of some of the actions of the Occupational Safety and Health Division and the State Fire Marshall and recommends that the BCD issue sanctions against the company.

97-74 Department of Administrative Services — Statewide Purchasing and Price Agreements

This audit identifies opportunities to improve the Department of Administrative Services' oversight of statewide purchasing activities with emphasis on the management of price agreement contracts. The report recommends that the department consider increasing its monitoring of statewide purchasing activities, obtaining and generating better management information, updating and expanding its purchasing policies and procedures, and improving its documentation of contract administration over price agreements.

97-75 Oregon Beef Council

The audit, performed by Grove, Mueller, Hall & Swank under contract with the Audits Division, encompassed the year ended June 30, 1997. The report of the Oregon Beef

Council, Portland, Oregon, contains its audited financial statements and reports on its internal control structure and compliance with applicable laws, rules and regulations. The annual audits of the Oregon Beef Council are also provided to the Beef Promotion and Research Board as assurance of the reported Beef Checkoff revenues that are shared with that agency. In addition, the Oregon Department of Agriculture receives the audit report as part of its oversight role for the council and other commodity commissions.

97-76 Department of Administrative Services — Statewide Financial Management System Phase 3A Review

At the request of the Department of Administrative Services, the Audits Division performed an audit to determine the implementation risk of the agencies targeted to convert to the new Statewide Financial Management System under phase 3A. For the seven agencies implemented as part of phase 3A, three were assessed as having a medium to high risk of an unsuccessful conversion, the other four were assessed at low. Subsequent to conversion, auditors performed post-implementation work to ensure that the accounting data reported by R*STARS accurately represented the account balances converted from the prior accounting systems. These tests also determine if the user class security assignments appeared to be appropriate for adequate segregation of duties. For five agencies, the Phase 3A conversion produced results that were materially correct. For two agencies, the overall conversion risk was assessed as high because final conversion reconciliations had not been completed at the time of completing our field work. The audit recommended that the Department of Administrative Services ensure that these issues be resolved.

97-77 Opportunities to Improve Delinquent Debt Collection by State Agencies

This audit identifies and recommends ways in which the state could improve its processes for collecting delinquent debts. Oregon agencies can increase their collections and decrease their costs of collecting by improving interagency coordination and the use of technology. One of the most promising techniques is a statewide vendor payment offset program that detects a payment a state agency is to pay to a vendor that owes money to another state agency, intercepts the payment, and offsets it against the debt owed the second agency. During 1996, other states collected between \$400,000 and \$2.7 million through such programs. Another technique is the use of administrative garnishments or distraint warrants. Other techniques to increase collections and reduce costs include the use of master contracts for private collection firm services and the use of current collection technology.

97-78 Oregon State Library — Special Review

This audit reviewed the internal controls at the library and tested transactions for the period July 1, 1995, to December 31, 1996. The audit found that internal controls for processing cash receipts and authorizing certain expenditures could be improved.

Documentation needs to be improved for determining assessment amounts and reporting federal expenditures. The programs that are funded by the assessment to state agencies need to establish a working capital fund. The library also needs to comply with fixed asset inventory procedures required by the Oregon Accounting Manual. The audit also found that some of the recommendations from the previous audit had not been completely or properly implemented.

97-79 Oregon Parks and Recreation Department — Review of the Salem Office’s Over-the-Counter Sales Receipts

On March 27, 1997, Oregon Parks and Recreation Department contacted the Audits Division regarding a possible misappropriation of cash receipts at the Salem office. This review confirmed that \$4,911 of cash and checks received between May 1996 and February 1997 had not been deposited as of March 31, 1997. Furthermore, based on available records, another \$1,000 of cash received between July 1994 and December 1995 appeared to not have been deposited. The condition of the department’s records and the inconsistent manner in which receipts were recorded made it difficult to determine whether funds were actually missing for this period. Subsequent to verifying that funds had not been deposited for up to a period of 11 months, the department placed the employee on administrative leave. She later resigned during a predissmissal hearing. This report makes recommendations for the Salem office to increase segregation of duties relating to cash receipts and provide an independent review of the depositing function. We made further recommendations for improving cash register operations, securing receipts, transferring receipts for deposit, improving depositing procedures, recording receipts, and adequately documenting receipts.

97-80 Department of Administrative Services — Procurement Practices for Custodial Products

The Audits Division received allegations that the Transportation, Purchasing and Print Services Division of the Department of Administrative Services was not equitably treating bids submitted for custodial products price agreement contracts. This audit found that the division can improve its procurement processes for custodial products in several areas. Specifically, the division should define unclear terminology in its invitations to bid, improve its contract preparation and review procedures, take steps to ensure consistency and objectivity in preparing and evaluating bids and awarding contracts, improve its process for obtaining and using product usage information, update written policies and procedures, clarify the price-reduction clause in its contracts, and require vendors to comply with Oregon Health Division standards relating to chemical blending equipment.

APPENDIX

Comparison of Estimated Expenses to the Cost of Audit Work Performed JUNE 30, 1995, TO JULY 31, 1997

The accompanying schedule compares the assessment of estimated audit expenses to the actual audit costs of providing audit services during the 1995-97 biennium. The estimated audit expenses were assessed and paid during the biennium on a quarterly basis by state government agencies.

The Audits Division uses a time and billing accounting system to track the costs associated with each audit. This system was used to compile the accompanying schedule. The audit costs column contains all costs related to providing audit services. Costs incurred and not directly related to an audit or project have been allocated based on direct personal service costs. These costs include items such as rent, maintenance, training, reference materials, and equipment.

Both the audit costs and the assessments presented in the accompanying schedule are for the period July 1, 1995, through June 30, 1997, only. The audit costs and assessments include work to complete audits that began prior to the biennium as well as work on audits still in-progress at the end of the biennium. The total cost for an audit or project would be included in the accompanying schedule only if the audit or project was started and completed within the biennium.

For additional information related to cost of providing audit services for the State of Oregon, please call the Audits Division at (503) 986-2255.

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
<u>Architect Examiners Board</u>					
Audit Reports Issued:					
97-61	Board of Architect Examiners/Landscape Architect Board: Change of Administrator	\$29,353.31			
97-07	Board of Architect Examiners	3,018.68			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	1,270.02			
Architect Examiners Board Subtotal		33,642.01	4,192.00	-	29,450.01
<u>Board of Chiropractic Examiners</u>					
Audit Reports Issued:					
97-18	Board of Chiropractic Examiners Special Review	6,192.30			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	252.31			
Board of Chiropractic Examiners Subtotal		6,444.61	2,104.00	-	4,340.61
<u>Board of Nursing</u>					
Audit Reports Issued:					
97-66	Board of Nursing Special Review	9,082.68			
Other and Audits In-Process:					
	Administration	494.81			
	Central Statewide Audit Allocation	465.56			
Board of Nursing Subtotal		10,043.05	10,504.00	-	(460.95)
<u>Bureau of Labor and Industries</u>					
Audit Reports Issued:					
95-37	Bureau of Labor and Industries	6,524.82			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	757.62			
	Administration — FY96	519.75			
	Administration — FY97	985.50			
Bureau of Labor and Industries Subtotal		8,787.69	14,296.00	-	(5,508.31)
<u>Capitol Planning Commission</u>					
Audit Reports Issued:					
96-35	Capitol Planning Commission Special Review	7,181.55			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	281.79			
Capitol Planning Commission Subtotal		7,463.34	2,568.00	-	4,895.34
<u>Columbia River Gorge Commission</u>					
Audit Reports Issued:					
95-29	Columbia River Gorge Commission	541.19			
96-16	Columbia River Gorge Commission	4,970.94			
97-26	Columbia River Gorge Commission	2,864.73			
Other and Audits In-Process:					

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
	Central Statewide Audit Allocation	323.38			
	Columbia River Gorge Commission Subtotal	8,700.23	4,800.00	-	3,900.23
<u>Commission for the Blind</u>					
Audit Reports Issued:					
95-11	A Review of Establishment Grants Awarded to Blind Enterprises of Oregon, Inc. by the Oregon Commission for the Blind	36.50			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	262.82			
	Commission for the Blind Subtotal	299.32	39,952.00	-	(39,652.68)
<u>Commission for Women</u>					
Audit Reports Issued:					
96-60	Commission for Women	2,994.10			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	112.21			
	Commission for Women Subtotal	3,106.31	200.00	-	2,906.31
<u>Commission on Black Affairs</u>					
Audit Reports Issued:					
96-61	Commission on Black Affairs	2,958.67			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	100.06			
	Commission on Black Affairs Subtotal	3,058.73	280.00	-	2,778.73
<u>Commission on Hispanic Affairs</u>					
Audit Reports Issued:					
97-08	Commission on Hispanic Affairs	3,026.89			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	105.70			
	Commission on Hispanic Affairs Subtotal	3,132.59	88.00	-	3,044.59
<u>Commission on Judicial Fitness and Disability</u>					
Audit Report Issued:					
97-31	Commission on Judicial Fitness and Disability	2,883.83			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	106.39			
	Commission on Judicial Fitness and Disability Subtotal	2,990.22	840.00	-	2,150.22
<u>Oregon Commission on Children and Families</u>					
Audit Report Issued:					
96-54	Oregon Commission on Children and Families	141,071.57			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	5,762.18			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
	Oregon Commission on Children and Families Subtotal	146,833.75	19,760.00	-	127,073.75
	<u>Construction Contractors Board</u>				
	Audit Reports Issued:				
96-21	Constructions Contractors Board Performance Audit Report May 1996	80,587.26			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	3,231.56			
	Construction Contractors Board Subtotal	83,818.82	5,776.00	-	78,042.82
	<u>Council for Professional Training</u>				
	Council for Professional Training Subtotal	-	237.00	-	(237.00)
	<u>Council on Court Procedures</u>				
	Audit Reports Issued:				
96-62	Council on Court Procedures	2,849.23			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	99.78			
	Council on Court Procedures Subtotal	2,949.01	-	-	2,949.01
	<u>Department of Administrative Services</u>				
	Audit Reports Issued:				
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	100,473.32			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	57,115.45			
95-32	Department of Administrative Services: Limited Review of Mass Transit Assessment Process	1,548.80			
95-41	Non-Limited Expenditures	827.34			
96-33	Use of Lottery Funds	34,866.61			
96-12	Department of Administrative Services: Telecommunications Inventory	27,082.94			
96-07	Department of Administrative Services: Acquisition and Management of Cellular Telephones and Services	53,162.54			
97-74	Department of Administrative Services: Statewide Purchasing and Price Agreements	55,844.48			
96-39	Information Technology Procurement Practices	165,495.76			
97-69	Oregon Department of Administrative Services: SFMS Special Review	208,487.61			
96-53	Review of Review of Internal Auditing Functions in State Agencies Functions in State Agencies	9,364.29			
96-05	Statewide Financial Management System Phase 1B Review	22,247.31			
95-26	Agreed-Upon Procedures Report for the DAS Statewide Financial Management System	52,118.49			
96-30	Department of Administrative Services: Statewide Financial Management System Phase 2A Review	46,167.89			
96-58	Statewide Financial Management System Phase 1C	35,199.13			
97-21	Department of Administrative Services: Statewide Financial Management System (Phase 2B Part 1)	42,505.56			
97-30	Department of Administrative Services: Statewide Financial Management System (Phase 2B Part 2)	21,930.69			
97-76	Department of Administrative Services: Statewide Financial Management System Phase 3A Review	68,423.38			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
95-33	Service Efforts and Accomplishments	775.22			
95-49	A Review of Vehicle Fleet Management Practices	41,830.89			
97-19	Personal Services Contracts Procurement Practices	22,013.42			
Bond Letters:					
	COP 1995 Series A	2,460.00			
	COP 1996 Series A	2,956.50			
	COP 1996 Series B, C	2,559.00			
	COP 1997 Series A	2,979.00			
Other and Audits In-Process:					
	Statewide Audit — Fiscal Year 1997	28,273.00			
	IRM Strategic Plan	5,504.50			
	Procurement Investigation	122,238.55			
	Technology	2,347.69			
	SFMS IRA	546.75			
	SFMS Acceptance Testing	323.75			
	SFMS General Meet	14,334.38			
	EDP General Controls	105.38			
	SFMS Fall Implementation	79.88			
	DAS — Administration	5,315.25			
	Opportunities to Reduce State Employee Travel Costs	68,958.51			
	Appointments to State Service	50,685.07			
	Central Statewide Audit Allocation	59,143.91			
Department of Administrative Services Subtotal		1,436,292.17	943,672.00	10,954.50	481,665.67
Department of Agriculture					
Audit Reports Issued					
95-49	A Review of Vehicle Fleet Management Practices	5,743.89			
Other and Audits In-Process:					
	Department of Agriculture — Commodity Commissions	3,697.00			
	Central Statewide Audit Allocation	1,490.61			
Department of Agriculture Subtotal		10,931.50	22,128.00	-	(11,196.51)
Department of Consumer and Business Services					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	39,396.63			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	23,273.88			
95-41	Non-Limited Expenditures	190.80			
96-53	Review of Internal Auditing Functions in State Agencies	3,254.53			
97-19	Personal Services Contracts Procurement Practices	18,350.29			
97-73	Investigation of Allegations of Building Code Violations in Harney County	47,720.76			
Other and Audits In-Process:					
	Non-Limited Reserves	19,810.39			
	Other Services	275.56			
	Appointments to State Service	10,403.96			
	Collection Activities	17,358.40			
	General Fund Revenue	319.50			
	Central Statewide Audit Allocation	10,452.80			
Department of Consumer and Business Services Subtotal		190,807.50	310,320.00	-	(119,512.50)

Department of Corrections

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
Audit Reports Issued:					
95-41	Non-Limited Expenditures	113.01			
95-23	Department of Corrections: A Review of Food Services Operations	197.25			
95-43	Department of Corrections: Review of Inmate Work Program Expenses	37,680.69			
97-27	Department of Corrections: Review of Prison Industries Operations	184,947.99			
96-44	Department of Corrections: Inmate Work Program	211,185.58			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
97-14	Department of Corrections: Overtime Special Review	10,544.79			
97-23	Department of Corrections: Special Payroll Investigation	6,551.38			
95-49	A Review of Vehicle Fleet Management Practices	5,743.89			
97-16	Overtime Practices	11,648.21			
Other and Audits In-Process:					
	Appointments to State Service	13,381.41			
	Construction	81,508.37			
	Central Statewide Audit Allocation	28,607.39			
Department of Corrections Subtotal		594,320.83	278,409.00	-	315,911.83
 Department of Economic Development					
Audit Reports Issued:					
95-16	Oregon Economic Development Department: Special Public Works Fund	28.94			
95-50	Oregon Economic Development Department: Water Fund	15,751.94			
95-51	Oregon Economic Development Department: Special Public Works Fund	11,914.31			
97-32	Oregon Economic Development Department: Water Fund	18,285.69			
97-33	Oregon Economic Development Department: Special Public Works Fund	15,295.50			
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	29,556.60			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	14,962.66			
95-41	Non-Limited Expenditures	769.73			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
96-33	Use of Lottery Funds	76,364.45			
97-63	Oregon Economic Development Department: Wood Products Competitiveness Corporation, Inc.	54,063.14			
97-19	Personal Services Contracts Procurement Practices	13,458.70			
Bond Letters:					
	Bond 1995A	3,018.00			
	Bond 1996 1	1,257.00			
	Bond 1996 A	1,014.00			
Other and Audits In-Process:					
	Appointments to State Service	2,977.45			
	Lottery Proceeds	88.38			
	Special Expenditures	187.13			
	Miscellaneous Computer Services	574.38			
	Central Statewide Audit Allocation	12,576.17			
Department of Economic Development Subtotal		274,355.04	133,344.00	5,289.00	135,722.04

Department of Energy

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
Audit Reports Issued:					
95-41	Non-Limited Expenditures	184.86			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
95-52	Department of Energy: Small Scale Energy Loan Program	18,667.25			
96-32	Office of Energy: Small Scale Energy Loan Program	34,098.54			
97-34	Office of Energy: Small Scale Energy Loan Program	34,023.48			
97-62	Farmers Irrigation District: SELP Bond Debt Special Review				
		58,484.45			
Other and Audits In-Process:					
	Other Services 1994	18.44			
	Other Services 1995	189.75			
	Central Statewide Audit Allocation	7,068.55			
	Department of Energy Subtotal	154,946.19	131,416.00	-	23,530.19
Department of Environmental Quality					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	12,934.15			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	16,355.22			
95-41	Non-Limited Expenditures	179.20			
96-20	Department of Environmental Quality: Hazardous Waste Program	102,130.75			
96-33	Use of Lottery Funds	8,306.06			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
Bond Letters:					
	Pollution Control Series A	2,229.00			
Other and Audits In-Process:					
	Appointments to State Service	2,977.45			
	Central Statewide Audit Allocation	9,416.39			
	Department of Environmental Quality Subtotal	156,739.09	59,088.00	2,229.00	95,422.09
Department of Fish and Wildlife					
Audit Reports Issued:					
95-41	Non-Limited Expenditures	111.85			
96-53	Review of Internal Auditing Functions in State Agencies	5,337.36			
95-40	Department of Fish and Wildlife: Licensing	20,018.45			
Other and Audits In-Process:					
	Appointments to State Service	1,488.72			
	Central Statewide Audit Allocation	4,908.94			
	Department of Fish and Wildlife Subtotal	31,865.32	254,568.00	-	(222,702.69)
Forestry Department					
Audit Reports Issued:					
95-30	Department of Forestry: State Forestry Management Program				
	Cost Allocation Processes	6,668.13			
95-41	Non-Limited Expenditures	761.72			
96-53	Review of Internal Auditing Functions in State Agencies	3,401.07			
95-49	A Review of Vehicle Fleet Management Practices	5,743.89			
97-16	Overtime Practices	7,588.20			

Other and Audits In-Process:

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
	Central Statewide Audit Allocation	3,313.71			
	Forestry Department Subtotal	27,476.72	142,536.00	-	(115,059.29)
<u>Oregon State System of Higher Education</u>					
Audit Reports Issued:					
96-10	Oregon State System of Higher Education	210,624.39			
97-22	Oregon State System of Higher Education	210,608.87			
94-16	Review of the Oregon State System of Higher Education's Progress in Implementing the Board Administrative Review Committee (BARC) Recommendations	30.80			
95-41	Non-Limited Expenditures	839.38			
95-39	Oregon Health Sciences University ServiceMaster Contract Review	32,454.25			
96-19	Oregon State System of Higher Education: University of Oregon Housing Department/Family Housing Special Review	47,536.18			
95-49	A Review of Vehicle Fleet Management Practices	5,743.89			
96-53	Review of Internal Auditing Functions in State Agencies	7,869.51			
96-57	Compliance with IRS Forms 1099-MISC/Reporting Requirements Calendar Year 1995	5,754.97			
Bond Letters:					
	Bond 1995 A	42.00			
	Bond 1996 A	3,219.00			
	Bond 1997 A	2,691.75			
Other and Audits In-Process:					
	Hospital Audit	1,522.18			
	Administration	3,664.85			
	Risk Assessment	6,677.44			
	Cash Handling	29,817.10			
	Monitoring	1,851.25			
	Central Statewide Audit Allocation	62,231.02			
	Oregon State System of Higher Education Subtotal	633,178.80	724,424.49	5,952.75	(97,198.44)
<u>Department of Justice</u>					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	6,537.50			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	6,181.88			
95-41	Non-Limited Expenditures	113.01			
97-29	Department of Justice Special Review	119,129.93			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
Other and Audits In-Process:					
	Child Support	4,491.00			
	Appointments to State Service	5,937.78			
	Collection Activities	5,682.51			
	Central Statewide Audit Allocation	8,261.49			
	Department of Justice Subtotal	158,545.96	127,760.00	-	30,785.96
<u>Department of Parks and Recreation</u>					
Audit Reports Issued:					
95-41	Non-Limited Expenditures	111.85			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
Other and Audits In-Process:					
	Department of Parks and Recreation 1996	4,577.05			
	Department of Parks and Recreation Special Review	23,731.44			
	Department of Parks and Recreation Cash Handling	24,507.20			
	Central Statewide Audit Allocation	3,211.28			
	Department of Parks and Recreation Subtotal	58,349.69	23,528.00	-	34,821.69
Department of Revenue					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	17,535.29			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	37,860.28			
95-41	Non-Limited Expenditures	111.41			
96-13	Department of Revenue: Tax Payment Processing	99,039.68			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
97-41	Department of Revenue Special Review: Change of Director	5,244.45			
95-28	Department of Revenue Computer Center General Controls and Personal Income Tax Application Controls	781.26			
Other and Audits In-Process:					
	Statewide Audit — FY97	2,602.75			
	Exemptions	190,978.29			
	Property Tax Assessments	78,023.95			
	Appointments to State Service	1,488.72			
	Collection Activities	38,596.33			
	EDP Application Controls	393.38			
	Central Statewide Audit Allocation	20,882.96			
	Department of Revenue Subtotal	495,749.61	336,136.00	-	159,613.61
Department of Transportation					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	122,759.25			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	125,922.47			
95-48	Oregon Department of Transportation: Letter Report on Review of Purchasing and Highway Construction Contracts	5,213.13			
95-41	Non-Limited Expenditures	167.33			
96-53	Review of Internal Auditing Functions in State Agencies	7,869.51			
97-05	Oregon Department of Transportation: Grant County Transportation District Loss of Public Funds	8,397.92			
95-33	Service Efforts and Accomplishments	775.22			
95-49	A Review of Vehicle Fleet Management Practices	5,743.89			
97-16	Overtime Practices	13,999.26			
97-19	Personal Services Contracts Procurement Practices	18,350.29			
97-13	Driver and Motor Vehicle Services: New Licensing System — Software Contract Expenditures Special Review	130,456.90			
Other and Audits In-Process:					
	Statewide Audit — FY97	12,049.56			
	Jackson County Consultation	10,301.88			
	Rogue Valley Transportation District Administration 1995	73,636.88			
	Administration 1995	3,876.69			
	Administration 1996	5,233.19			
	Appointments to State Service	19,336.30			
	Cash Handling	47,911.58			
	Collection Activities	12,869.59			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
	Central Statewide Audit Allocation	41,889.93			
	Department of Transportation Subtotal	666,760.75	944,616.00	-	(277,855.26)
Department of Veterans Affairs					
Audit Reports Issued:					
96-08	Department of Veterans' Affairs	73,948.26			
97-24	Department of Veterans' Affairs	73,671.49			
95-41	Non-Limited Expenditures	1,037.36			
96-53	Review of Internal Auditing Functions in State Agencies	6,379.52			
Bond Letters:					
	Bond Sale Series — 75	4,338.50			
	Bond Sale Series — 76AB	7,837.50			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	7,105.82			
	Department of Veterans Affairs Subtotal	174,318.44	86,730.14	12,176.00	75,412.30
Department of Water Resources					
Audit Reports Issued:					
95-41	Non-Limited Expenditures	114.78			
96-33	Use of Lottery Funds	23,242.36			
97-68	Water Resources Department Special Review	30,969.70			
Other and Audits In-Process:					
	Administration 1995	238.88			
	Administration 1996	136.50			
	Appointments to State Service	1,488.72			
	Department of Water Resources: Water Development Loan Program Special Review	16,138.44			
	Central Statewide Audit Allocation	3,033.70			
	Department of Water Resources Subtotal	75,363.06	36,664.00	-	38,699.06
Department of Human Resources					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	44,264.61			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	37,282.66			
95-22	Department of Human Resources: Director's Office Fixed Asset Accountability	252.56			
96-55	Department of Human Resources: Office of Medical Assistance Programs Provider Postpayment Reviews	128,780.35			
96-53	Review of Internal Auditing Functions in State Agencies	6,379.52			
95-38	Department of Human Resources: Office of Medical Assistance Programs Medicaid Management Information System General and Application Controls	25,427.75			
97-19	Personal Services Contracts Procurement Practices	22,013.42			
Other and Audits In-Process:					
	Statewide Audit — FY97	6,566.25			
	Hospital Audit 97	2,529.38			
	OMAP Tri-Met Contract	2,622.19			
	MMIS Applications Review	12,716.75			
	OIS MMIS Review	146,926.81			
	Administration	678.88			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
	Appointments to State Service	4,466.17			
	Central Statewide Audit Allocation	39,253.20			
	Department of Human Resources Subtotal	480,160.48	224,528.00	-	255,632.48
<u>DHR — Adult and Family Services Division</u>					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	72,321.67			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	62,973.04			
96-53	Review of Internal Auditing Functions in State Agencies	5,486.46			
95-33	Service Efforts and Accomplishments	775.22			
96-57	Compliance with IRS Forms 1099-MISC/Reporting Requirements Calendar Year 1995	13,567.33			
95-22	Department of Human Resources: Adult and Family Services Division Fixed Asset Accountability	252.56			
97-43	Department of Human Resources: Review of Accounting for Health-Related Licensing Boards	113,741.47			
Other and Audits In-Process:					
	Statewide Audit — FY97	7,754.13			
	Employment Related Day Care Program Administration 1996	103,522.94			
	Appointments to State Service	1,941.75			
	Collection Activities	4,466.17			
	Central Statewide Audit Allocation	16,164.70			
	DHR — Adult and Family Services Division Subtotal	322,192.01	643,904.00	-	(321,711.99)
<u>DHR — State Office for Services to Children and Families</u>					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	37,764.26			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	26,523.50			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
97-16	Overtime Practices	22,014.63			
95-22	Department of Human Resources: Children's Services Division Fixed Asset Accountability	252.56			
Other and Audits In-Process:					
	Statewide Audit — FY97	1,065.00			
	Administration	552.44			
	Appointments to State Service	10,403.96			
	Services to Children and Families II Review	3,707.69			
	Special Investigation	35,047.64			
	Central Statewide Audit Allocation	12,258.56			
	DHR — Services to Children and Families Subtotal	151,548.54	259,326.00	-	(107,777.46)
<u>DHR — Oregon Health Division</u>					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	16,707.44			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	16,668.17			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
Other and Audits In-Process:					
	Statewide Audit — FY97	4,068.63			
	Cash Handling	16,891.33			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
	Central Statewide Audit Allocation	5,772.50			
	DHR — Oregon Health Division Subtotal	62,318.93	85,192.00	-	(22,873.07)
<u>DHR — Mental Health and Developmental Disability Services Division</u>					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	33,867.61			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	17,041.51			
96-33	Use of Lottery Funds	14,946.11			
96-53	Review of Internal Auditing Functions in State Agencies	5,932.96			
96-17	Department of Human Resources: Fairview Training Center Contract Laboratory Review	19,774.38			
96-25	Department of Human Resources: Oregon State Hospital Overtime Special Investigation	24,544.73			
97-16	Overtime Practices	9,191.55			
Other and Audits In-Process:					
	Statewide Audit — FY97	1,245.75			
	Group Homes Audit	29,986.15			
	SFMS Voucher Testing	1,296.00			
	Special Investigation	33,098.91			
	Appointments to State Service	10,403.96			
	Central Statewide Audit Allocation	23,148.24			
	DHR —Mental Health and Developmental Disability Services Division Subtotal	224,477.85	391,400.00	-	(166,922.16)
<u>DHR — Senior and Disabled Services Division</u>					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	32,710.18			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	22,535.50			
96-53	Review of Internal Auditing Functions in State Agencies	2,509.81			
96-57	Compliance with IRS Forms 1099-MISC/Reporting Requirements Calendar Year 1995	19,321.64			
95-22	Department of Human Resources: Senior and Disabled Services Division Fixed Asset Accountability	252.56			
Other and Audits In-Process:					
	Statewide Audit — FY97	1,671.75			
	Long-Term Care Review Administration	124,253.77			
	Administration	200.38			
	Appointments to State Service	5,937.78			
	Central Statewide Audit Allocation	18,087.30			
	DHR — Senior and Disabled Services Division Subtotal	227,228.11	293,360.00	-	(66,131.89)
<u>DHR — Vocational Rehabilitation Division</u>					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	45,798.08			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	41,078.25			
Other and Audits In-Process:					
	Hotline Follow-up	6,053.10			
	Central Statewide Audit Allocation	5,778.46			
	DHR — Vocational Rehabilitation Division Subtotal	98,707.89	99,512.00	-	(804.11)

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
<u>Dispute Resolution Commission</u>					
Audit Reports Issued:					
97-03	Dispute Resolution Commission	2,883.70			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	121.10			
Dispute Resolution Commission Subtotal		3,004.80	-	-	3,004.80
<u>District Attorneys and their Deputies</u>					
Other and Audits In-Process:					
	Central Statewide Audit Allocation	100.56			
District Attorneys and their Deputies Subtotal		100.56	160.00	-	(59.44)
<u>Division of State Lands</u>					
Audit Reports Issued:					
95-41	Non-Limited Expenditures	118.01			
Other and Audits In-Process:					
	Appointments to State Service	1,488.72			
	Central Statewide Audit Allocation	264.16			
Division of State Lands Subtotal		1,870.89	63,168.00	-	(61,297.12)
<u>ED-Net Board</u>					
ED-Net Board Subtotal			928.00	-	(928.00)
<u>Education Department</u>					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	65,869.75			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	51,720.84			
95-41	Non-Limited Expenditures	113.01			
96-53	Review of Internal Auditing Functions in State Agencies	2,509.81			
97-37	Oregon Department of Education — To Lead Education Reform: An Appraisal of the Oregon Department of Education	305,713.23			
96-28	Oregon Department of Education: Review of Local Area Network Controls	13,498.76			
95-33	Service Efforts and Accomplishments	775.22			
97-19	Personal Services Contracts Procurement Practices	28,133.45			
Other and Audits In-Process:					
	Statewide Audit — FY97	14,063.13			
	Child Care Services Review	6,092.13			
	Agency Risk Assessment	5,421.44			
	Appointments to State Service	5,937.78			
	Central Statewide Audit Allocation	29,404.63			
Education Department Subtotal		529,253.17	406,696.00	-	122,557.17
<u>Employment Department</u>					
Audit Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	56,155.77			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	50,814.88			
95-41	Non-Limited Expenditures	641.35			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
96-50	Employment Department: Unemployment Benefit Overpayments Special Review	97,871.70			
96-53	Review of Internal Auditing Functions in State Agencies	3,996.89			
	Other and Audits In-Process:				
	Appointments to State Service	4,466.17			
	Collection Activities	33,672.31			
	Central Statewide Audit Allocation	29,496.05			
	Employment Department Subtotal	277,115.10	181,616.00	-	95,499.10
	<u>Employment Relations Board</u>				
	Audit Reports Issued:				
96-46	Employment Relations Board Special Review	8,027.05			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	368.54			
	Employment Relations Board Subtotal	8,395.59	5,432.00	-	2,963.59
	<u>Board of Engineering Examiners</u>				
	Audit Reports Issued:				
97-06	Board of Engineering Examiners	3,115.34			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	138.94			
	Board of Engineering Examiners Subtotal	3,254.28	4,808.00	-	(1,553.72)
	<u>Oregon Forest Resources Institute</u>				
	Audit Reports Issued:				
96-40	Oregon Forest Resources Institute Special Review	9,458.55			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	365.13			
	Oregon Forest Resources Institute Subtotal	9,823.68	-	-	9,823.68
	<u>Board of Geologist Examiners</u>				
	Audit Reports Issued:				
96-63	Board of Geologist Examiners	2,855.88			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
Other and Audits In-Process:					
	Central Statewide Audit Allocation	102.25			
	Board of Geologist Examiners Subtotal	2,958.13	3,760.00	-	(801.87)
<u>Department of Geology and Mineral Industries</u>					
Audit Reports Issued:					
95-41	Non-Limited Expenditures	111.41			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	127.34			
	Department of Geology and Mineral Industries Subtotal	238.75	10,304.00	-	(10,065.25)
<u>Oregon Government Standards and Practices Commission</u>					
Audit Reports Issued:					
97-10	Oregon Government Standards and Practices Commission	2,985.40			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	129.26			
	Oregon Government Standards and Practices Commission Subtotal	3,114.66	1,760.00	-	1,354.66
<u>Health, Housing, Educational and Cultural Facilities Authority</u>					
Audit Reports Issued:					
97-40	Health, Housing, Educational and Cultural Facilities Authority Special Review	5,977.13			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	230.74			
	Health, Housing, Educational and Cultural Facilities Authority Subtotal	6,207.87	2,832.00	-	3,375.87
<u>Health Related Licensing Boards</u>					
Audit Reports Issued:					
97-43	Department of Human Resources: Review of Accounting for Health-Related Licensing Board	113,741.47			
97-44	Board of Pharmacy Special Review				
97-45	Oregon Board of Dentistry Special Review				
97-46	Board of Examiners of Nursing Home Administrators Special Review				
97-47	Oregon Board of Optometry Special Review				
97-48	Board of Clinical Social Workers Special Review				
97-49	State Mortuary and Cemetery Board Special Review				
97-50	Veterinary Medical Examining Board Special Review				
97-51	Board of Naturopathic Examiners Special Review				
97-52	Board of Radiologic Technology Special Review				
97-53	Occupational Therapy Licensing Board Special Review				
97-54	Board of Psychologist Examiners Special Review				
97-55	Physical Therapist Licensing Board Special Review				
97-56	Board of Licensed Professional Counselors and Therapists Special Review				
97-57	Board of Examiners of Licensed Dietitians Special Review				

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
97-58	Board of Examiners for Speech Pathology and Audiology Special Review				
97-59	Board of Massage Technicians Special Review				
Other and Audits In-Process:					
	Central Statewide Audit Allocation	3,269.34			
Health Related Licensing Boards Subtotal		117,010.81	10,944.00	-	106,066.81
<u>Oregon Housing and Community Services Department</u>					
Audit Reports Issued:					
96-06	Oregon Housing and Community Services Department	63,517.92			
97-12	Oregon Housing and Community Services Department	71,208.96			
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	26,512.17			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	10,859.88			
95-41	Non-Limited Expenditures	182.15			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
Bond Letters:					
	Bond Letters Issued	27,532.25			
Other and Audits In-Process:					
	Opinion Audit - FY97	15,121.56			
	Statewide Audit - FY97	2,618.88			
	Other Services	1,396.92			
	Central Statewide Audit Allocation	10,837.27			
Oregon Housing and Community Services Department Subtotal		231,998.81	299,304.00	27,532.25	(94,837.44)
<u>Insurance Pool Governing Board</u>					
Audit Reports Issued:					
96-45	Insurance Pool Governing Board Special Review	5,997.00			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	237.09			
Insurance Pool Governing Board Subtotal		6,234.09	2,272.00	-	3,962.09
<u>Judicial Department</u>					
Audit Reports Issued:					
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
96-22	Indigent Defense Program Special Review	43,711.67			
Other and Audits In-Process:					
	Cash Handling	27,366.37			
	EDP Report Request	808.78			
	Central Statewide Audit Allocation	7,099.20			
Judicial Department Subtotal		81,196.88	108,744.00	-	(27,547.12)
<u>Department of Land Conservation and Development</u>					
Audit Reports Issued:					
97-28	Department of Land Conservation and Development Special Review	18,343.26			
Other and Audits In-Process:					

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
	Central Statewide Audit Allocation	894.46			
	Department of Land Conservation and Development Subtotal	19,237.72	21,928.00	-	(2,690.29)
<u>Landscape Architects Board</u>					
Audit Reports Issued:					
97-09	Landscape Architects Board	3,249.22			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	122.72			
	Landscape Architects Board Subtotal	3,371.94	2,168.00	-	1,203.94
<u>Landscape Contractors Board</u>					
Audit Reports Issued:					
97-35	Landscape Contractors Board Special Review	8,455.56			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	326.42			
	Landscape Contractors Board Subtotal	8,781.98	4,792.00	-	3,989.98
<u>Land Use Board of Appeals</u>					
Audit Reports Issued:					
96-31	Land Use Board of Appeals Special Review	6,988.25			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	285.95			
	Land Use Board of Appeals Subtotal	7,274.20	2,112.00	-	5,162.20
<u>Lane County Local Government Boundary Commission</u>					
Audit Reports Issued:					
97-17	Lane County Boundary Commission	2,907.18			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	114.25			
	Lane County Local Government Boundary Commission Subtotal	3,021.43	1,872.00	-	1,149.43
<u>Legislative Administration Committee</u>					
Audit Reports Issued:					
95-41	Non-Limited Expenditures	111.41			
Other and Audits In-Process:					
	Stores Inventory	5,805.38			
	Appointments to State Service	1,488.72			
	Central Statewide Audit Allocation	585.14			
	Legislative Administration Committee Subtotal	7,990.65	38,128.00	-	(30,137.36)
<u>Legislative Assembly</u>					
Audit Reports Issued:					
95-41	Non-Limited Expenditures	111.41			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	579.56			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
	Legislative Assembly Subtotal	690.97	952.00	-	(261.03)
	<u>Legislative Counsel</u>				
	Audit Reports Issued:				
95-41	Non-Limited Expenditures	111.85			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	110.97			
	Legislative Counsel Subtotal	222.82	8,136.00	-	(7,913.18)
	<u>Legislative Fiscal Office</u>				
	Audit Reports Issued:				
95-41	Non-Limited Expenditures	751.59			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	68.12			
	Legislative Fiscal Office Subtotal	819.71	4,024.00	-	(3,204.29)
	<u>Liquor Control Commission</u>				
	Audit Reports Issued:				
96-37	Oregon Liquor Control Commission Special Review: Change of Administrator	34,369.68			
95-49	A Review of Vehicle Fleet Management Practices	5,743.89			
	Other and Audits In-Process:				
	Inventory Issues 1995	535.50			
	Inventory Issues 1996	9,304.91			
	Central Statewide Audit Allocation	2,527.66			
	Liquor Control Commission Subtotal	52,481.64	52,576.00	-	(94.36)
	<u>Long Term Care Ombudsman</u>				
	Audit Reports Issued:				
96-47	Long Term Care Ombudsman Special Review	6,899.74			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	288.70			
	Long Term Care Ombudsman Subtotal	7,188.44	8,056.00	-	(867.56)
	<u>Marine Board</u>				
	Audit Work in Progress:				
95-47	Marine Board	8,284.66		-	8,284.66
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	422.48			
	Marine Board Subtotal	8,707.14	9,664.00	-	(956.86)
	<u>Board of Medical Examiners</u>				
	Audit Reports Issued:				
96-52	Board of Medical Examiners Special Review	33,674.90			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	1,378.55			
	Board of Medical Examiners Subtotal	35,053.45	7,432.00	-	27,621.45

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
<u>Oregon State Military Department</u>					
Other and Audits In-Process:					
	Central Statewide Audit Allocation	876.31			
	Oregon State Military Department Subtotal	876.31	36,464.00	-	(35,587.69)
<u>Office of Educational Policy and Planning</u>					
Audit Reports Issued:					
96-33	Use of Lottery Funds	8,306.06			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	374.58			
	Administration	601.13			
	Office of Educational Policy and Planning Subtotal	9,281.76	2,480.00	-	6,801.76
<u>Office of the Governor</u>					
Audit Reports Issued:					
96-15	Governor's Office	17,590.64			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	760.18			
	Office of the Governor Subtotal	18,350.82	7,112.00	-	11,238.82
<u>Oil Heat Commission</u>					
Audit Reports Issued:					
97-25	Oil Heat Commission	8,881.71			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	342.87			
	Oil Heat Commission Subtotal	9,224.58	2,800.00	-	6,424.58
<u>Oregon Beef Council</u>					
Audit Reports Issued:					
96-41	Oregon Beef Council	10,613.56			
	Oregon Beef Council Subtotal	10,613.56	-	10,613.56	-
<u>Oregon Community College Services</u>					
Audit Reports Issued:					
97-67	Department of Education: Office of Community College Services Special Review	20,996.75			
Other and Audits In-Process:					
	Statewide Audit-FY97	45.94			
	Central Statewide Audit Allocation	869.59			
	Oregon Community College Services Subtotal	21,912.28	-	-	21,912.28

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
<u>Oregon Criminal Justice Council</u>					
Audits Reports Issued:					
97-04	Oregon Criminal Justice Council	2,877.50			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	134.08			
	Oregon Criminal Justice Council Subtotal	3,011.58	-	-	3,011.58
<u>Oregon Disabilities Commission</u>					
Audits Reports Issued:					
96-59	Oregon Disabilities Commission	3,005.92			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	200.08			
	Oregon Disabilities Commission Subtotal	3,206.00	360.00	-	2,846.00
<u>Oregon Health Sciences University</u>					
Audits Reports Issued:					
95-39	Oregon Health Sciences University ServiceMaster Contract Review	25,764.94			
Other and Audits In-Process:					
	Hotline Follow-up	4,148.29			
	Audit Monitoring	1,433.75			
	Central Statewide Audit Allocation	4,164.53			
	Oregon Health Sciences University Subtotal	35,511.51	35,511.51	-	-
<u>Oregon Historical Society</u>					
Audits Reports Issued:					
96-09	Oregon Historical Society	19,523.07			
	Oregon Historical Society Subtotal	19,523.07		19,523.07	-
<u>Oregon State Bar</u>					
Audits Reports Issued:					
96-26	Oregon State Bar	25,995.10			
	Oregon State Bar Subtotal	25,995.10		25,995.10	-
<u>Oregon Youth Authority</u>					
Audits Reports Issued:					
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
97-65	Oregon Youth Authority: Security and Safety at Youth Correctional Facilities	25,339.80			
Other and Audits In-Process:					
	Appointments to State Service	5,937.78			
	SB1 Audit	90,736.37			
	Institutions	35,571.13			
	Central Statewide Audit Allocation	8,761.37			
	Oregon Youth Authority Subtotal	168,557.31	38,850.00	-	129,707.31

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
<u>Board of Parole and Post-Prison Supervision</u>					
Audits Reports Issued:					
97-72	Board of Parole and Post-Prison Supervision Special Review	13,648.00			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	47.49			
Board of Parole and Post-Prison Supervision Subtotal		13,695.49	12,000.00	-	1,695.49
<u>Penitentiary Industries</u>					
Penitentiary Industries Subtotal		-	280.00	-	(280.00)
<u>Portland Metro Area Local Boundary Commission</u>					
Audits Reports Issued:					
97-02	Portland Boundary Commission	2,871.74			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	120.97			
Portland Metro Area Local Boundary Commission Subtotal		2,992.71	4,256.00	-	(1,263.29)
<u>Professional Liability Fund</u>					
Audits Reports Issued:					
96-27	Professional Liability Fund	19,720.50			
97-39	Professional Liability Fund	13,939.35			
Professional Liability Fund Subtotal		33,659.85		33,659.85	-
<u>Psychiatric Security Review Board</u>					
Audits Reports Issued:					
96-56	Psychiatric Security Review Board Special Review	9,872.86			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	392.30			
Psychiatric Security Review Board Subtotal		10,265.16	4,592.00	-	5,673.16
<u>Public Defender</u>					
Audits Reports Issued:					
96-36	Public Defender Special Review	9,234.86			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	445.92			
Public Defender Subtotal		9,680.78	3,376.00	-	6,304.78
<u>Public Employees Retirement System</u>					
Audits Reports Issued:					
96-03	Public Employees Retirement System	69,510.83			
97-42	Public Employees Retirement System	95,185.09			
95-41	Non-Limited Expenditures	856.88			
96-53	Review of Internal Auditing Functions in State Agencies	3,848.68			
Other and Audits In-Process:					
	Administration	8,363.81			
	House Bill 3349 Review	6,913.48			
	Central Statewide Audit Allocation	7,632.63			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
	Public Employees Retirement System Subtotal	192,311.40	356,200.00	-	(163,888.61)
	<u>Board on Public Safety Standards and Training</u>				
	Audits Reports Issued:				
97-20	Board on Public Safety Standards and Training	68,400.47			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	2,788.90			
	Board on Public Safety Standards and Training Subtotal	71,189.37	10,608.00	-	60,581.37
	<u>Public Utility Commission</u>				
	Audits Reports Issued:				
97-38	Public Utility Commission Special Review	36,807.56			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	1,751.55			
	Public Utility Commission Subtotal	38,559.11	85,072.00	-	(46,512.89)
	<u>Oregon Racing Commission</u>				
	Audits Reports Issued:				
97-15	Oregon Racing Commission, Special Review	20,343.69			
95-41	Non-Limited Expenditures	111.41			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	842.72			
	Oregon Racing Commission Subtotal	21,297.82	8,496.00	-	12,801.82
	<u>Real Estate Agency</u>				
	Audits Reports Issued:				
96-34	Real Estate Agency Special Review	8,095.30			
	Other and Audits In-Process:				
	Central Statewide Audit Allocation	401.90			
	Real Estate Agency Subtotal	8,497.20	9,160.00	-	(662.80)
	<u>Resource and Technology Development Corporation.</u>				
	Audits Reports Issued:				
97-01	Oregon Resource and Technology Development Fund	21,731.57			
	Other and Audits In-Process:				
	FY97 and FY98 Financial Opinion	28.50			
	Central Statewide Audit Allocation	1,460.04			
	Resource and Technology Development Corporation Subtotal	23,220.11		-	37,821.25 (14,601.14)
	<u>State Accident Insurance Fund Corporation</u>				
	Audits Reports Issued:				
96-18	State Accident Insurance Fund	101,415.00			
96-43	State Accident Insurance Fund	57,612.94			
	Other and Audits In-Process:				
	Financial Opinion-Fiscal Year 1997	1,363.53			

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
	Other Services	3,581.50			
	Central Statewide Audit Allocation	6,908.20			
	State Accident Insurance Fund Corporation Subtotal	170,881.17	587,904.00	-	(417,022.83)
<u>Oregon State Fair and Exposition Center</u>					
Audits Reports Issued:					
95-35	Oregon State Fair and Exposition Center Special Review	20,070.14			
95-45	Oregon State Fair and Exposition Center: 1995 State Fair	16,135.07			
95-41	Non-Limited Expenditures	111.85			
96-57	Compliance with IRS Forms 1099-MISC/Reporting Requirements Calendar Year 1995	2,466.79			
97-16	Overtime Practices	5,236.21			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	1,782.52			
	Oregon State Fair and Exposition Center Subtotal	45,802.57	7,960.00	-	37,842.57
<u>Oregon State Library</u>					
Audits Reports Issued:					
97-78	Oregon State Library Special Review	22,899.11			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	1,095.58			
	Audit follow-up	1,375.31			
	Oregon State Library Subtotal	25,370.01	11,304.00	-	14,066.01
<u>State Lottery Commission</u>					
Audits Reports Issued:					
96-02	State Lottery Commission	52,619.20			
97-11	Oregon State Lottery Commission	75,589.69			
96-53	Review of Internal Auditing Functions in State Agencies	4,294.48			
Other and Audits In-Process:					
	Financial Opinion-Fiscal Year 1997	2,465.06			
	Appointments to State Service	1,488.72			
	Central Statewide Audit Allocation	6,161.65			
	State Lottery Subtotal	142,618.81	288,880.00	-	(146,261.20)
<u>Oregon State Department of Police</u>					
Audit Work in Progress:					
95-41	Non-Limited Expenditures	159.74			
96-53	Review of Internal Auditing Functions in State Agencies	2,210.87			
95-49	A Review of Vehicle Fleet Management Practices	5,743.89			
97-16	Overtime Practices	21,910.40			
Other and Audits In-Process:					
	Appointments to State Service	4,466.17			
	Central Statewide Audit Allocation	5,034.07			
	Oregon State Department of Police Subtotal	39,525.14	23,424.00	-	16,101.14

SECRETARY OF STATE — AUDITS DIVISION
Schedule of Audit Costs and Agency Payments
July 1, 1995, to June 30, 1997

Audit Report No.	Agency Name and Audit Activity Conducted	Audit Costs for the 1995-97 Biennium	1995-97 Biennium Assessment	Direct Payments for Audit Charges	Difference
<u>State Scholarship Commission</u>					
Audits Reports Issued:					
95-53	Fiscal Year 1995 Comprehensive Annual Financial Report	10,890.88			
96-64	Fiscal Year 1996 Comprehensive Annual Financial Report	10,476.00			
95-41	Non-Limited Expenditures	135.97			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	4,135.73			
State Scholarship Commission Subtotal		25,638.57	59,488.00	-	(33,849.43)
<u>Oregon State Treasury</u>					
Audits Reports Issued:					
96-11	Oregon State Treasury: Administrative Accounts	96,634.88			
97-71	Oregon State Treasury: Administrative Accounts	98,057.30			
95-41	Non-Limited Expenditures	752.89			
Other and Audits In-Process:					
	Statewide Audit-FY97	5,690.56			
	General Administration Audit 1995	16,286.56			
	General Administration Audit 1996	36,831.49			
	General Administration Audit 1997	277.00			
	Central Statewide Audit Allocation	10,032.53			
Oregon State Treasury Subtotal		264,563.21	391,544.00	-	(126,980.79)
<u>Teachers Standards and Practices Commission</u>					
Audits Reports Issued:					
96-38	Teacher Standards and Practices Commission Special Review	5,745.18			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	265.67			
Teachers Standards and Practices Commission Subtotal		6,010.85	3,280.00	-	2,730.85
<u>Travel Information Council</u>					
Audits Reports Issued:					
96-42	Travel Information Council Special Review	11,286.00			
Other and Audits In-Process:					
	Central Statewide Audit Allocation	511.10			
Travel Information Council Subtotal		11,797.10	3,144.00	-	8,653.10
Miscellaneous Agencies: Central Statewide Audit Allocation					
	Commission on Asian Affairs	2.10			
	Legislative Revenue Office	16.76			
	Children's Trust Fund	4.19			
	Commission on Indian Affairs	5.59			
Miscellaneous Subtotal		28.64	-	-	28.64
Miscellaneous Hotline Review Costs		6,254.61	-	-	6,254.61
Audits Division Totals		\$9,954,447.80	\$9,917,272.14	\$191,746.33	\$(154,570.67)

I N D E X

A		
Administrative Services, Department of	Information Technology Centers, Planned Audit	1
	Review of Appointments to State Service, Audit In Process	5
	1997 Statewide Audit, Audit In Process	10
	Review of Internal Auditing Functions in State Agencies, Report #96-53	12
	Compliance with IRS Forms 1099-MISC, Report #96-57	13
	Statewide Financial Management System — Phase 1C, Report #96-58	14
	Oregon Comprehensive Annual Financial Report for the Year Ended June 30, 1996, Report #96-64	15
	Overtime Practices, Report #97-16	19
	Personal Services Contracts Procurement Practices, Report #97-19	19
	Statewide Financial Management System — Phase 2B Part 1, Report #97-21	20
	Statewide Financial Management System Phase 2B Part 2, Report #97-30	22
	Opportunities to Reduce State Employee Travel Costs, Report #97-36	24
	Federal Compliance Report & Internal Control Report for the Year Ending June 30, 1996, Report #97-64	30
	Statewide Financial Management System — Special Review, Report #97-69	32
	Statewide Purchasing and Price Agreements, Report #97-74	34
	Statewide Financial Management System Phase 3A Review, Report #97-76	34
	Opportunities to Improve Delinquent Debt Collection by State Agencies, Report #97-77	35
Administrative Services,	Procurement Practices for Custodial Products, Report #97-80	36

Index

Department of (cont.)

Adult and Family Services Division	Subsidized Child Care Review, Audit In Process	9
	Compliance with IRS Forms 1099-MISC, Report #96-57	13
	Opportunities to Improve Delinquent Debt Collection by State Agencies, Report #97-77	35
Architect Examiners, Board of	Report #97-07	17
	Change of Administrator, Report #97-61	29

B

Beef Council, Oregon	Report #97-75	34
Black Affairs, Commission on	Report #96-61	14

C

Children and Families, Oregon Commission on	Report #96-54	12
Children and Families, State Office of Services to	Planned Audit	2
Chiropractic Examiners, Board of	Special Review, Report #97-18	19
Clinical Social Workers, Board of	Special Review, Report #97-48	26
Columbia River Gorge Commission	Opinion Audit, Audit In Process	8
	Report #97-26	21
Consumer and Business Services, Department of	Investigation of Allegations of Building Code Violations in Harney County, Report #97-73	33
	Opportunities to Improve Delinquent Debt Collection by State Agencies, Report #97-77	35
Corrections, Department of	Infrastructure Planning and Development, Audit In Process	5
	Construction Contract Management, Audit In Process	6
	Overtime Special Review, Report #97-14	18
	Special Payroll Investigation, Report #97-23	21
Corrections, Department of (cont.)	Review of Prison Industries Operations, Report #97-27	22
	National State Auditors Association: Joint Audit —	—

	Corrections Industries, Report #97-60	28
Council on Court Procedures	Report #96-62	15
Counselors and Therapists, Board of Licensed Professional	Special Review, Report #97-56	28
Criminal Justice Council, Oregon	Report #97-04	16
D		
Dentistry, Oregon Board of	Special Review, Report #97-45	26
Dietitians, Board of Examiners of Licensed	Special Review, Report #97-57	28
Disabilities Commission, Oregon	Report #96-59	14
Dispute Resolution Commission	Report #97-03	16
E		
Economic Development Department, Oregon	Special Public Works Fund — Opinion Audit, Audit In Process	7
	Water Fund Bond Program — Opinion Audit, Audit In Process	8
	Water Fund, Report #97-32	23
	Special Public Works Fund, Report #97-33	23
	Wood Products Competitiveness Corporation, Inc., Report #97-63	30
	Investigation of Allegations of Building Code Violations in Harney County, Report #97-73	33
Education, Oregon Department of	To Lead Education Reform, Report #97-37	24
	Office of Community College Services — Special Review, Report #97-67	31

Index

Employment Department	Unemployment Benefit Overpayments — Special Review, Report #96-50	11
	Opportunities to Improve Delinquent Debt Collection by State Agencies, Report #97-77	35
Energy, Oregon Office of	Small Scale Energy Loan Program — Opinion Audit, Audit In Process	8
	Small Scale Energy Loan Program, Report #97-34	23
	Farmers Irrigation District — Small Scale Energy Loan Program — Bond Debt — Special Review, Report #97-62	29
Engineering Examiners, Board of	Report #97-06	16
Environmental Quality, Department of	Investigation of Allegations of Building Code Violations in Harney County, Report #97-73	33
F		
Fire Marshall, Office of the State	Investigation of Allegations of Building Code Violations in Harney County, Report #97-73	33
Forestry, Department of	Planned Audit	2
G		
Geologist Examiners, Board of	Report #96-63	15
Government Standards & Practices Commission, Oregon	Report #97-10	17
H		
Health, Housing, Educational and Cultural Facilities Authority	Special Review, Report #97-40	25
Higher Education, Oregon State System of	Opinion Audit, Audit In Process	6
	Cash Handling Review, Audit In Process	6
	Compliance with IRS Forms 1099-MISC, Report #96-57	13
	Report #97-22	20
Hispanic Affairs, Commission on	Report #97-08	17

Housing and Community Services Department, Oregon	Opinion Audit, Audit In Process Report #97-12	18
Human Resources, Department of	Information Technology Centers, Planned Audit	1
	Group Home Investigation, Audit In Process	3
	Medicaid Management Information System Review, Audit In Process	3
	Office of Medical Assistance Programs — Provider Postpayment Reviews, Report #96-55	13
	Review of Accounting for Health-Related Licensing Boards, Report #97-43	25
J		
Judicial Department	Cash Handling Review, Audit In Process Report #97-31	6
Judicial Fitness and Disability, Commission on		23
Justice, Department of	Report #97-29	22
K		
Klamath County Fairground and Race Meet	Report #96-49	11
L		
Land Conservation and Development, Department of	Special Review, Report #97-28	22
Landscape Architects Board	Report #97-09	17
	Change of Administrator, Report #97-61	29
Landscape Contractors Board	Special Review, Report #97-35	23
Lane County Boundary Commission	Report #97-17	19
Library, Oregon State	Special Review, Report #97-78	35
Lottery, Oregon State	Opinion Audit, Audit In Process	7
	Report #97-11	17
M		
Massage Technicians,	Change-of-Director Audit, Audit In Process	6

Index

Board of	Special Review, Report #97-59	28
Medical Examiners, Board of	Special Review, Report #96-52	12
Mortuary and Cemetery Board, State	Special Review, Report #97-49	26
Municipalities	Desk Reviews of Municipal Reports — Summary Results Year Ended June 30, 1996, Report #97-70	32

N

Naturopathic Examiners, Board of	Special Review, Report #97-51	27
Nursing Home Administrators, Board of Examiners of	Special Review, Report #97-46	26
Nursing, Board of	Special Review, Report #97-66	31

O

Occupational Therapy Licensing Board	Special Review, Report #97-53	27
Oil Heat Commission	Report #97-26	21
Optometry, Oregon Board of	Special Review, Report #97-47	26

P

Parks and Recreation Department	Cash Handling Review, Audit In Process	6
	Review of the Salem Office's Over-the-Counter Sales Receipts, Report #97-79	35
Parole and Post-Prison Supervision, Board of	Special Review, Report #97-72	33
Pharmacy, Board of	Special Review, Report #97-44	26
Physical Therapist Licensing Board	Special Review, Report #97-55	28
Portland Boundary Commission	Report #97-02	15
Psychiatric Security Review Board	Special Review, Report #96-56	13
Psychologist Examiners, Board of	Special Review, Report #97-54	27

Public Employees Retirement System	Opinion Audit, Audit In Process Report #97-42	5 25
Public Safety Standards and Training, Board on	Report #97-20	20
Public Utilities Commission	Special Review, Report #97-38	24
R		
Racing Commission, Oregon	Special Review, Report #97-15	18
Radiologic Technology, Board of	Special Review, Report #97-52	27
Resource and Technology Development Fund, Oregon	Opinion Audit, Audit In Process Report #97-01	5 15
Revenue, Department of	Property Tax Exemption Review, Audit In Process	4
	Information Technology General and Application Controls Review, Audit In Process	8
	Special Review: Change of Director, Report #97-41	25
	Opportunities to Improve Delinquent Debt Collection by State Agencies, Report #97-77	35
S		
SAIF Corporation	Opinion Audit, Audit In Process	4
Scholarship Commission, Oregon State	Opinion Audit, Audit In Process	7
Senior and Disabled Services Division	Long-Term Care Review, Audit In Process Compliance with IRS Forms 1099-MISC, Report #96-57	4 13
Speech Pathology and Audiology, Board of Examiners for	Special Review, Report #97-58	28
State Bar, Oregon	Professional Liability Fund, Report #97-39	25
State Court Administrator	Court System, Planned Audit	2
State Fair and Exposition Center, Oregon	Fiscal Review, Audit In Process Compliance with IRS Forms 1099-MISC, Report	9 13

#96-57

T

Transportation, Department of	Administrative and Overhead Costs, Planned Audit	1
	Information Technology Centers, Planned Audit	1
	Change-of-Director Audit, Audit In Process	3
	Sources and Uses of Funds, Audit In Process	6
	Cash Handling Review, Audit In Process	6
	State Transportation Improvement Program, Audit In Process	9
	Grant County Transportation District — Loss of Public Funds, Report #97-05	16
	Driver and Motor Vehicles Services — New Licensing System — Software Contract Expenditures — Special Review, Report #97-13	18
	Opportunities to Improve Delinquent Debt Collection by State Agencies, Report #97-77	35
Treasury, Oregon State	Administrative Accounts January 1, 1995, to June 30, 1996, Report #97-71	33

V

Veterans' Affairs, Department of	Opinion Audit, Audit In Process	7
	Report #97-24	21
Veterinary Medical Examining Board	Special Review, Report #97-50	27

W

Water Resources Department	Special Review, Report #97-68	31
Women, Commission for	Report #96-60	14

Y

Youth Authority, Oregon	Treatment and Education Programs, Audit In Process	5
	Security and Safety at Youth Correctional Facilities, Report #97-65	31

FACTS ABOUT THE SECRETARY OF STATE AUDITS DIVISION

The mission of the Audits Division is to “Protect the Public Interest and Improve Oregon Government.” The Oregon Constitution provides that the Secretary of State shall be, by virtue of his office, Auditor of Public Accounts. The Audits Division exists to carry out this duty. The division reports to the elected Secretary of State and is independent of the Executive, Legislative, and Judicial branches of Oregon government. The division audits all state officers, agencies, boards, and commissions and oversees audits and financial reporting for local governments.

DIRECTORY OF KEY OFFICIALS

Director

Deputy Director

Acting Deputy Director

John N. Lattimer

Sharron E. Walker, CPA, CFE

Catherine E. Pollino, CGFM

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



Oregon Audits Division
Public Service Building
Salem, Oregon 97310
503-986-2255 Hotline: 800-336-8218
Internet: Audits.Hotline@state.or.us
<http://www.sos.state.or.us/audits/audithp.htm>

If you received a copy of an audit and you no longer need it, you may return it to the Audits Division. We maintain an inventory of past audit reports, and your cooperation will help us save on printing costs.

We invite comments on our reports through our Hotline or Internet address.

Auditing to Protect the Public Interest and Improve Oregon Government