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Secretary of State

State of Oregon  
**FEDERAL COMPLIANCE REPORT  
AND  
INTERNAL CONTROL REPORT**

For the Year Ending June 30, 1999



Audits Division

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Secretary of State

State of Oregon  
**FEDERAL COMPLIANCE REPORT  
AND  
INTERNAL CONTROL REPORT**

For the Year Ending June 30, 1999



**Audits Division**





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*Auditing for a Better Oregon*

The Honorable John Kitzhaber, M.D.  
Governor of Oregon  
State Capitol  
Salem, Oregon 97310

We have conducted a statewide audit in accordance with the Single Audit Act Amendments of 1996, *Government Auditing Standards*, and Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This report encompasses the year ended June 30, 1999. It is required for the state to continue receiving federal financial assistance, which as shown in this report, totals \$4.0 billion.

As required by the Single Audit Act, we issued a report dated December 10, 1999, on the state of Oregon's general-purpose financial statements. That report was included in the state of *Comprehensive Annual Financial Report* for the year ended June 30, 1999. This report contains the remaining components required by the Single Audit Act:

- *Report on Compliance and on Internal Control over Financial Reporting.* This component contains our report on the state of Oregon's compliance with laws, regulations, contracts and grants that affect the general-purpose financial statements, and on internal control over financial reporting. Part of the schedule of findings and questioned costs relates to this report.
- *Report on Compliance and on Internal Control in accordance with OMB Circular A-133.* This component contains our report on the state of Oregon's compliance with the types of compliance requirements described in OMB Circular A-133 and internal controls over compliance. Part of the schedule of findings and questioned costs relates to this report. This component also contains our report on the state of Oregon's schedule of expenditures of federal awards for the year ended June 30, 1999.
- *Schedule of Expenditures of Federal Awards:* This schedule is not a required part of the state of Oregon's general-purpose financial statements, but is required by OMB Circular A-133. The schedule shows state expenditures of federal awards, for the fiscal year ending June 30, 1999, totaling \$4.0 billion (excluding Oregon Health Sciences University). The notes, which accompany the schedule, are considered an integral part of the schedule. They provide disclosures regarding the reporting entity, the significant accounting policies used in preparing the schedule, the value of federal awards expended in the form of non-cash assistance, the value of loans outstanding at year end, and the value of pass-through awards received by the state from non-federal entities.

- *Schedule of Findings and Questioned Costs.* This schedule lists 3 audit findings, for the fiscal year ending June 30, 1999, regarding compliance and internal control related to financial reporting. It also lists 17 findings, for the fiscal year ending June 30, 1999, regarding compliance with the requirements of major federal programs and related internal controls. Questioned costs related to federal compliance findings total \$6,619,821. Finally, it lists the status of findings regarding compliance and internal control related to financial reporting and compliance with the requirements of major federal programs and related internal controls, which were included in our reports for the fiscal years ending June 30, 1998, and June 30, 1997.

OMB Circular A-133 requires management to provide a plan of corrective action on the findings and recommendations for the fiscal year ending June 30, 1999. Management's responses and planned corrective actions are included in this schedule.

- *Appendix A:* This appendix lists other audit reports issued by the Oregon Audits Division that are related to state of Oregon programs financed by federal awards.

## OREGON AUDITS DIVISION

John N. Lattimer  
Director

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*Auditing for a Better Oregon*

The Honorable John Kitzhaber, M.D.  
Governor of Oregon  
State Capitol  
Salem, Oregon 97310

**INDEPENDENT AUDITOR S REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

We have audited the general-purpose financial statements of the state of Oregon, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We did not audit the financial statements of the Oregon Health Sciences University, which statements reflect total assets of \$1,364 million as of June 30, 1999, and total operating revenues of \$645 million for the year then ended. Those financial statements were audited by other auditors whose reports on compliance and on internal control have been furnished to us, and our reports, insofar as they relate to the amounts included for the Oregon Health Sciences University, are based on the reports of the other auditors.

**Compliance**

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

## **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the state of Oregon's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the state of Oregon's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-1 through 99-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are a material weakness.

We also noted other matters involving the internal control over financial reporting, which were reported to management of the state of Oregon in separate letters dated November 5, 1999 and November 12, 1999.

Other auditors who audited Oregon Health Sciences University, a discretely presented component unit of the state of Oregon, noted other matters involving the internal control over financial reporting, which were reported to the management of Oregon Health Sciences University in a separate letter dated September 23, 1999.

This report is intended solely for the information and use of the management of the state of Oregon, the governor of the state of Oregon, the Oregon Legislative Assembly, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

OREGON AUDITS DIVISION

Sharron E. Walker, CPA, CFE  
Deputy Director

December 10, 1999



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*Auditing for a Better Oregon*

The Honorable John Kitzhaber, M.D.  
Governor of Oregon  
State Capitol  
Salem, Oregon 97310

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

**Compliance**

We have audited the compliance of the state of Oregon with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The state of Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the state of Oregon management. Our responsibility is to express an opinion on the state of Oregon's compliance based on our audit.

The state of Oregon's general-purpose financial statements include the operations of the Oregon Health Sciences University, which received \$117 million in federal awards which is not included in the state of Oregon's schedule of expenditures of federal awards for the year ended June 30, 1999. Our audit, described below, did not include the operations of the Oregon Health Sciences University, which engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the state of Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit

provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the state of Oregon's compliance with those requirements.

In our opinion, the state of Oregon complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 99-4 through 99-8.

### **Internal Control Over Compliance**

The management of the state of Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the state of Oregon's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the state of Oregon's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 99-9 through 99-20.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 99-9 to be a material weakness.

### **Schedule of Expenditures of Federal Awards**

We have audited the general-purpose financial statements of the state of Oregon as of and for the year ended June 30, 1999, and have issued our report thereon dated December 10, 1999. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule

of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subject to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the management of the state of Oregon, the governor of the state of Oregon, the Oregon Legislative Assembly, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

#### OREGON AUDITS DIVISION

Sharron E. Walker, CPA, CFE  
Deputy Director

January 31, 2000, except for the  
Schedule of Expenditure of Federal  
Awards, as to which date is  
December 10, 1999



**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1999**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
<b>Department of Agriculture</b>				
10.001	Agricultural Research-Basic and Applied Research	\$939,102	\$—	\$939,102
10.025	Plant and Animal Disease, Pest Control, and Animal Care	313,186	—	313,186
10.054	Emergency Conservation Program	2	8,467	8,469
10.064	Forestry Incentives Program	2,713	—	2,713
10.156	Federal-State Marketing Improvement Program	7,453	—	7,453
10.163	Market Protection and Promotion	16,861	—	16,861
10.167	Transportation Services	(164)	—	(164)
10.200	Grants for Agricultural Research, Special Research Grants	326,825	9,809	336,634
10.202	Cooperative Forestry Research	81	—	81
10.206	Grants for Agricultural Research-Competitive Research Grants	13,502	—	13,502
10.215	Sustainable Agriculture Research and Education	103	—	103
10.217	Higher Education Challenge Grants	92,772	—	92,772
10.218	Buildings and Facilities Program	11,473	—	11,473
10.220	Higher Education Multicultural Scholars	5,360	—	5,360
10.224	Fund for Rural America-Research, Education, and Extension Activities	109,591	20,794	130,385
10.250	Agricultural and Rural Economic Research	108,626	—	108,626
10.433	Rural Housing Preservation Grants	—	14,466	14,466
10.500	Cooperative Extension Service	359,862	—	359,862
10.501	Agricultural Telecommunications Program	14,086	—	14,086
10.550	Food Distribution	74,057	83,021	157,078
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	41,597,996	9,367,909	50,965,905
10.558	Child and Adult Care Food Program	166,319	26,469,967	26,636,286
10.560	State Administrative Expenses for Child Nutrition	1,021,953	—	1,021,953
10.564	Nutrition Education and Training Program	10,255	35,647	45,902
10.565	Commodity Supplemental Food Program	9,243	294,239	303,482
10.567	Food Distribution Program on Indian Reservations	—	157,066	157,066
10.570	Nutrition Program for the Elderly (Commodities)	17,531	1,390,100	1,407,631
10.601	Market Access Program	69,797	—	69,797
10.652	Forestry Research	135,267	—	135,267
10.664	Cooperative Forestry Assistance	1,588,852	1,907,328	3,496,180
10.665	Schools and Roads-Grants to States	37	85,558,148	85,558,185
10.670	National Forest-Dependent Rural Communities	391,018	8,500	399,518

*The accompanying notes are an integral part of this schedule.*

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1999**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Amounts		
		Direct Expenditures	Provided to Subrecipients	Total Federal Expenditures
10.769	Rural Development Grants	40,879	—	40,879
10.771	Rural Cooperative Development Grant	77,237	—	77,237
10.961	Scientific Cooperation Program	2,726,876	623,235	3,350,111
<b>Total Department of Agriculture</b>		<b>\$50,248,751</b>	<b>\$125,948,696</b>	<b>\$176,197,447</b>
<b>Department of Business and Commerce</b>				
11.303	Economic Development-Technical Assistance	\$127,254	\$—	\$127,254
11.307	Economic Adjustment Assistance	56,128	—	56,128
11.312	Research and Evaluation Program	(1,248)	—	(1,248)
11.405	Anadromous Fish Conservation Act Program	432,631	—	432,631
11.407	Interjurisdictional Fisheries Act of 1986	177,620	—	177,620
11.417	Sea Grant Support	925,552	27,870	953,422
11.419	Coastal Zone Management Administration Awards	1,284,386	193,444	1,477,830
11.420	Coastal Zone Management Estuarine Research Reserves	489,301	—	489,301
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	304,347	—	304,347
11.436	Columbia River Fisheries Development Program	7,886,926	2,308	7,889,234
11.437	Pacific Fisheries Data Program	443,455	—	443,455
11.438	Pacific Salmon Treaty Program	522,527	—	522,527
11.439	Marine Mammal Data Program	141,368	—	141,368
11.441	Regional Fishery Management Councils	112,114	—	112,114
11.455	Cooperative Science and Education Program	20,634	—	20,634
11.552	Telecommunications and Information Infrastructure Assistance Program	94,250	—	94,250
11.610	National Center for Standards and Certification Information	41,000	—	41,000
11.611	Manufacturing Extension Partnership	120,302	—	120,302
11.X01	Other Department of Commerce Programs – National Oceanic and Atmospheric	347,890	—	347,890
<b>Total Department of Business and Commerce</b>		<b>\$13,526,437</b>	<b>\$223,622</b>	<b>\$13,750,059</b>
<b>Department of Defense</b>				
12.105	Protection of Essential Highways, Highway Bridge Approaches, and Public Works	\$8,417	\$—	\$8,417
12.113	State Memorandum of Agreement Program for The Reimbursement of Technical Services	207,847	—	207,847
12.114	Collaborative Research and Development	12,986	—	12,986
12.300	Basic and Applied Scientific Research	18,094	—	18,094
12.400	Military Construction, National Guard	5,719,111	—	5,719,111

*The accompanying notes are an integral part of this schedule.*

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1999**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
12.401	National Guard Military Operation and Maintenance (O&M) Projects	16,754,809	-	16,754,809
12.431	Basic Scientific Research	58,308	-	58,308
12.800	Air Force Defense Research Sciences Program	1,046,945	-	1,046,945
12.X01	Other Department of Defense Programs	7,400	-	7,400
12.X02	Other Department of Defense Programs (Army Corp. of Engineers)	5,460,325	-	5,460,325
12.X10	Other Department of Defense Programs (Army)	751,303	21,569	772,872
<b>Total Department of Defense</b>		<b>\$30,045,545</b>	<b>\$21,569</b>	<b>\$30,067,114</b>
<b>Department of Housing and Urban Development</b>				
14.194	Portfolio Reengineering Demonstration	\$-	\$135,174	\$135,174
14.227	Community Development Block Grants/Special Purpose Grants/Technical Assistance Program	216,865	-	216,865
14.228	Community Development Block Grants/State's Program	539,748	15,731,638	16,271,386
14.231	Emergency Shelter Grants Program	(1,696)	766,708	765,012
14.235	Supportive Housing Program	5,142	617,253	622,395
14.239	Home Investment Partnerships Program	6,388,896	1,356,555	7,745,451
14.511	Community Outreach Partnership Center Program	76,996	-	76,996
14.854	Public and Indian Housing Drug Elimination Program	67,008	-	67,008
<b>Total Department of Housing and Urban Development</b>		<b>\$7,292,959</b>	<b>\$18,607,328</b>	<b>\$25,900,287</b>
<b>Department of the Interior</b>				
15.035	Forestry on Indian Lands	\$66,894	\$-	\$66,894
15.039	Fish, Wildlife, and Parks Program on Indian Lands	83,263	-	83,263
15.114	Indian Education-Higher Education Grant Program	62,691	-	62,691
15.1XX	Watershed Contracts	226,936	139,680	366,616
15.214	Non-Sale Disposals of Mineral Material	4	22,130	22,134
15.222	Cooperative Inspection Agreements With States and Tribes	19,897	25,000	44,897
15.224	Cultural Resource Management	13,897	-	13,897
15.225	Recreation Resource Management	507,522	-	507,522
15.608	Fish and Wildlife Management Assistance	280,748	64,568	345,316
15.614	Coastal Wetlands Planning, Protection and Restoration Act	244,814	751,496	996,310
15.615	Cooperative Endangered Species Conservation	598,545	13,306	611,851
15.616	Clean Vessel Act	100,075	245,061	345,136
15.805	Assistance to State Water Resources Research Institutes	39,699	-	39,699
15.808	Us Geological Survey-Research and Data Acquisition	622,381	-	622,381

*The accompanying notes are an integral part of this schedule.*

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1999**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
15.875	Economic, Social, and Political Development of the Territories and the Freely Associated States	140,968	-	140,968
15.904	Historic Preservation Fund Grants-In-Aid	447,652	201,225	648,877
15.916	Outdoor Recreation-Acquisition, Development and Planning	492,089	99,339	591,428
15.922	Native American Graves Protection and Repatriation Act	(1,643)	-	(1,643)
15.X02	Other Dept. of the Interior Programs (Bureau of Reclamation)	3,914	-	3,914
15.X04	Other Department of the Interior Programs (U.S. Fish and Wildlife Services)	57,490	-	57,490
<b>Total Department of the Interior</b>		<b>\$4,007,836</b>	<b>\$1,561,805</b>	<b>\$5,569,641</b>
<b>Department of Justice</b>				
16.004	Law Enforcement Assistance-Narcotics and Dangerous Drugs Training	\$184,359	\$-	\$184,359
16.105	Civil Rights of Institutionalized Persons	122	-	122
16.307	Combined DNA Index System	80,296	-	80,296
16.523	Juvenile Acocuntability Incentive Block Grants	28,055	-	28,055
16.540	Juvenile Justice and Delinquency Prevention-Allocation to States	464,898	184,051	648,949
16.541	Juvenile Justice and Delinquency Prevention-Special Emphasis	234,757	-	234,757
16.548	Title V-Delinquency Prevention Program	1,031	176,954	177,985
16.549	Part E-State Challenge Activities	78,260	1,500	79,760
16.554	National Criminal History Improvement Program (NCHIP)	68,672	-	68,672
16.575	Crime Victim Assistance	129,196	2,933,117	3,062,313
16.576	Crime Victim Compensation	1,182,459	-	1,182,459
16.579	Byrne Formula Grant Program	4,981,846	4,662,201	9,644,047
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	22,645	364,775	387,420
16.582	Crime Victim Assistance/Discretionary Grants	254,197	-	254,197
16.585	Drug Court Discretionary Grant Program	58,829	-	58,829
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	5,947	-	5,947
16.588	Violence Against Women Formula Grants	102,183	1,811,754	1,913,937
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	12,854	55,613	68,467
16.592	Local Law Enforcement Block Grants Program	79,150	360,805	439,955
16.593	Residential Substance Abuse Treatment for State Prisoners	683,003	6,244	689,247
16.598	State Identification Systems Grant Program	183,356	-	183,356
16.606	State Criminal Alien Assistance Program	7,541,851	-	7,541,851

*The accompanying notes are an integral part of this schedule.*

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1999**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
16.710	Public Safety Partnership and Community Policing Grants	2,106,687	-	2,106,687
16.712	Police Corps	20,000	-	20,000
16.727	Combating Underage Drinking	153,050	-	153,050
<b>Total Department of Justice</b>		<b><u>\$18,657,703</u></b>	<b><u>\$10,557,014</u></b>	<b><u>\$29,214,717</u></b>
<b>Department of Labor</b>				
17.002	Labor Force Statistics	\$899,297	\$-	\$899,297
17.225	Unemployment Insurance	494,690,054	-	494,690,054
17.235	Senior Community Service Employment Program	28,366	1,129,993	1,158,359
17.245	Trade Adjustment Assistance-Workers	3,841,095	-	3,841,095
17.253	Welfare-to-Work Grants to States and Localities	2,162,486	-	2,162,486
17.503	Occupational Safety and Health-State Program	4,946,434	-	4,946,434
17.600	Mine Health and Safety Grants	67,357	-	67,357
17.802	Veterans Employment Program	214,088	-	214,088
<b>Total Department of Labor</b>		<b><u>\$506,849,177</u></b>	<b><u>\$1,129,993</u></b>	<b><u>\$507,979,170</u></b>
<b>Department of State</b>				
19.18294				
3090	Other Department of State Programs	\$ 952	-	\$ 952
19.18295				
3093	Other Department of State Programs	3,192	-	3,192
19.18296				
3094	Other Department of State Programs	3,092	-	3,092
19.18298				
3068	Other Department of State Programs	8,750	-	8,750
<b>Total Department of State</b>		<b><u>\$15,986</u></b>	<b><u>\$0</u></b>	<b><u>\$15,986</u></b>
<b>Department of Transportation</b>				
20.005	Boating Safety Financial Assistance	\$86,750	\$1,054,085	\$1,140,835
20.006	State Access to the Oil Spill Liability Trust Fund	12,601	-	12,601
20.106	Airport Improvement Program	1,630,409	-	1,630,409
20.205	Highway Planning and Construction	286,411,962	12,066,999	298,478,961
20.218	National Motor Carrier Safety	1,317,940	234,388	1,552,328
20.301	Railroad Safety	2,707	336,544	339,251
20.312	High Speed Ground Transportation-Next Generation High Speed Rail Program	1,048,071	2,262,032	3,310,103
20.505	Federal Transit-Metropolitan Planning Grants	53,503	372,603	426,106
20.509	Formula Grants for Other Than Urbanized Areas	350,115	1,831,656	2,181,771
20.513	Capital Assistance Program for Elderly Persons and Persons With Disabilities	71,322	583,408	654,730

*The accompanying notes are an integral part of this schedule.*

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1999**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
20.700	Pipeline Safety	71,833	-	71,833
20.X02	Other Department of Transportation Programs	235,023	-	235,023
<b>Total Department of Transportation</b>		<b>\$291,292,236</b>	<b>\$18,741,715</b>	<b>\$310,033,951</b>
<b>Office of Personnel Management</b>				
27.011	Intergovernmental Personnel Act (IPA) Mobility Program	\$96,007	\$-	\$96,007
<b>Total Office of Personnel Management</b>		<b>\$96,007</b>	<b>\$0</b>	<b>\$96,007</b>
<b>General Services Administration</b>				
39.002	Disposal of Federal Surplus Real Property	\$34	\$308,753	\$308,787
39.003	Donation of Federal Surplus Personal Property	149,752	1,191,024	1,340,776
<b>Total General Services Administration</b>		<b>\$149,786</b>	<b>\$1,499,777</b>	<b>\$1,649,563</b>
<b>National Aeronautics and Space Administration</b>				
43.001	Aerospace Education Services Program	\$77,799	\$-	\$77,799
43.002	Technology Transfer	2,768	36,630	39,398
<b>Total National Aeronautics and Space Administration</b>		<b>\$80,567</b>	<b>\$36,630</b>	<b>\$117,197</b>
<b>National Foundation on the Arts and the Humanities</b>				
45.025	Promotion of the Arts-Partnership Agreements	\$511,454	\$-	\$511,454
45.127	Promotion of the Arts-Elementary and Secondary Education	(4,454)	-	(4,454)
45.129	Promotion of the Humanities-Federal/State Partnership	600	-	600
45.130	Promotion of the Humanities-Challenge Grants	20,929	-	20,929
45.149	Promotion of the Humanities-Division of Preservation and Access	79,026	-	79,026
45.162	Promotion of the Humanities-Education Development and Demonstration	7,290	-	7,290
45.163	Promotion of the Humanities-Seminars and Institutes	174,893	-	174,893
45.301	Institute of Museum and Library Services-General Operating Support	122,792	-	122,792
45.310	State Library Program	257,513	812,604	1,070,117
<b>Total National Foundation on the Arts and the Humanities</b>		<b>\$1,170,043</b>	<b>\$812,604</b>	<b>\$1,982,647</b>

*The accompanying notes are an integral part of this schedule.*

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1999**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
<b>National Science Foundation</b>				
47.041	Engineering Grants	\$18,903	\$-	\$18,903
47.049	Mathematical and Physical Sciences	54,685	-	54,685
47.050	Geosciences	72,753	-	72,753
47.070	Computer and Information Science and Engineering	12,305	-	12,305
47.074	Biological Sciences	41,208	-	41,208
47.075	Social, Behavioral, and Economic Sciences	97,459	2,000	99,459
47.076	Education and Human Resources	1,283,461	87,157	1,370,618
	<b>Total National Science Foundation</b>	<b><u>\$1,580,774</u></b>	<b><u>\$89,157</u></b>	<b><u>\$1,669,931</u></b>
<b>Small Business Administration</b>				
59.005	Business Development Assistance to Small Business	\$20,581	\$-	\$20,581
59.007	Management and Technical Assistance for Socially and Economically Disadvantaged	42,340	-	42,340
59.037	Small Business Development Center	59,641	-	59,641
	<b>Total Small Business Administration</b>	<b><u>\$122,562</u></b>	<b><u>\$0</u></b>	<b><u>\$122,562</u></b>
<b>Tennessee Valley Authority</b>				
62.004	Tennessee Valley Region-Economic Development	\$3,212	\$-	\$3,212
	<b>Total Tennessee Valley Authority</b>	<b><u>\$3,212</u></b>	<b><u>\$0</u></b>	<b><u>\$3,212</u></b>
<b>Department of Veterans' Affairs</b>				
64.005	Grants to States for Construction of State Home Facilities	\$111,240	\$-	\$111,240
	<b>Total Department of Veterans' Affairs</b>	<b><u>\$111,240</u></b>	<b><u>\$0</u></b>	<b><u>\$111,240</u></b>
<b>Environmental Protection Agency</b>				
66.001	Air Pollution Control Program Support	\$2,857,981	\$162,516	\$3,020,497
66.032	State Indoor Radon Grants	10,206	-	10,206
66.419	Water Pollution Control-State and Interstate Program Support	1,276,622	-	1,276,622
66.432	State Public Water System Supervision	2,299,428	391,680	2,691,108
66.433	State Underground Water Source Protection	106,175	-	106,175
66.438	Construction Management Assistance	56,437	-	56,437
66.454	Water Quality Management Planning	84,128	-	84,128
66.456	National Estuary Program	676,856	-	676,856
66.458	Capitalization Grants for State Revolving Funds	754,851	48,463,509	49,218,360
66.460	Nonpoint Source Implementation Grants	1,060,672	-	1,060,672
66.461	Wetlands Protection-Development Grants	125,087	81,408	206,495

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Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
66.463	National Pollutant Discharge Elimination System Related State Program Grants	111,096	-	111,096
66.464	Near Coastal Waters	4,850	-	4,850
66.468	Capitalization Grants for Drinking Water State Revolving Fund	257,558	-	257,558
66.470	Hardship Grants Program for Rural Communities	-	204,390	204,390
66.500	Environmental Protection-Consolidated	224,960	16,873	241,833
66.600	Environmental Protection Consolidated Grants-Program Support	44,174	-	44,174
66.606	Surveys, Studies, Investigations and Special Purpose Grants	1,020,598	136,429	1,157,027
66.607	Training and Fellowships for the Environmental Protection Agency	30,038	-	30,038
66.608	One Stop Reporting	351,784	-	351,784
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	1,034,191	15,400	1,049,591
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	154,199	-	154,199
66.707	TSCA Title Iv State Lead Grants-Certification of Lead-Based Paint Professionals	293,199	-	293,199
66.708	Pollution Prevention Grants Program	145,124	-	145,124
66.801	Hazardous Waste Management State Program Support	687,485	-	687,485
66.802	Superfund State Site-Specific Cooperative Agreements	6,246,883	-	6,246,883
66.804	State Underground Storage Tanks Program	186,675	-	186,675
66.805	Leaking Underground Storage Tank Trust Fund Program	1,067,252	-	1,067,252
66.808	Solid Waste Management Assistance	82,778	-	82,778
66.809	Superfund State Core Program Cooperative Agreements	810,554	-	810,554
66.810	CEPP Technical Assistance Grants Program	52,699	-	52,699
66.951	Environmental Education Grants	121,888	-	121,888
	<b>Total Environmental Protection Agency</b>	<b><u>\$22,236,428</u></b>	<b><u>\$49,472,205</u></b>	<b><u>\$71,708,633</u></b>
<b>Nuclear Regulatory Commission</b>				
77.003	Enhance Technology Transfer and Dissemination of Nuclear Energy Process and Safety Information	\$1,483	\$-	\$1,483
	<b>Total Nuclear Regulatory Commission</b>	<b><u>\$1,483</u></b>	<b><u>\$0</u></b>	<b><u>\$1,483</u></b>
<b>Department of Energy</b>				
81.041	State Energy Program	\$1,044,323	\$6,000	\$1,050,323
81.042	Weatherization Assistance for Low-Income Persons	77,321	1,461,264	1,538,585

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**State of Oregon**  
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Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
81.049	Office of Science Financial Assistance Program	48,253	-	48,253
81.079	Regional Biomass Energy Programs	68,325	-	68,325
81.087	Renewable Energy Research and Development	145,680	-	145,680
81.092	Environmental Restoration	485,139	-	485,139
81.105	National Industrial Competitiveness Through Energy, Environment, and Economics	20,202	-	20,202
81.111	Alternative Fuel Transportation Program	14,350	-	14,350
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training And Technical Analysis/Assistance	79,820	34,173	113,993
81.X04	Other Department of Energy Programs (BPA-Hatcheries)	3,056,332	-	3,056,332
81.X05	Other Department of Energy Programs (BPA-Planning)	747,086	-	747,086
81.X06	Other Department of Energy Programs (BPA-Research)	5,779,512	297,387	6,076,899
81.X07	Other Department of Energy Programs (BPA-Squawfish)	318,401	-	318,401
81.X08	Other Department of Energy Programs (BPA-Habitat)	1,851,640	57,129	1,908,769
81.X17	Other Department of Energy Programs	2,549,849	837,644	3,387,493
81.X18	Other Department of Energy Programs (BPA-Mitigation)	22,765	274,437	297,202
81.X19	Other Department of Energy Programs (BPA-Construction)	993,664	-	993,664
<b>Total Department of Energy</b>		<b>\$17,302,662</b>	<b>\$2,968,034</b>	<b>\$20,270,696</b>
<b>United States Information Agency</b>				
82.002	Educational Exchange-University Lecturers (Professors) and Research Scholars	\$49,029	\$-	\$49,029
82.010	College and University Partnership Program	60,861	-	60,861
82.011	College and University Affiliations Program	28,215	-	28,215
82.033	Professional Exchange-Annual Open Grant	41,356	-	41,356
<b>Total United States Information Agency</b>		<b>\$179,461</b>	<b>\$0</b>	<b>\$179,461</b>
<b>Federal Emergency Management Agency</b>				
83.011	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	\$177,624	\$-	\$177,624
83.105	Community Assistance Program -State Support Services Element (CAP-SSSE)	84,377	-	84,377
83.505	State Disaster Preparedness Grants	114,792	-	114,792
83.534	Emergency Management-State and Local Assistance	567,165	821,808	1,388,973

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**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
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Federal CFDA Number	Federal Funding Agencies and Program Titles	Amounts		
		Direct Expenditures	Provided to Subrecipients	Total Federal Expenditures
83.535	Mitigation Assistance	973,764	560,000	1,533,764
83.536	Flood Mitigation Assistance	61,139	2,790,853	2,851,992
83.541	Disaster Unemployment Assistance	8,482	–	8,482
83.544	Public Assistance Grants	812,361	7,860,421	8,672,782
83.548	Hazard Mitigation Grant	–	1,356,855	1,356,855
83.549	Chemical Stockpile Emergency Preparedness Program	1,153,124	4,051,894	5,205,018
83.551	Project Impact-Building Disaster Resistant Communities	4,000	–	4,000
	<b>Total Federal Emergency Management Agency</b>	<b>\$3,956,828</b>	<b>\$17,441,831</b>	<b>\$21,398,659</b>
<b>Department of Education</b>				
84.002	Adult Education-State Grant Program	\$552,615	\$2,099,804	\$2,652,419
84.010	Title I Grants to Local Educational Agencies	975,085	56,743,859	57,718,944
84.011	Migrant Education-Basic State Grant Program	73,240	2,113,018	2,186,258
84.013	Title I Program for Neglected and Delinquent Children	781,373	415,724	1,197,097
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies	77,672	–	77,672
84.016	Undergraduate International Studies and Foreign Language Programs	49,487	10,690	60,177
84.021	International: Overseas-Group Projects Abroad	30,181	–	30,181
84.024	Early Education for Children With Disabilities	215,474	–	215,474
84.025	Services for Children With Deaf-Blindness	21,291	43,563	64,854
84.028	Special Education-Regional Resource Centers	573,752	87,708	661,460
84.029	Special Education-Personnel Development and Parent Training	2,292,201	66,731	2,358,932
84.031	Higher Education-Institutional Aid	591,116	–	591,116
84.032	Federal Family Education Loans	103,326,560	–	103,326,560
84.034	Public Library Services	368,896	(5,285)	363,611
84.037	Federal Perkins Loan Cancellations	716,304	–	716,304
84.039	Library Research and Demonstration	254,633	676,602	931,235
84.048	Vocational Education-Basic Grants to States	1,599,092	4,576,584	6,175,676
84.053	Vocational Education-State Councils	71,664	–	71,664
84.078	Special Education-Postsecondary Education Programs for Persons With Disabilities	235,094	–	235,094
84.086	Special Education-Program for Severely Disabled Children	268,165	–	268,165
84.097	Law School Clinical Experience Program	16,471	–	16,471
84.116	Fund for the Improvement of Postsecondary Education	130,738	–	130,738
84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States	26,082,690	2,570,104	28,652,794
84.128	Rehabilitation Services-Service Projects	152,121	–	152,121

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**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
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Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
84.129	Rehabilitation Long-Term Training	400,803	-	400,803
84.141	Migrant Education-High School Equivalency Program	422,483	-	422,483
84.144	Migrant Education-Coordination Program	74,155	-	74,155
84.149	Migrant Education-College Assistance Migrant Program	394,126	50,129	444,255
84.153	Business and International Education	42,517	-	42,517
84.154	Public Library Construction and Technology Enhancement	-	131,231	131,231
84.158	Secondary Education and Transitional Services for Youth With Disabilities	34,397	(3,690)	30,707
84.160	Training Interpreters for Individuals Who Are Deaf and Individuals Who Are Deaf-Blind	180,030	-	180,030
84.161	Rehabilitation Services-Client Assistance	684	105,951	106,635
84.162	Immigrant Education	17,579	634,840	652,419
84.168	Eisenhower Professional Development-Federal Activities	291,966	-	291,966
84.169	Independent Living-State Grants	111,311	175,708	287,019
84.177	Rehabilitation Services-Independent Living Services for Older Individuals Who Are Blind	210,060	-	210,060
84.181	Special Education-Grants for Infants and Families With Disabilities	4,303,503	3,533,038	7,836,541
84.184	Safe and Drug-Free Schools and Communities-National Programs	46,354	-	46,354
84.186	Safe and Drug-Free Schools and Communities-State Grants	391,921	2,991,292	3,383,213
84.187	Supported Employment Services for Individuals With Severe Disabilities	423,423	-	423,423
84.191	Adult Education-National Leadership Activities	8,765	-	8,765
84.194	Bilingual Education Support Services	64,669	-	64,669
84.195	Bilingual Education-Professional Development	216,189	-	216,189
84.196	Education for Homeless Children and Youth	39,905	136,157	176,062
84.1XX	Veterans Education Contract	141,229	-	141,229
84.200	Graduate Assistance in Areas of National Need	433,303	-	433,303
84.213	Even Start-State Educational Agencies	88,230	731,475	819,705
84.215	Fund for the Improvement of Education	45,257	58,730	103,987
84.216	Capital Expenses	-	610	610
84.218	State School Improvement Grants	328,073	-	328,073
84.224	Assistive Technology	29,127	421,472	450,599
84.235	Rehabilitation Services Demonstration and Training-Special Demonstration Programs	108,267	73,691	181,958
84.243	Tech-Prep Education	54,647	435,419	490,066
84.252	Urban Community Services	236,486	83,738	320,224
84.257	National Institute for Literacy	32,928	-	32,928
84.263	Rehabilitation Training-Experimental and Innovative Training	(1,212)	-	(1,212)
84.265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training	47,396	-	47,396

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**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
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Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
84.276	Goals 2000-State and Local Education Systemic Improvement Grants	221,714	(423,357)	(201,643)
84.278	STW State Implementation Grants-Extension	306,668	(164,677)	141,991
84.279	Goals 2000-Assessment Development and Evaluation Grants	292,257	(184)	292,073
84.281	Eisenhower Professional Development State	756,033	1,920,980	2,677,013
84.282	Charter Schools	5,861	445,028	450,889
84.283	Comprehensive Regional Assistance Centers	446,691	-	446,691
84.293	Foreign Language Assistance	2,905	-	2,905
84.298	Innovative Education Program Strategies	596,050	2,121,016	2,717,066
84.2XX	Drop-Out Statistics Contract	57,898	-	57,898
84.314	Even Start-Statewide Family Literacy Program	78,319	(34,220)	44,099
84.318	Technology Literacy Challenge Fund Grants	100,256	(493,304)	(393,048)
84.324	Special Education-Research and Innovation to Improve Services and Results for Children With Disabilities	249,656	18,401	268,057
84.325	Special Education-Personnel Preparation to Improve Services and Results for Children With Disabilities	539,413	8,805	548,218
84.326	Special Education-Technical Assistance and Dissemination to Improve Services and Results for Children With Disabilities	991,754	76,696	1,068,450
84.330	Advanced Placement Test Fee Payment Program	-	8,955	8,955
84.332	Comprehensive School Reform Demonstration	382	-	382
84.811a	Oregon Employment Initiative	15,532	-	15,532
<b>Total Department of Education</b>		<b>\$153,335,875</b>	<b>\$82,443,032</b>	<b>\$235,778,907</b>
<b>United States Institute of Peace</b>				
91.001	International Peace and Conflict Management-Research and Education	\$16,255	\$-	\$16,255
<b>Total United States Institute of Peace</b>		<b>\$16,255</b>	<b>\$0</b>	<b>\$16,255</b>
<b>Department of Health and Human Services</b>				
93.041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	\$1,217	\$83,142	\$84,359
93.042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals	107,854	-	107,854
93.043	Special Programs for the Aging-Title III, Part F-Disease Prevention and Health Promotion	-	344,506	344,506
93.046	Special Programs for the Aging-Title III, Part D-In-Home Services for Frail Older Individuals	-	110,823	110,823

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Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
93.048	Special Programs for the Aging-Title IV-Training, Research and Discretionary Projects and Programs	579,673	-	579,673
93.101	Grants for Residential Treatment Programs for Pregnant and Postpartum Women	(37,751)	592,755	555,004
93.103	Food and Drug Administration-Research	102,394	-	102,394
93.110	Maternal and Child Health Federal Consolidated Programs	214,864	157,955	372,819
93.113	Biological Response to Environmental Health Hazards	163,776	-	163,776
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	517,986	223,748	741,734
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity	1,411,087	1,471,811	2,882,898
93.119	Grants for Technical Assistance Activites Related to the Block Grant for Community Mental Health Services-Technical Assistance Centers for Evaluation	98,722	-	98,722
93.125	Mental Health Planning and Demonstration Projects	(69,709)	-	(69,709)
93.127	Emergency Medical Services for Children	123,750	50,000	173,750
93.130	Primary Care Services-Resource Coordination and Development Primary Care Offices	201,203	-	201,203
93.131	Cooperative Agreements for Addiction Treatment Training Centers	748,541	-	748,541
93.136	Injury Prevention and Control Research and State and Community Based Programs	72,579	-	72,579
93.150	Projects for Assistance in Transition From Homelessness (PATH)	-	300,000	300,000
93.161	Health Program for Toxic Substances and Disease Registry	54,172	-	54,172
93.184	Disabilities Prevention	364,555	-	364,555
93.194	Community Prevention Coalition (Partnership) Demonstration Grant	699,096	2,176,201	2,875,297
93.196	Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	(675,878)	1,969,569	1,293,691
93.197	Childhood Lead Poisoning Prevention Projects-State and Community-Based Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	107,679	-	107,679
93.217	Family Planning-Services	455,341	1,295,646	1,750,987
93.229	Demonstration Cooperative Agreements for Development and Implementation of Criminal Justice Treatment Networks	22,310	381,082	403,392
93.230	Consolidated Knowledge Development and Application Program	216,354	-	216,354
93.234	Traumatic Brain Injury	168,778	-	168,778
93.235	Abstinence Education	254,479	391,750	646,229
93.262	Occupational Safety and Health Research Grants	270,339	-	270,339
93.268	Immunization Grants	1,684,993	3,842,684	5,527,677

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Federal CFDA Number	Federal Funding Agencies and Program Titles	Amounts		
		Direct Expenditures	Provided to Subrecipients	Total Federal Expenditures
93.283	Centers for Disease Control and Prevention- Investigations and Technical Assistance	2,480,918	188,352	2,669,270
93.556	Family Preservation and Support Services	2,963,329	1,732,832	4,696,161
93.558	Temporary Assistance for Needy Families	172,825,806	386,555	173,212,361
93.563	Child Support Enforcement	55,484,489	–	55,484,489
93.566	Refugee and Entrant Assistance-State Administered Programs	4,896,201	–	4,896,201
93.568	Low-Income Home Energy Assistance	492,391	13,598,377	14,090,768
93.569	Community Services Block Grant	237,138	3,743,463	3,980,601
93.570	Community Services Block Grant-Discretionary Awards	60,864	–	60,864
93.571	Community Services Block Grant Discretionary Awards-Community Food and Nutrition	68,022	20,570	88,592
93.576	Refugee and Entrant Assistance-Discretionary Grants	246,363	106,004	352,367
93.584	Refugee and Entrant Assistance-Targeted Assistance	849,067	–	849,067
93.585	Empowerment Zone Program	(256,854)	–	(256,854)
93.586	State Court Improvement Program	207,461	–	207,461
93.590	Community-Based Family Resource and Support Grants	286,709	45,357	332,066
93.592	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Discretionary Grants	52,549	–	52,549
93.597	Grants to States for Access and Visitation Programs	140,118	–	140,118
93.600	Head Start	2,218,998	371,752	2,590,750
93.608	Child Welfare Research and Demonstration	18	–	18
93.623	Runaway and Homeless Youth	50,859	–	50,859
93.630	Developmental Disabilities Basic Support and Advocacy Grants	807,905	–	807,905
93.631	Developmental Disabilities Projects of National Significance	92,647	–	92,647
93.632	Developmental Disabilities University Affiliated Programs	284,469	–	284,469
93.643	Children's Justice Grants to States	157,537	–	157,537
93.645	Child Welfare Services-State Grants	3,269,509	–	3,269,509
93.648	Child Welfare Services Training Grants	862,525	–	862,525
93.652	Adoption Opportunities	93,360	–	93,360
93.656	Temporary Child Care and Crisis Nurseries	10,000	255,417	265,417
93.658	Foster Care-Title IV-E	36,447,860	–	36,447,860
93.659	Adoption Assistance	12,292,082	–	12,292,082
93.667	Social Services Block Grant	29,519,608	4,390,058	33,909,666
93.669	Child Abuse and Neglect State Grants	317,839	–	317,839
93.670	Child Abuse and Neglect Discretionary Activities	40,686	–	40,686
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	139,465	659,188	798,653

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**State of Oregon**  
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Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
93.673	Grants to States for Planning and Development of Dependent Care Programs	65,763	-	65,763
93.674	Independent Living	1,179,710	-	1,179,710
93.767	State Children's Insurance Program	5,872,829	-	5,872,829
93.779	Health Care Financing Research, Demonstrations and Evaluations	246,753	-	246,753
93.821	Cell Biology and Biophysics Research	388,902	-	388,902
93.862	Genetics and Developmental Biology Research	206,323	-	206,323
93.866	Aging Research	28,631	-	28,631
93.894	Resource and Manpower Development in the Environmental Health Sciences	262,033	-	262,033
93.906	Rural Health Medical Education Demonstration Projects	23,288	-	23,288
93.917	HIV Care Formula Grants	2,345,659	1,180,075	3,525,734
93.919	Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	1,219,348	1,972,060	3,191,408
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important	179,239	4,713	183,952
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	318,383	19,253	337,636
93.951	Demonstration Grants to States With Respect to Alzheimer's Disease	294,876	-	294,876
93.958	Block Grants for Community Mental Health Services	(731)	3,204,566	3,203,835
93.959	Block Grants for Prevention and Treatment of Substance Abuse	1,838,766	15,160,767	16,999,533
93.969	Grants for Geriatric Education Centers	86,078	-	86,078
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants	843,518	243,013	1,086,531
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance System	426,232	149,282	575,514
93.991	Preventive Health and Health Services Block Grant	850,265	559,011	1,409,276
93.994	Maternal and Child Health Services Block Grant to the States	1,578,099	4,945,271	6,523,370
<b>Total Department of Health and Human Services</b>		<b><u>\$353,752,306</u></b>	<b><u>\$66,327,608</u></b>	<b><u>\$420,079,914</u></b>

**Corporation for National and Community Service**

94.003	State Commissions	\$300,879	\$2,400	\$303,279
94.004	Learn and Serve America-School and Community Based Programs	38,240	(185,932)	(147,692)

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Federal CFDA Number	Federal Funding Agencies and Program Titles	Amounts		
		Direct Expenditures	Provided to Subrecipients	Total Federal Expenditures
94.005	Learn and Serve America-Higher Education	370,341	1,481	371,822
94.006	AmeriCorps	115,929	1,395,858	1,511,787
94.007	Planning and Program Development Grants	(16,974)	(482,953)	(499,927)
94.009	Training and Technical Assistance	130,539	—	130,539
94.013	Volunteers in Service to America	13,540	—	13,540
	<b>Total Corporation for National and Community Service</b>	<b><u>\$952,494</u></b>	<b><u>\$730,854</u></b>	<b><u>\$1,683,348</u></b>
<b>Food Stamp Cluster</b>				
10.551	Food Stamps	\$190,686,307	\$—	\$190,686,307
10.561	State Administrative Matching Grants for Food Stamp Program	<u>28,955,033</u>	<u>—</u>	<u>28,955,033</u>
	<b>Total Food Stamp Cluster</b>	<b><u>\$219,641,340</u></b>	<b><u>\$0</u></b>	<b><u>\$219,641,340</u></b>
<b>Child Nutrition Cluster</b>				
10.553	School Breakfast Program	\$ 469,762	\$14,268,488	\$14,738,250
10.555	National School Lunch Program	737,537	44,949,955	45,687,492
10.556	Special Milk Program for Children	(10,000)	182,540	172,540
10.559	Summer Food Service Program for Children	<u>128,582</u>	<u>1,569,083</u>	<u>1,697,665</u>
	<b>Total Child Nutrition Cluster</b>	<b><u>\$1,325,881</u></b>	<b><u>\$60,970,066</u></b>	<b><u>\$62,295,947</u></b>
<b>Emergency Food Assistance Cluster</b>				
10.568	Emergency Food Assistance Program (Administrative Costs)	\$4,118	\$477,266	\$481,384
10.569	Emergency Food Assistance Program (Food Commodities)	<u>—</u>	<u>2,921,668</u>	<u>2,921,668</u>
	<b>Total Emergency Food Assistance Cluster</b>	<b><u>\$4,118</u></b>	<b><u>\$3,398,934</u></b>	<b><u>\$3,403,052</u></b>
<b>Section 8 Project-Based Cluster</b>				
14.182	Lower Income Housing Assistance Program- Section 8 New Construction/Substantial Rehabilitation	<u>\$28,065,640</u>	<u>\$—</u>	<u>\$28,065,640</u>
	<b>Total Section 8 Project-Based Cluster</b>	<b><u>\$28,065,640</u></b>	<b><u>\$0</u></b>	<b><u>\$28,065,640</u></b>
<b>Fish and Wildlife Cluster</b>				
15.605	Sport Fish Restoration	\$5,224,972	\$441,830	\$5,666,802
15.611	Wildlife Restoration	<u>3,614,437</u>	<u>18,700</u>	<u>3,633,137</u>
	<b>Total Fish and Wildlife Cluster</b>	<b><u>\$8,839,409</u></b>	<b><u>\$460,530</u></b>	<b><u>\$9,299,939</u></b>

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<b>Employment Services Cluster</b>				
17.207	Employment Service	\$12,899,848	\$-	\$12,899,848
17.801	Disabled Veterans' Outreach Program (DVOP)	1,131,146	-	1,131,146
17.804	Local Veterans' Employment Representative Program	<u>1,294,383</u>	-	<u>1,294,383</u>
	<b>Total Employment Services Cluster</b>	<b><u>\$15,325,377</u></b>	<b><u>\$0</u></b>	<b><u>\$15,325,377</u></b>
<b>JTPA Cluster</b>				
17.246	Employment and Training Assistance-Dislocated Workers	\$1,051,949	\$21,753,038	\$22,804,987
17.250	Job Training Partnership Act	<u>97,976</u>	<u>22,807,711</u>	<u>22,905,687</u>
	<b>Total JTPA Cluster</b>	<b><u>\$1,149,925</u></b>	<b><u>\$44,560,749</u></b>	<b><u>\$45,710,674</u></b>
<b>Highway Safety Cluster</b>				
20.600	State and Community Highway Safety	<u>\$1,823,639</u>	<u>\$2,017,034</u>	<u>\$3,840,673</u>
	<b>Total Highway Safety Cluster</b>	<b><u>\$1,823,639</u></b>	<b><u>\$2,017,034</u></b>	<b><u>\$3,840,673</u></b>
<b>Trio Cluster</b>				
84.042	Trio-Student Support Services	\$1,028,466	\$-	\$1,028,466
84.044	Trio-Talent Search	267,286	-	267,286
84.047	Trio-Upward Bound	<u>306,351</u>	-	<u>306,351</u>
	<b>Total Trio Cluster</b>	<b><u>\$1,602,103</u></b>	<b><u>\$0</u></b>	<b><u>\$1,602,103</u></b>
<b>Special Education Cluster</b>				
84.027	Special Education-Grants to States	\$2,985,120	\$35,849,138	\$38,834,258
84.173	Special Education-Preschool Grants	<u>190,824</u>	<u>4,294,661</u>	<u>4,485,485</u>
	<b>Total Special Education Cluster</b>	<b><u>\$3,175,944</u></b>	<b><u>\$40,143,799</u></b>	<b><u>\$43,319,743</u></b>
<b>Child Care Cluster</b>				
93.575	Child Care and Development Block Grant	\$869,119	\$1,413,383	\$2,282,502
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	<u>45,349,722</u>	<u>3,941,868</u>	<u>49,291,590</u>
	<b>Total Child Care Cluster</b>	<b><u>\$46,218,841</u></b>	<b><u>\$5,355,251</u></b>	<b><u>\$51,574,092</u></b>

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**Schedule of Expenditures of Federal Awards**  
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Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
<b>Aging Cluster</b>				
93.044	Special Programs for the Aging-Title III, Part B- Grants for Supportive Services and Senior Centers	\$(220,215)	\$3,825,057	\$3,604,842
93.045	Special Programs for the Aging-Title III, Part C- Nutrition Services	<u>559,869</u>	<u>4,639,394</u>	<u>5,199,263</u>
	<b>Total Aging Cluster</b>	<b><u>\$339,654</u></b>	<b><u>\$8,464,451</u></b>	<b><u>\$8,804,105</u></b>
<b>Medicaid Cluster</b>				
93.775	State Medicaid Fraud Control Units	\$378,789	\$-	\$378,789
93.777	State Survey and Certification of Health Care Providers and Suppliers	3,653,712	-	3,653,712
93.778	Medical Assistance Program	<u>1,291,633,032</u>	<u>6,367,454</u>	<u>1,298,000,486</u>
	<b>Total Medicaid Cluster</b>	<b><u>\$1,295,665,533</u></b>	<b><u>\$6,367,454</u></b>	<b><u>\$1,302,032,987</u></b>
<b>Foster Grandparents/Senior Companion Cluster</b>				
94.011	Foster Grandparent Program	<u>\$136,681</u>	<u>\$-</u>	<u>\$136,681</u>
	<b>Total Foster Grandparents/Senior Companion Cluster</b>	<b><u>\$136,681</u></b>	<b><u>\$0</u></b>	<b><u>\$136,681</u></b>
<b>Disability Insurance/SSI Cluster</b>				
96.001	Social Security-Disability Insurance	\$19,465,631	\$-	\$19,465,631
96.006	Supplemental Security Income	<u>746,651</u>	<u>-</u>	<u>746,651</u>
	<b>Total Disability Insurance/SSI Cluster</b>	<b><u>\$20,212,282</u></b>	<b><u>\$0</u></b>	<b><u>\$20,212,282</u></b>
<b>Student Financial Assistance Programs</b>				
84.007	Federal Supplemental Educational Opportunity Grants	\$ 3,984,066	-	\$ 3,984,066
84.033	Federal Work-Study Program	4,990,188	-	4,990,188
84.038	Federal Perkins Loan Program-Federal Capital Contributions	11,730,960	-	11,730,960
84.063	Federal Pell Grant Program	27,145,443	-	27,145,443
84.268	Federal Direct Loan	<u>163,139,989</u>	<u>-</u>	<u>163,139,989</u>
	<b>Total Student Financial Assistance</b>	<b><u>\$210,990,646</u></b>	<b><u>\$0</u></b>	<b><u>\$210,990,646</u></b>

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Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
<b>Research and Development Cluster</b>				
10.001	Agricultural Research-Basic and Applied Research	\$645,429	\$-	\$645,429
10.025	Plant and Animal Disease, Pest Control, and Animal Care	16,265	-	16,265
10.156	Federal-State Marketing Improvement Program	34,595	-	34,595
10.200	Grants for Agricultural Research, Special Research Grants	3,214,048	518,749	3,732,797
10.202	Cooperative Forestry Research	52,646	-	52,646
10.206	Grants for Agricultural Research-Competitive Research Grants	2,030,377	125,094	2,155,471
10.207	Animal Health and Disease Research	123,329	-	123,329
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants	44,433	-	44,433
10.212	Small Business Innovation Research	(120)	-	(120)
10.215	Sustainable Agriculture Research and Education	22,919	-	22,919
10.217	Higher Education Challenge Grants	18,410	-	18,410
10.219	Biotechnology Risk Assessment Research	80,085	-	80,085
10.224	Fund for Rural America-Research, Education, and Extension Activities	121,378	-	121,378
10.250	Agricultural and Rural Economic Research	16,755	-	16,755
10.500	Cooperative Extension Service	60,020	22,809	82,829
10.501	Agricultural Telecommunications Program	14,808	-	14,808
10.652	Forestry Research	3,548,862	56,442	3,605,304
10.664	Cooperative Forestry Assistance	509,038	9,435	518,473
10.670	National Forest-Dependent Rural Communities	1,897	-	1,897
10.771	Rural Cooperative Development Grant	25,623	-	25,623
10.901	Resource Conservation and Development	37,725	-	37,725
10.902	Soil and Water Conservation	36,897	-	36,897
10.904	Watershed Protection and Flood Prevention	2,108	-	2,108
10.960	Technical Agricultural Assistance	29,727	-	29,727
10.961	Scientific Cooperation Program	1,225,419	525,955	1,751,374
11.005	Census Special Tabulations and Services	1,419	-	1,419
11.417	Sea Grant Support	1,930,308	40,226	1,970,534
11.419	Coastal Zone Management Administration Awards	327,623	781,496	1,109,119
11.420	Coastal Zone Management Estuarine Research Reserves	27,034	-	27,034
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	1,243,517	13,865	1,257,382
11.430	Undersea Research	29,332	-	29,332
11.431	Climate and Atmospheric Research	248,610	-	248,610
11.437	Pacific Fisheries Data Program	94,328	-	94,328
11.455	Cooperative Science and Education Program	323,869	-	323,869
11.460	Special Oceanic and Atmospheric Projects	215,394	-	215,394

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Federal CFDA Number	Federal Funding Agencies and Program Titles	Amounts		
		Direct Expenditures	Provided to Subrecipients	Total Federal Expenditures
11.467	Meteorologic and Hydrologic Modernization Development	14,978	–	14,978
11.470	Office of Administration Special Programs	25,000	–	25,000
11.473	Coastal Services Center	9,850	–	9,850
11.478	Coastal Ocean Program	224,772	–	224,772
11.609	Measurement and Engineering Research and Standards	40,368	–	40,368
12.100	Aquatic Plant Control	266	–	266
12.114	Collaborative Research and Development	236,664	49,886	286,550
12.300	Basic and Applied Scientific Research	7,466,331	204,073	7,670,404
12.401	National Guard Military Operation and Maintenance (O&M) Projects	59,336	–	59,336
12.420	Military Medical Research and Development	20,598	–	20,598
12.431	Basic Scientific Research	431,979	92,757	524,736
12.630	Basic, Applied, and Advanced Research in Science and Engineering	62,218	–	62,218
12.800	Air Force Defense Research Sciences Program	786,086	45,144	831,230
12.901	Mathematical Sciences Grants Program	26,510	–	26,510
12.910	Research and Technology Development	1,484,745	–	1,484,745
12.911	Defense Technology Conversion, Reinvestment, and Transition Assistance	29,455	–	29,455
14.413	Fair Housing Initiatives and Fair Housing Organizations Initiative Program	2,510	–	2,510
14.511	Community Outreach Partnership Center Program	4,915	–	4,915
15.222	Cooperative Inspection Agreements With States and Tribes	4,027	–	4,027
15.224	Cultural Resource Management	49,008	–	49,008
15.225	Recreation Resource Management	781,292	–	781,292
15.605	Sport Fish Restoration	56,990	–	56,990
15.608	Fish and Wildlife Management Assistance	173,857	–	173,857
15.611	Wildlife Restoration	87,603	–	87,603
15.615	Cooperative Endangered Species Conservation Fund	254	–	254
15.805	Assistance to State Water Resources Research Institutes	145,914	–	145,914
15.807	Earthquake Hazards Reduction Program	470,463	–	470,463
15.808	US Geological Survey-Research and Data Acquisition	1,976,038	60,438	2,036,476
15.875	Economic, Social, and Political Development of the Territories and the Freely Associated States	11,744	–	11,744
15.904	Historic Preservation Fund Grants-in-Aid	2,674	–	2,674
15.915	Technical Preservation Services	16	–	16
15.916	Outdoor Recreation-Acquisition, Development and Planning	10,915	–	10,915
15.921	Rivers, Trails, and Conservation Assistance	187	–	187
15.976	Migratory Bird Banding and Data Analysis	496,694	22,087	518,781
15.9XX	National Park Research	5,888	–	5,888
16.542	National Institute for Juvenile Justice and	178,396	–	178,396

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Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
	Delinquency Prevention			
16.710	Public Safety Partnership and Community Policing Grants	5,304	-	5,304
17.247	Migrant and Seasonal Farmworkers	8,002	-	8,002
20.107	Airway Science	152,825	448,114	600,939
20.205	Highway Planning and Construction	1,040,609	120,176	1,160,785
20.215	Highway Training and Education	104,538	38,879	143,417
20.502	Federal Transit Grants for University Research and Training	80,016	-	80,016
20.515	State Planning and Research	2,671	-	2,671
20.701	University Transportation Centers Program	56,932	-	56,932
43.001	Aerospace Education Services Program	844,129	728,322	1,572,451
43.002	Technology Transfer	5,421,961	341,091	5,763,052
45.149	Promotion of the Humanities-Division of Preservation and Access	163	-	163
45.160	Promotion of the Humanities-Fellowships and Stipends	28,902	-	28,902
45.161	Promotion of the Humanities-Research	(19)	-	(19)
45.162	Promotion of the Humanities-Education Development and Demonstration	541	-	541
47.041	Engineering Grants	893,859	7,181	901,040
47.049	Mathematical and Physical Sciences	5,296,620	532,122	5,828,742
47.050	Geosciences	12,186,454	88,800	12,275,254
47.070	Computer and Information Science and Engineering	2,623,329	-	2,623,329
47.074	Biological Sciences	4,945,486	13,052	4,958,538
47.075	Social, Behavioral, and Economic Sciences	869,681	-	869,681
47.076	Education and Human Resources	724,318	-	724,318
47.077	Academic Research Infrastructure	6,471	-	6,471
47.078	Polar Programs	132,180	-	132,180
66.419	Water Pollution Control-State and Interstate Program Support	20,358	-	20,358
66.454	Water Quality Management Planning	84,424	-	84,424
66.456	National Estuary Program	14,874	-	14,874
66.460	Nonpoint Source Implementation Grants	(22)	-	(22)
66.500	Environmental Protection-Consolidated	4,276,606	912,704	5,189,310
66.606	Surveys, Studies, Investigations and Special Purpose Grants	112,325	-	112,325
66.607	Training and Fellowships for the Environmental Protection Agency	16,097	-	16,097
66.951	Environmental Education Grants	73,901	-	73,901
68.001	National Gallery of Art Extension Service	28,000	-	28,000
77.001	Radiation Control-Training Assistance and Advisory Counseling	381,642	-	381,642
77.003	Enhance Technology Transfer and Dissemination of Nuclear Energy Process and Safety Information	279,246	-	279,246
81.004	University-Laboratory Cooperative Program	133,645	-	133,645
81.049	Office of Science Financial Assistance Program	4,360,835	310,153	4,670,988
81.080	Office of Policy Financial Assistance	23,836	-	23,836

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Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total Federal Expenditures
81.086	Conservation Research and Development	126,581	–	126,581
81.087	Renewable Energy Research and Development	566,846	–	566,846
81.104	Technology Development for Environmental Management	46,429	–	46,429
81.109	Financial Assistance Program-Science Education And Technical Information	9,582	–	9,582
82.002	Educational Exchange-University Lecturers (Professors) and Research Scholars	2,064	–	2,064
83.535	Mitigation Assistance	1,243	–	1,243
83.546	National Arson Prevention Initiative	(1,224)	–	(1,224)
84.017	International Research and Studies	87,406	–	87,406
84.021	International: Overseas-Group Projects Abroad	18,832	–	18,832
84.023	Special Education-Innovation and Development	1,038,884	25,000	1,063,884
84.024	Early Education for Children With Disabilities	643,946	–	643,946
84.025	Services for Children With Deaf-Blindness	922,252	1,108,004	2,030,256
84.027	Special Education-Grants to States	12,316	–	12,316
84.029	Special Education-Personnel Development and Parent Training	167,078	–	167,078
84.051	National Vocational Education Research	55,138	–	55,138
84.086	Special Education-Program for Severely Disabled Children	127,634	–	127,634
84.116	Fund for the Improvement of Postsecondary Education	79,460	76,475	155,935
84.128	Rehabilitation Services-Service Projects	29,151	–	29,151
84.133	National Institute on Disability and Rehabilitation Research	961,716	22,000	983,716
84.158	Secondary Education and Transitional Services for Youth With Disabilities	244,207	160	244,367
84.168	Eisenhower Professional Development-Federal Activities	4,968	–	4,968
84.180	Technology Application for Individuals With Disabilities	1,065,863	15,908	1,081,771
84.200	Graduate Assistance in Areas of National Need	36,000	–	36,000
84.213	Even Start-State Educational Agencies	27,480	–	27,480
84.235	Rehabilitation Services Demonstration and Training-Special Demonstration Programs	35,609	169,445	205,054
84.237	Special Education-Program for Children With Serious Emotional Disturbance	136,114	217,794	353,908
84.257	National Institute for Literacy	478,281	–	478,281
84.324	Special Education-Research and Innovation to Improve Services and Results for Children With Disabilities	461,426	47,200	508,626
84.327	Special Education-Technology and Media Services for Individuals With Disabilities	110,613	–	110,613
93.104	Comprehensive Community Mental Health Services for Children With Serious Emotional Disturbances (SED)	45,997	–	45,997

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93.106	Minority International Research Training Grant in the Biomedical and Behavioral Sciences	729	-	729
93.110	Maternal and Child Health Federal Consolidated Programs	122,141	70,944	193,085
93.113	Biological Response to Environmental Health Hazards	1,691,583	120,244	1,811,827
93.121	Oral Diseases and Disorders Research	147,207	-	147,207
93.125	Mental Health Planning and Demonstration Projects	57,103	18,800	75,903
93.144	Demonstration Grants for the Prevention of Alcohol and Drug Abuse Among High-Risk Populations	7,147	126,547	133,694
93.172	Human Genome Research	19,081	-	19,081
93.173	Research Related to Deafness and Communication Disorders	703,228	30,884	734,112
93.194	Community Prevention Coalition (Partnership) Demonstration Grant	83,747	214,375	298,122
93.225	National Research Service Awards-Health Services Research Training	40,910	-	40,910
93.226	Health Care Systems Cost and Access Research And Development Grants	94,153	-	94,153
93.230	Consolidated Knowledge Development and Application Program	1,147,430	20,989	1,168,419
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	105,895	-	105,895
93.242	Mental Health Research Grants	1,130,148	36,472	1,166,620
93.262	Occupational Safety and Health Research Grants	70,843	21,661	92,504
93.273	Alcohol Research Programs	53,981	-	53,981
93.278	Drug Abuse National Research Service Awards for Research Training	21,414	-	21,414
93.279	Drug Abuse Research Programs	38,059	-	38,059
93.281	Mental Health Research Career/Scientist Development Awards	99,467	-	99,467
93.282	Mental Health National Research Service Awards for Research Training	165,013	-	165,013
93.283	Centers for Disease Control and Prevention- Investigations and Technical Assistance	67,909	-	67,909
93.306	Comparative Medicine	978,805	-	978,805
93.333	Clinical Research	23	-	23
93.371	Biomedical Technology	350,100	-	350,100
93.389	Research Infrastructure	(97,348)	-	(97,348)
93.390	Academic Research Enhancement Award	33,437	-	33,437
93.393	Cancer Cause and Prevention Research	764,518	39,322	803,840
93.395	Cancer Treatment Research	250,365	-	250,365
93.398	Cancer Research Manpower	70,665	-	70,665
93.561	Job Opportunities and Basic Skills Training	(144)	-	(144)
93.600	Head Start	240,478	-	240,478

*The accompanying notes are an integral part of this schedule.*

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 1999**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Amounts		Total Federal Expenditures
		Direct Expenditures	Provided to Subrecipients	
93.608	Child Welfare Research and Demonstration	68,789	—	68,789
93.632	Developmental Disabilities University Affiliated Programs	5,595	—	5,595
93.645	Child Welfare Services-State Grants	784,500	—	784,500
93.647	Social Services Research and Demonstration	110,375	20,132	130,507
93.658	Foster Care-Title IV-E	723,508	—	723,508
93.669	Child Abuse and Neglect State Grants	14,726	—	14,726
93.670	Child Abuse and Neglect Discretionary Activities	40,520	119,924	160,444
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters-Grants to States and Indian Tribes	6,156	—	6,156
93.821	Cell Biology and Biophysics Research	2,876,144	—	2,876,144
93.837	Heart and Vascular Diseases Research	1,177,205	—	1,177,205
93.838	Lung Diseases Research	126,647	—	126,647
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	276,276	16,373	292,649
93.847	Diabetes, Endocrinology and Metabolism Research	60,300	—	60,300
93.848	Digestive Diseases and Nutrition Research	139,898	24,386	164,284
93.853	Clinical Research Related to Neurological Disorders	55,515	—	55,515
93.854	Biological Basis Research in the Neurosciences	1,158,318	—	1,158,318
93.856	Microbiology and Infectious Diseases Research	579,968	—	579,968
93.859	Pharmacology, Physiology, and Biological Chemistry Research	808,048	—	808,048
93.862	Genetics and Developmental Biology Research	2,907,373	—	2,907,373
93.865	Center for Research for Mothers and Children	1,919,927	—	1,919,927
93.866	Aging Research	351,956	—	351,956
93.867	Vision Research	292,519	—	292,519
93.891	Alcohol Research Center Grants	29,537	—	29,537
93.894	Resource and Manpower Development in the Environmental Health Sciences	1,628,292	6,112	1,634,404
93.901	Communication Demonstrating the Prevention of Alcohol and Drug Problems	129,561	—	129,561
93.934	Fogarty International Research Collaboration Award	24,401	—	24,401
93.989	Senior International Fellowships	2,065	—	2,065
94.005	Learn and Serve America-Higher Education	19,917	—	19,917
<b>Total Research and Development Cluster</b>		<b>\$109,281,402</b>	<b>\$8,678,201</b>	<b>\$117,959,603</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$3,440,783,028</b>	<b>\$579,029,943</b>	<b>\$4,019,812,971</b>

*The accompanying notes are an integral part of this schedule.*

## Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 1999

### Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the state of Oregon and is presented using the bases of accounting of the originating funds. These include both the modified accrual and accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from the amounts presented in, or used in the preparation of, the general-purpose financial statements.

### Note 2. Reporting Entity

The financial statements of the state of Oregon include all fund types and account groups for all agencies, boards, commissions, authorities, courts, and colleges and universities that are legally part of the state's primary government and its component units. The Oregon Health Sciences University (OHSU) is a legally separate component unit. For the year ended June 30, 1999, OHSU has issued separate financial statements and has obtained a separate single audit as outlined in Subpart E.500 of OMB Circular A-133; therefore, the accompanying schedule does not include the federal grant activity of OHSU. A copy of these reports can be obtained from OHSU, 2525 SW First Avenue, Suite 201, Portland, Oregon 97201.

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

Federal expenditures reported in the schedule include non-cash assistance. The following is a list of the non-cash programs included in the schedule.

CFDA Number	Title	Type of Assistance	Value	How Value Determined
10.550	Food Distribution	Commodities	\$ 7,101,269	Fair market value per USDA
10.567	Food Distribution on Indian Reservations	Commodities	120,609	Fair market value per USDA
10.569	Emergency Food Assistance Program	Commodities	2,921,668	Fair market value per USDA
39.003	Donation of Federal Surplus Personal Property	Donated surplus property	1,340,775	Fair market value
66.458	Capitalization Grants for State Revolving Funds	Water Treatment Loans	48,463,509	New loans made for year ended June 30, 1999
84.032	Federal Education Loan Program	Student loans	101,761,627	New loans guaranteed for the year ended June 30, 1999
84.038	Federal Perkins Loan Program	Student loans	11,505,254	New loans guaranteed for the year ended June 30, 1999

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1999**

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93.268	Immunization Grants	Vaccine	3,572,198	Market value when purchased
			<u>Total</u>	<u>\$ 176,786,909</u>

**Note 4. Loans Outstanding**

The state of Oregon had the following loan balances outstanding at June 30, 1999, which were not included in the schedule. Loans made during the year are included in the federal expenditures presented in the schedule.

CFDA Number	Title	Balance 6/30/99
11.307	Special Economic Development and Adjustment Assistance	\$ 3,465,899
14.239	Home Investment Partnership	299,999
66.458	Capitalization Grants for State Revolving Funds	107,953,910
84.032	Federal Family Education Loan Program	664,574,007
84.038	Federal Perkins Loan Program Federal Capital Contributions	71,606,897
	<u>Total</u>	<u>\$ 847,900,712</u>

**Note 5. Unemployment Insurance**

State unemployment tax revenues and the government contributions in lieu of state taxed are deposited to the Unemployment Trust Fund in the U.S. Treasury. These funds may only be used to pay benefits under the federally approved State unemployment law. Of the \$494,690,054 reported as expenditures for the Unemployment Insurance program (CFDA 17.225), \$451,396,079 represented expenditures of state funds held in the Unemployment Trust Fund.

**Note 6. Pass-Through Awards**

The state of Oregon received the following amounts as a subrecipient of non-federal entities.

<u>CFDA</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.001	University of California	\$ 52,700	93004ETX
10.001	Washington State University	12,998	VARIOUS
10.200	Mississippi State University	2,627	330074
10.200	North Carolina State University	22,866	94154101
10.200	Ohio State University Research Foundation	10,886	N/A
10.200	Rutgers University	22,248	PO881351
10.200	University of California	58,572	VARIOUS
10.200	University of Idaho	6,433	BJK453OR98
10.200	University of Missouri	4,000	C5362895500
10.200	University of Washington	52,155	716201
10.200	Utah State University	69,254	97037
10.200	Washington State University	292,659	VARIOUS
10.206	Auburn University	10,582	98FOR534528
10.206	Washington State University	1,213	G000582
10.215	University of Idaho	23,522	VARIOUS
10.215	Washington State University	18,723	G000520
10.217	University of Idaho	46,964	VARIOUS
10.217	University of Maryland	16,049	Z554205MODA
10.217	Utah State University	2,654	97010
10.224	New Mexico State University	27,558	NMSUB31998
10.224	Washington State University	19,803	G000627
10.500	Kansas State University	63,913	S99003
10.500	University of California	2,500	94RA1308CW3

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1999**

<u>CFDA</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.500	University of Florida	\$ 7,895	POL460046
10.500	Utah State University	56,976	VARIOUS
10.500	Washington State University	19,753	G000737
10.501	University of Idaho	14,876	BEK021OR98
10.501	University of Idaho	14,965	N/A
10.769	Lane Community College	19,137	N/A
10.961	American Council on Education	10,938	N/A
10.961	Consortium for International Development	1,878,017	N/A
10.961	Washington State University	30,595	G000488
11.005	Aguirre International	5,839	S-1901-01
11.417	Smithsonian Institute	11,484	9859MP00013
11.417	University of Delaware	36,800	B311880
11.417	University of Maine	38,829	UMSG06
11.417	University of Washington	89,829	574448
11.427	Caribbean Marine Research Center	21,416	VARIOUS
11.427	National Coastal Research Institute	134,324	VARIOUS
11.427	University of Washington	57,927	N/A
11.430	University of Alaska	67,904	PF011614
11.431	University of Washington	1,995	790847
11.467	Batelle Memorial Institute	2,183	288442BQ2
11.470	Interface Engineering Inc.	25,000	N/A
11.611	Oregon Advanced Tech Consortium	121,252	N/A
12.114	European Community Studies Association	8,648	N/A
12.114	Rio Grande Radiol Physics Group	21,528	J0495A
12.300	Anadac Inc.	435,345	98072
12.300	Bend Research Inc.	6,180	465001
12.300	Dartmouth College	13,011	N/A
12.300	Institute of Bird Population	32,827	VARIOUS
12.300	Logicon Inc.	723,477	9720424
12.300	Northwest Research Associates Inc.	27,804	NWRA95S029
12.300	OHM Redemption Services Corp.	22,025	1031163
12.300	Oregon Graduate Institute of Science and Technology	26,188	513811
12.300	SCEEE Services Corp.	34,745	PONDSEG1998
12.300	Texas A&M Research Foundation	3,698	S800015
12.300	Woods Hole Oceanographic Institute	76,370	VARIOUS
12.431	Indiana University	6,870	DABT6394C0029
12.431	Academy of Applied Science	19,500	N/A
12.431	Academy of Applied Science	5,000	VARIOUS
12.431	Bend Research Inc.	15,152	485001
12.431	Wayne State University	12,044	WSU96046A2
12.630	Geo-Centers Inc.	27,225	VARIOUS
12.630	Oregon Graduate Institute of Science and Technology	13,832	N/A
12.800	Batelle Memorial Institute	42,959	VARIOUS
12.800	Oregon Graduate Institute of Science and Technology	37,332	N/A
12.800	SRI International	106,347	34000042
12.910	Georgia Institute of Technologies	169,075	A9531020S3
12.910	Next Gen Elec Disp Corp.	100,000	N/A
12.910	Purdue University	124,192	53014361
12.910	Rockefeller University	117,523	N652369815403
12.911	Anadac Inc.	29,455	417/N47408-98C-22
14.227	City of Portland	75,051	VARIOUS
15.224	Klamath Tribes	6,023	N/A
15.805	University of Arizona	7,179	Y501776
15.807	Humboldt State University	5,097	970708

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1999**

<u>CFDA</u>	<u>Organization</u>		<u>Amount</u>	<u>ID Number</u>
16.541	George Washington University	\$	195,465	97S22
16.541	NCASAA		56,350	97ST39-39
16.579	Lane Educational Service District		49,397	N/A
16.710	City of Milwaukee		5,304	980555
17.247	Aguirre International		10,000	S-9022-01/S-2201-01
20.205	Metro		19,569	905765
20.502	University of Washington		56,278	509646
20.502	University of Washington		4,194	509646/Mod2/Mod3
45.025	Oregon Arts Commission		6,688	VARIOUS
45.025	Western States Arts Federation		4,875	VARIOUS
45.129	Oregon Council for the Humanities		600	98-02-16
47.049	California Institute of Technology		24,839	PC235270
47.049	Dickinson College		27,381	DUE9455561
47.049	Math Learning Center		3,605	N/A
47.049	Math Learning Center		241,754	VARIOUS
47.049	National Research Council		6,050	N/A
47.049	University of Alabama		45,931	N/A
47.050	Nevada University System Board of Regents		4,267	98-B42
47.050	Humboldt State University		22,748	970629
47.050	Northern Arizona University		9,019	GLG32N8
47.050	University of Southern California		40,253	662702
47.050	University of Washington		9,441	596848
47.050	Woods Hole Oceanographic Institute		30,416	A100003
47.074	American Museum of Natural History		2,527	N/A
47.074	University of Maryland		5,309	Z342201
47.074	University of Wisconsin		(140)	N/A
47.074	University of Georgia		9,019	RR551-080/2401954
47.075	National Research Council		2,200	N/A
47.076	Association of American College and Universities		8,910	N/A
47.076	Math Learning Center		17,764	N/A
47.076	NW Partnership Environmental Technical Education		56,663	N/A
47.078	University of Alabama		3,916	N/A
59.005	Lane Community College		19,882	N/A
59.037	Lane Community College		85,088	N/A
66.419	City of Portland		20,358	31682/Ord172117
66.504	Oregon Graduate Institute of Science and Technology		25,312	514203
66.504	University of Waterloo		26,560	22897OIS/CR823017-01
66.606	University of Idaho		1,000	KHK17399A
66.606	Environmental Council of the States		7,000	CX827158
81.004	Pacific States Marine Fisheries Commission		27,541	98-037
81.049	Associated Western Universities Inc.		19,396	N/A
81.049	Florida State University		35,537	N/A
81.049	Lockheed Martin Energy Research Corp.		23,414	4500002419
81.049	Oregon Medical Laser Center		21,724	OMLC980101
81.049	Stanford Linear Accelerator Center		33,000	6771
81.049	W.H. Porter		22,495	N/A
81.086	Los Alamos National Laboratory		14,590	C706600173R
81.087	National Renewable Energy Lab		154,532	N/A
81.087	Oregon Graduate Institute of Science and Technology		210,092	VARIOUS
81.087	SERI		1,939	XM8180611
81.104	Battelle Pacific Northwest Division		46,429	329726-AG5
81.109	Modern Building System		84,462	N/A
82.033	World Learning		46,129	N/A
84.023	Lane County School District		97,139	SPS50021

**Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 1999**

<u>CFDA</u>	<u>Organization</u>		<u>Amount</u>	<u>ID Number</u>
84.024	University of Minnesota	\$	192,464	N/A
84.027	American Samoa Government		121,390	VARIOUS
84.027	Federated States of Micronesia		13,481	N/A
84.027	Institute for Career and Leisure Development		7,841	N/A
84.027	Republic of Palau		3,629	98239
84.029	Council of Chief State School Officers		53,849	N/A
84.078	California State University		67,328	N/A
84.086	University of Colorado		230,370	079710016D002
84.128	Indiana University		7,212	N/A
84.133	California State University		3,608	N/A
84.133	University of South Florida		27,500	5830257LOA
84.144	Willamette Educational Service District		124,306	N/A
84.158	Willamette Educational Service District		70,195	N/A
84.181	Lane Educational Service District		4,216,798	VARIOUS
84.203	Spokane School District 101		14,852	6403PO
84.203	Spokane School District 101		17,756	PO9543SS
84.224	Access Technologies Inc.		968	VARIOUS
84.257	Harvard University		458,025	VARIOUS
84.257	National Institute for Literacy		19,463	ED-98-PO-3362
84.257	University of California		21,000	92OR01
84.326	Direction Services Inc.		5,341	N/A
93.104	Clark County		45,997	N/A
93.125	Bazon Center for Mental Health Law		7,500	98M000892
93.125	Mental Health and Developmental Disability Services		71,183	N/A
93.173	University of California		3,009	10145637
93.225	Research Triangle Institute		12,112	99208
93.226	Research Triangle Institute		73,724	253U6455
93.229	Lane County Public Safety		27,798	N/A
93.230	Mental Health and Developmental Disability Services		131,465	82800
93.262	Center to Protect Workers Rights		82,607	UO2CCU31201405
93.273	Oregon Health Sciences University		53,981	Amend #3/8405211
93.283	University of California		11,879	SA2341JB
93.393	Oregon Research Institute		40,292	N/A
93.570	National Collegiate Athletic Association		60,864	N/A
93.571	National Collegiate Athletic Association		60,460	N/A
93.600	Early Head State Family Center of Portland		13,876	N/A
93.600	University of Pittsburgh		8,427	72096
93.608	University of Washington		18	265403
93.631	University of Kansas		20,291	N/A
93.647	Linn-Benton Community College		46,043	N/A
93.853	University of California		18,242	VARIOUS
93.866	Oregon Center for Applied Science, Inc.		10,959	001
93.866	University of California		53,598	DB98-AG14130-PSU
93.866	University of Michigan		15,463	M08599/F000386
93.891	Oregon Health Sciences University		29,537	N/A
93.901	Legacy Emanuel Hospital and Health Center		129,561	700-77301
93.969	Oregon Health Sciences University		68,500	VARIOUS
94.005	Oregon Campus Compact		1,481	95HLC0007
94.005	Quest International		646	N/A
94.005	University of California		19,917	401904-23198-SubU
	Total	\$	<u>14,661,532</u>	



**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 1999**

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

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified? yes no

Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section 510(a)? yes no



## **Section II – Financial Statement Findings**

### **99-1**

#### **Department of Revenue**

#### **Check Stock Inventory**

Internal control over check stock at the Department of Revenue (DOR) could be improved. We noted that DOR does not (1) adequately limit physical access to check stock inventory in its custody, (2) timely verify and record the receipt or transfer of check stock, and (3) have updated written procedures to reflect the current practices used for verifying and sampling check stock received from the vendor.

Typically, most check stock is transferred to the Department of Administrative Services (DAS) shortly after receiving it from the vendor. However, when large quantities of checks are needed, such as prior to the printing of "kicker" refund checks, DOR must store some of the excess check stock.

The Oregon Accounting Manual requires state agencies to implement internal control techniques that provide a high degree of assurance that internal control objectives are achieved. The Oregon State Treasury Cash Management Manual also provides minimum controls required to safeguard blank check stock. These controls are critical since the implementation of the single statewide check stock. DOR has not fully implemented these policies, which may result in unauthorized and inappropriate use, loss, or mismanagement of check stock.

**We recommend** that DOR develop and implement written policies and procedures to ensure the security of check stock prescribed by the Oregon State Treasury Cash Management Manual. Specifically, we recommend that DOR:

- Verify shipments of check stock on the day it is received from the vendor, with at least two people present.
- Ensure the transfer of custody of check stock between DAS and DOR is adequately documented. Furthermore, ensure that check stock is stored in a secure location.
- Update and review the department's key inventory to ensure management is aware of which employees have access to check stock storage areas. Access should be limited to necessary staff only.
- Update written procedures for receiving, verifying, and transferring check stock.

#### ***AGENCY'S RESPONSE:***

*We agree that the internal control over check stock could be improved. We will review and enhance written procedures so that we are meeting the prescribed level of control and security as prescribed in the Oregon State Treasury Cash Management Manual.*

*We will write procedures for verification of receipt of check stock. The procedures will require verification on the date received by at least two people. This will be complete prior to receipt of new check stock but not later than January 28, 2000.*

## **Schedule of Findings and Questioned Costs For the Year Ended June 30, 1999**

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*We will prepare procedures detailing the transfer of check stock between the DOR and DAS. We will meet with DAS to secure their agreement and cooperation. We will review the current location of stored check stock to see if security can be enhanced. We will also explore alternative storage facilities and procedures for large one time bulk runs like the kicker. Procedures for the transfer of check stock will be complete by December 24, 1999. Procedures and facilities for overflow storage will be complete by June 30, 2000.*

*Key inventory and management will be reviewed and procedures adjusted as necessary. Access to check stock storage will be limited to necessary staff. This will be complete by January 28, 2000.*

### **99-2**

#### **Department of Revenue** **Cigarette Tax Stamps**

Internal control over cigarette tax stamps at the Department of Revenue (DOR) needs to be improved. DOR sells these stamps to cigarette distributors; and the stamps must be placed on packages of cigarettes before they can be legally sold to consumers. DOR collected over \$173 million in cigarette tax receipts during fiscal year 1999.

Our review noted that DOR does not adequately segregate duties related to cigarette tax stamps. The agency also does not maintain adequate records for returned stamps or prepare reconciliations of stamp orders to cigarette tax revenue balances in the accounting records. In addition, controls over access to the DOR stamp inventory database are inadequate.

Specifically, we noted the following:

- A single employee has the following duties:
  - Accepting and recording shipments of cigarette tax stamps from the vendor.
  - Shipping and recording cigarette tax stamp orders to cigarette distributors.
  - Performing the physical inventory of cigarette tax stamps on hand.
- Eight other employees have access to the inventory database. These employees were provided access for backup purposes rather than in relation to their primary duties.
- Records are not maintained to account for cigarette tax stamps returned by the distributors for refund. Such records are necessary to properly account for reductions made to cigarette tax revenue.
- Reconciliations are not prepared to ensure that cigarette tax stamps purchased and sold by the department can be accounted for by the cigarette tax revenue posted in the accounting system. These reconciliations are necessary to ensure that all receipts are accounted for properly.

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1999**

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The Oregon Accounting Manual requires each agency to establish, maintain, and improve their internal control structure. By not establishing adequate controls, DOR is unnecessarily exposed to increased risk of unauthorized and inappropriate use of cigarette tax stamps, loss of cigarette tax revenues, and improper cigarette tax refunds.

**We recommend** that DOR develop and implement written policies and procedures to improve control over cigarette tax stamps. Specifically, we recommend that DOR:

- Reassign cigarette tax stamp responsibilities so that record keeping and physical custody functions are performed by different employees. Duties should also be assigned in a manner that permits the activities of one employee to provide an independent check on the activities of another. For instance, physical inventories of cigarette tax stamps should be done by an employee who cannot enter, delete, or change information in the cigarette tax stamp database and who also does not have physical custody of the cigarette tax stamps.
- Restrict cigarette tax stamp database access for individual employees to those functions needed for performing their job duties.
- Count cigarette tax stamps returned by distributors upon receipt and record the returns in the accounting records promptly.
- Assign an employee independent of other cigarette tax functions to perform monthly reconciliations of cigarette tax stamps sold, inventory on hand, and revenue posted in the accounting system.

***AGENCY'S RESPONSE:***

*In general, we agree with the audit recommendations. Duties will be rearranged so that no one has access to both the physical inventory of tax stamps and the accounting records.*

*Access to the cigarette tax stamp database has been restricted to one or two people who do not have access to the physical inventory. Access to the tax stamp storage room has been limited to 4 people and there will always be at least 2 people present when any of them enter the storage area.*

*Access to the cigarette tax stamp database will be restricted to people who do not have access to the physical inventory. Someone independent of the cigarette tax functions will do the physical inventory of cigarette stamps quarterly. An employee who has no connection to the cigarette tax program will reconcile the physical inventory to the stamp database. This practice will be implemented by June 30, 2000.*

*Two people will count cigarette tax stamps returned by distributors and reconcile them to the number of stamps the distributor claims they returned. If the counts agree, the returned stamps will be shredded immediately and a refund claim form will be prepared and sent to the cigarette tax unit for processing credit to the customer. This will be implemented by January 28, 2000.*

## **Schedule of Findings and Questioned Costs For the Year Ended June 30, 1999**

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*The supervisor and the cigarette tax unit staff will review the cigarette tax reconciliation each month to verify that the balance agrees with the accounting system. This practice has already started.*

*We anticipate these changes will be made within 6 months.*

### **99-3**

#### **Department of Transportation Financial Reporting Controls**

During our statewide audit of Oregon Department of Transportation (ODOT), we reviewed internal control over financial reporting. ODOT initially records financial information in its Transportation Environment Accounting and Management System (TEAMS) and subsequently interfaces TEAMS with the state's Statewide Financial Management System (SFMS), which is used to prepare the *Comprehensive Annual Financial Report*.

We found that ODOT should improve its internal control over financial reporting to ensure amounts recorded in TEAMS agree with the amounts reported in SFMS. Our audit disclosed that financial reporting errors were made in SFMS and were not detected prior to the year-end closing deadline. As a result, adjustments to several material accounts were necessary to correct amounts initially recorded in SFMS. For example, one year-end entry made in SFMS resulted in an error that understated the Cash on Deposit – Suspense account by \$38,603,799. Since the same person who entered the journal entry also posted the journal entry, the error was not found until after SFMS closed.

These errors occurred because ODOT's fiscal management did not: (1) review and approve year-end journal entries for estimates, accruals, and adjustments; (2) segregate duties among the preparation, entry, and release of journal entry batches into SFMS; and (3) reconcile revenue and expenditure accounts periodically between TEAMS and SFMS.

**We recommend** that ODOT develop and implement written policies and procedures to establish effective internal control over financial reporting. To provide reasonable assurance that control objectives are being met, the policies and procedures should include preventative and detective internal control techniques such as separation of duties; adequacy of supervision; and preparation and review of periodic reconciliations between TEAMS and SFMS.

#### **AGENCY'S RESPONSE:**

*Your review disclosed that our internal control over financial reporting to ensure amounts recorded in TEAMS agree with amounts reported in SFMS need improvement. You recommend that we develop and implement written policies and procedures to establish effective internal controls over financial reporting that assure adequate*

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*supervision, separation of duties, and periodic reconciliation between TEAMS and SFMS.*

*Financial Services is developing written policies and procedures that will be implemented prior to fiscal year 2000 financial reporting. These policies and procedures will include management review and approval of year-end journal entries and appropriate separation and segregation of duties. Staff in Financial Services presently reconcile TEAMS to SFMS cash on a monthly basis. They will begin reconciling detailed revenues and expenditures posted in SFMS funds to TEAMS at least quarterly beginning in January 2000.*

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**Section III – Federal Awards Findings and Questioned Costs**

**99-4**

**Department of Human Services**

**Block Grant for Prevention and Treatment of Substance Abuse, CFDA 93.959**

**Level of Effort, Minimum Spending, and Independent Peer Review Requirements**

**Questioned Costs \$6,619,821**

The Department of Human Services, Office of Drug and Alcohol (department) has not provided sufficient information to demonstrate that it is in compliance with some of the minimum spending requirements of the Block Grant for Prevention and Treatment of Substance Abuse (SAPT) program. Specifically, we were unable to trace certain reported 1999 expenditure amounts to the accounting records or other verifiable cost data. We found insufficient support for the following minimum spending requirements: (1) services to pregnant women and women with dependent children, (2) substance abuse treatment and rehabilitation, and (3) alcohol treatment and rehabilitation.

In addition, independent peer reviews of service providers are not conducted separate from the licensing process for service providers. Federal regulations state that the peer review is not to be conducted as part of the licensing or certification process.

Federal regulations require that “the State avoid activities and actions under the SAPT Block Grant that are inconsistent with the governing federal statutory, regulatory requirements.” In addition, except for a waiver granted explicitly on the Notice of Grant Award, the award does not constitute approval for waiver of any Federal statutory, regulatory requirements for a SAPT Block Grant. The department has not applied for a waiver.

**We recommend** that the department provide information to demonstrate that it has complied with all federal statutory and regulatory requirements under the SAPT Block Grant, or seek the waiver as required.

***AGENCY’S RESPONSE:***

*We disagree on whether the department has met the grant requirements.*

*Minimum spending for mothers: Initial expenditures identified as relating to women were incomplete. Additional information and expenditure data is available, specifically, expenditures for services delivered under the Oregon Health Plan.*

*Inclusion of expenditures for these services resulted in Office of Alcohol Drug Abuse Programs (OADAP) exceeding the minimum expenditure requirement.*

*Minimum 35 percent spending for alcohol prevention and treatment: Initial expenditure data identifying alcohol and drug treatment was incomplete. Additional data is available via another data system, Client Process Monitoring System (CPMS). When this data is included, OADAP exceeds the minimum expenditure requirement.*

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*Substance Abuse and Mental Health Services Administration (SAMHSA) confirmed our previous discussions regarding the allocation of Primary Prevention funds to meet the 35 percent set aside requirements for alcohol and drug prevention and treatment. 45 CFR 96.124 clearly states that the 35 percent minimums are for prevention and treatment.*

*Because Primary Prevention must be shown separately on the application forms that present actual and intended use, those forms will not demonstrate legal compliance. We will follow your suggestion and insert sheets that show the allocation of Primary Prevention to the amounts shown for alcohol and for drug treatment so that we can demonstrate compliance with the 35 percent set aside requirements while still reporting the Primary Prevention category.*

*Peer reviews separate from licensing: Oregon utilizes an onsite review to conduct licensing inspections, and a peer reviewer is always included as a member of the team. The peer reviewer does not make licensing decisions. Oregon has clearly identified and has explicitly described its process in the narrative of each block grant submission. These submissions have been approved.*

**Audits Division Comments:**

The Audits Division made several requests for financial data to support compliance with program requirements during the period July 1999 through November 1999. OADAP was unable to provide the auditors this information during that period. In January 2000, OADAP provided the auditors with a schedule of information that may show program compliance. However, OADAP provided no source data that could be used to verify that the information on the schedule was correct.

**99-5**

**Oregon Department of Education  
Child and Adult Care Food Program (CACFP), CFDA 10.558  
Review of Subrecipient Institutions**

The Oregon Department of Education (ODE) completed reviews for only 29.5 percent of the Child and Adult CARE Food Program (CACFP) subrecipient institutions for year ended June 30, 1999; this is less than the required percentage of 33.3 percent. Lack of adequate and timely monitoring of subrecipient institutions impairs the ODE's ability to ensure that program goals are properly met. ODE lacked sufficient staff to properly manage and administer the program. ODE should hire additional staff as required to perform the necessary reviews.

**AGENCY'S RESPONSE:**

*During the current fiscal year ODE has made significant progress in meeting the goal of reviewing 1/3 of all programs each year. This was done by:*

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1. *Creating and maintaining an administrative review spreadsheet for improved tracking.*
2. *Contracting with two part-time NetPro CACFP Reviewers. Each has received thorough training and is assigned to a CACFP consultant, and*
3. *Assigning administrative review tracking to a CACFP staff person.*

*Compliance with this requirement will be accomplished by hiring a new CACFP consultant. This position has been approved by the legislature and hiring is pending. The State Administrative Expense Plan designates five additional staff to manage and administer Child Nutrition programs (CNP): three program consultants and two clerical support staff. The Emergency Board must grant agency approval for additional staffing.*

*ODE staff is committed to maintaining high quality reviews while increasing the number of reviews. We believe that increasing quantity and sacrificing quality will be detrimental to overall program integrity.*

### **99-6**

#### **Oregon University System (OUS)**

#### **Research and Development Cluster**

#### **Scientific Cooperation Program, CFDA 10.961**

#### **Timely Filing of Financial Reports**

During our testing of the financial and progress reporting requirements for the Scientific Cooperation Program and programs within the Research and Development cluster, we noted the following:

At Oregon State University (“OSU”), two financial reports were not filed by the required filing date as specified by the specific program and/or grant agreements. The two financial reports affected four of the grants that were selected for testing.

Federal financial reports and progress reports are required to be filed periodically as stipulated in each grant or contract agreement and/or by each granting agency. Failure to adhere to contractual stipulations could result in the granting agency becoming apprehensive of awarding federal funds in the future.

These instances of noncompliance appear to be due to constraints on personnel resources which resulted in the required reports not being filed timely.

**We recommend** that the institution implements policies and procedures which will allow for more timely filing of federal financial and progress reports.

#### ***AGENCY’S RESPONSE:***

*OUS concurs with the auditors’ finding. The following provides the specific corrective action plan by campus:*

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Oregon State University

*The auditors noted that Oregon State University (OSU) had two financial reports that were not filed within the required timeframe, which affected four grants that were selected for testing.*

*OSU agrees with the instances found of late submission of financial reports. OSU has identified these instances as isolated cases with special circumstances as follows:*

- *Research and Development Programs – Cooperative Forestry Assistance, CFDA 10.664: The requirement for a semiannual SF269 was not written in the grant document. This request came at a later date in the form of a letter from the granting officer. The start date of the grant was March 1, 1998. Six months from this date (or semiannual) was August 31, 1998. This is outside our usual semiannual reporting periods at the end of each quarter; in this case, September. There we a question of whether this agency wanted the report every six months or on a quarterly/semiannual basis. This has been subsequently clarified with the agency and the file has been noted that this report is to be submitted on an “off-schedule” basis. All subsequent reports have been submitted timely.*
- *Scientific Cooperation Program, CFDA 10.961: The Cash Position SF272 is for all Agency of International Development awards at the university. There were three awards active at the time of this report. The supporting documentation and report was balanced and completed timely, but for some unknown reason, it had not been printed and sent to the agency. This was discovered when completing the next subsequent report. This was an isolated instance. Systems are in place to avoid this happening in the future.*

*Systems are in place to identify reporting requirements; however, OSU will continue to review the many systems in place.*

**99-7**

**Oregon Employment Department**

**Employment Services Cluster**

**Activities Allowed or Unallowed**

Payroll expenditures charged to the Employment Services Cluster should have been charged to Unemployment Insurance (CFDA 17.225). Errors appeared isolated to one section of the Employment Department. Net errors of \$1,626 were detected in a sample of \$18,011, an error rate of 9 percent. For the sample population of 608,000, the projected error is approximately \$55,000. In addition to payroll expenditures, indirect costs allocated based on payroll percentages may have been overcharged to the Employment Services cluster. Total projected errors do not appear to be material. Estimated hours and activity codes were entered into the payroll system for employees who had not submitted timesheets in a timely manner. Subsequent adjustments were not made to match the hours and activity codes recorded on authorized timesheets. Employees and supervisors should be reminded of the importance of timely and

## **Schedule of Findings and Questioned Costs For the Year Ended June 30, 1999**

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accurate time reporting. When necessary, estimated hours could be charged to a suspense activity code making the need for subsequent adjustment readily identifiable.

### ***AGENCY'S RESPONSE:***

*We take our responsibilities very seriously and continually strive to create and improve procedures to accurately and efficiently record our activities to the appropriate program. Although the Department complied in all material respects with federal requirements, your audit identified an error in how one section had recorded staff time. This error did not affect either employer taxes collected or unemployment benefits distributed, but did affect how our funds are allocated to differing federally funded activities. In addition to your recommendations of including a suspense account and an automated process of reconciling timesheets input by proxy, we have done the following to correct this error and to ensure that this type of mistake does not get overlooked again.*

- *The Fiscal and Performance Manager has shifted the identified costs to the appropriate funding source, based on the auditor's projected error.*
- *The Internal Auditor will work with staff to review all current year Information Services timesheets and pay system records for accuracy and make any necessary corrections. This will be done by May 1, 2000.*
- *Staff Development and Employee Services will issue a notice to all employees, reminding them of the importance of correctly reporting their time in a timely manner. This will be done by January 28, 2000.*
- *As discussed, the Employment Department has implemented a new time reporting system, which will be fully operational February 1, 2000. It has the following features, which reduce the likelihood of similar situations occurring.*
  1. *Employee "timesheets" are now electronic and are available from all Employment Department locations, as well as from the Internet. The employee does not have to carry the paper with them to submit it.*
  2. *The new system records the employee that enters the time, allowing us the ability to identify when a proxy timesheet is submitted.*
  3. *The Internal Auditor will randomly, and unannounced, audit timesheets entered by proxy. The audit will be done by December 2000.*
  4. *Staff Development and Employee Services will identify who needs training on the new system. They will develop policies, and training for the new system, including a methodology for entering proxy times for employees. They will develop the outline of the necessary training and identify needed resources by March 24, 2000.*

*Two options being looked at by the Employment Department to provide appropriate control features in the new time system include the suspense account suggested by the auditors and automated process of reconciling timesheets input by proxy.*

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*The suspense account may work but we will be reviewing whether removing hours from the Department's allocation process will cause misallocation of costs. The Department uses its monthly time input to allocate costs to over 100 funding sources. Removing a number of hours from that calculation every month and then reconciling in a future month would cause allocation of salary costs to progress that received no benefit from the work done. In addition, the allocation would typically impact many more programs than just what the staff worked on if the suspense account costs were paid for from a prorated allocation. The reconciliation of the suspense account would take a good deal of staff time away from other duties. The Business Services Manager will have a cross-functional group review the issues and report to the Executive Team on the feasibility and cost of creating a suspense account. The report will be made by March 15.*

*We will also explore an automated process with Information Systems staff to flag records input by proxy and pend them for additional review by the staff and appropriate manager for correction after the fact, if necessary. Because the person inputting the proxy time sheet will, the majority of the time be fairly accurate in the time record, the number of corrections identified by staff should be minimal. When staff review the time input for them by proxy, they will have the option of making a correction, and if a correction is necessary, the system will create an entry that impacts just those programs needing time corrected. This limits the potential for cost allocation variances to just those programs charged by the staff person.*

*Whether we go with option one or two, this review has highlighted that the new system needs a review of proxy time input.*

**99-8**

**Oregon Student Assistance Commission**

**Federal Family Education Loan Program, CFDA 84.032**

**Allowable Receipts and Expenditures**

The Reauthorization of The Higher Education Act of 1965 required a Federal Student Loan Reserve Fund (the Federal Fund) and an Agency Operating Fund (the Operating Fund) be established as of December 7, 1998. The Act specified, among other things, the timing and type of allowable receipts and expenditures in each of the funds. During the transitional period following the required use of the funds, the Oregon Student Assistance Commission (OSAC):

1. Did not transfer to the Federal Fund its equitable share of borrower repayments within 45 days of receipt as required.
2. Paid lender claims from the Operating Fund instead of from the Federal Fund.
3. Deposited payment of reinsurance on loans in the Operating Fund instead of the Federal Fund.

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The noncompliance occurred during the period of December 1998 to February 1999 at which time the commission discovered the noncompliance and took corrective action. Both funds were restored to their proper balances resulting in no questioned costs. A proper transitional plan was not in place or closely monitored. Procedures to comply with all aspects of new requirements should be developed when transitions are mandated by future changes in laws, rules or regulation.

### **AGENCY'S RESPONSE:**

*When the 1998 Reauthorization Act became effective, the OSAC's policy regarding transfer of agency collections was to effect transfer of funds when the Federal Department of Education communicated approval of the monthly 1189 Federal report. After several months, it became evident that the Department of Education was not able to sustain a 45-day turn-around for these reports. The OSAC, therefore, modified its policy to transfer amounts collected as soon as the monthly 1189 report was submitted to the Department of Education (i.e. within 15 days after month end). The three months affected were November 1998, December 1998, and January 1999. From that point forward, amounts were transferred in compliance with the 45-day federal requirement.*

*The Oregon Student Assistance Commission (OSAC) did have a transition plan in effect. However, due to staff turnover during this transition period, the efforts of this agency, the Oregon State Treasury and US Bank were not sufficiently coordinated to prevent claims being paid out of the Agency Operating Fund. The errors noted in the audit report were identified at the end of January, 1999 when the reconciliation process was brought up to date. OSAC began work with the State Treasury and US Bank in February to correct all financial records, with final corrections occurring at the beginning of March 1999. All amounts were subsequently transferred to the correct accounts, as noted in the Effect portion of the audit finding, with no negative affect on the income of the Department of Education Federal Reserve Fund.*

### **99-9**

#### **Department of Community Colleges and Workforce Development**

#### **AmeriCorps –CFDA # 94.006**

#### **Onsite Monitoring of Subrecipients**

#### **(Material Weakness)**

Onsite monitoring of AmeriCorps subrecipients during the audit period did not occur until the spring of 1999. In April and May of 1999, site visits were conducted by the Oregon Community Service Commission (OCSC) administrative staff in cooperation with the Corporation for National Service. Our examination of the site visit reports indicated that detailed documentation describing applicable programmatic and compliance criteria was lacking. In addition, a contractor selected by the Department of Community Colleges and Workforce Development (DCCWD) also performed site visits. These visits resulted in the identification of issues that, once resolved, may result in questioned costs.

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Site visits are an essential part of monitoring subrecipients. Such visits should examine the subrecipient's financial as well as programmatic records. Financial and program internal controls should also be reviewed during the site visit. For AmeriCorps, the review should encompass financial and programmatic controls pertaining to allowable activities and costs, cash management practices, member eligibility, program matching and earmarking requirements, program income (if the program generates any), and the reporting system.

**We recommend** that the OCSC develop site-visit criteria that examine both financial and program records and controls related to the compliance areas of allowable activities and costs, member eligibility, cash management practices, matching and earmarking requirements, and federal reporting. In addition, OCSC should follow-up on all findings documented in the fiscal year 1999 contracted review.

***AGENCY'S RESPONSE:***

*The issue was identified by management prior to the Secretary of State's audit. As a result, a comprehensive financial management manual was developed by staff and adopted by the OCSC at its August 1999 meeting. The policies and procedures contained in the manual were approved by the Corporation for National Service in October and staff used this as the basis for conducting site visits in November. A second round of site visits is scheduled for Spring 2000. Staff also is continuing to follow up on all findings documented in our FY99 internal review.*

**99-10**

**Department of Human Services**

**Inadequate Internal Controls Over Case File Management**

While testing 46 case files for the food stamp, cash assistance, and medical assistance payments, we found that Department of Human Services was not able to locate three files, did not have a signed application to receive food stamps in one file, and did not have other required documents, such as a Trust Agreement for Limited Accounts, in four other files. (A Trust Agreement for Limited Accounts authorizes the branch office to transact payments for the client.) For one of these last four files, there was no documentation and no explanation of why a client was reimbursed for a monthly service at a rate of \$13 per month rather than the actual cost of \$6 per month.

According to federal regulations, documentation shall be in sufficient detail to permit a reviewer to determine the reasonableness and accuracy of the determination. Additionally, state law charges custodians of public record with the responsibility of protecting the records.

**We recommend** that the Department of Human Services develop and implement internal controls that will ensure that client files are properly documented, reviewed, and retained. These controls should include procedures to ensure that client files can be located and contain all required documents to meet requirements, payments are properly authorized, and payments are made to eligible persons and are in the appropriate

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amounts. Management should periodically review the branch offices to ensure that case files are in order.

### ***AGENCY'S RESPONSE:***

*We partially agree. Two case files were sent to Archives by the local branches and were eventually located by Adult and Family Services (AFS) staff. Auditors from the Secretary of States Office have subsequently reviewed these files.*

*One complete case file was found at the branch office by AFS staff during this inquiry, and it does contain completed application forms for all periods benefits were received. In addition, there was substantial narration on this file on TRACS, indicating the case is being closely managed. AFS has also subsequently supplied this file and application to the auditors.*

*Even though the files cited by the Secretary of State were located and needed information found, AFS will review the procedures with field staff for transferring and tracking files between branch offices and Archives. AFS will also strive to improve the local branch process for checking out files within the office to assure they can always be located quickly. We hope that this information sufficiently answers the questions and concerns found in reviewing our case files.*

*Corrective action on improving our system of storing, locating, and tracking case files should be completed within 90 days.*

### **Audits Division Comment:**

The Audits Division made several requests for the three case files during the period July 1999 through November 1999. AFS was unable to produce the case files during that period. In January 2000, when AFS located the files, the auditors found that two files did not contain the required documentation. The application was for the wrong period of time in one file, and there was no verification information in the other. The third file was found to be complete.

### **99-11**

#### **Department of Community Colleges and Workforce Development**

#### **AmeriCorps, CFDA 94.006**

#### **SEFA Compilation**

The federal funds expenditure amount originally compiled by the Oregon Department of Education (ODE) for Department of Community Colleges and Workforce Development (DCCWD) and reported to the Department of Administrative Services (DAS) Statewide Accounting and Reporting Section for inclusion in the Schedule of Expenditures of Federal Awards (SEFA) was in error. No expenditures were originally reported to DAS for CFDA No. 94.006 – AmeriCorps for Fiscal Year 1999. The

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expenditures for the AmeriCorps program were instead incorporated into the \$1,651,706.03 reported for CFDA No. 94.003 – State Commissions, along with expenditures under CFDA No. 94.009 – Training and Technical Assistance.

The reason for this error is that DCCWD set up only one grant number in the Statewide Financial Management System (SFMS) for the three programs. When ODE compiles the expenditure amounts for the SEFA, the CFDA number associated with this single grant number is used; thus, expenditures reported for CFDA No. 94.003 included AmeriCorps and Training and Technical Assistance.

In addition to incorrectly classifying expenditures, \$432,528 of CFDA No. 94.006 expenditures had been estimated by the ODE accountant using 60 percent of outstanding encumbrance balances at June 30, 1999, for AmeriCorps. Our review of this method included an analysis of the four largest encumbrances comprising ODE's estimate. We found that the full amount of three encumbrances represented payables incurred at June 30, 1999, while one encumbrance never resulted in a payable. In addition, we determined that \$392,758 represents a more accurate estimate of payables for AmeriCorps at June 30, 1999, a difference of \$39,770. Thus, the methodology used by ODE to estimate accrued expenditures is not supportable. Since the volume of encumbrances needing review is low, using a method to estimate accruals instead of determining the actual accrual is not necessary. The same review also determined that \$300,772 of the original estimate was incorrectly labeled as direct expenditures when they were in reality subrecipient pass-through funds. These errors may have been detected had DCCWD fiscal staff reviewed them.

**We recommend** that DCCWD:

- Set up separate SFMS grant numbers for each federal CFDA program.
- Discontinue the percentage method of estimating payables for grants with few encumbrances, like AmeriCorps, and determine actual payables incurred.
- Strengthen communication channels between DCCWD fiscal and ODE accounting staff in order to improve detection of financial reporting errors related to DCCWD administered programs.

***AGENCY'S RESPONSE:***

*Fiscal staff has begun the process of setting up separate SFMS accounts for the three federal AmeriCorps grants and will work more closely with Department of Education fiscal staff to more accurately estimate payables at year end.*

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**99-12**

**Department of Community Colleges and Workforce Development**

**AmeriCorps, CFDA 94.006**

**Timing of Disbursements of Federal Funds to Subrecipients**

The Department of Community Colleges and Workforce Developments (DCCWD) – Oregon Community Service Commission (OCSC), is not in compliance with the requirements of 31 Code of Federal Regulations (CFR) 205.20 Subpart B. Review of six Request for Grant Funds forms from three subrecipients revealed the following instances where subrecipients received federal funds significantly in advance of the related program expenditures:

- Legal Aid Services of Oregon held \$12,624 of unexpended federal funds as of December 30, 1998, for the 1997-98 Grant Year.
- Portland Area Council of Camp Fire held \$20,000 of unexpended funds as of May 26, 1999 related to expenditures occurring throughout the month of June 1999.

DCCWD does not have a cash management process in place to control the release of federal funds to subrecipients. Federal regulations require that advancement of federal funds be timed so that advances meet actual and immediate cash requirements. For major federal programs, three days is the longest period that funds are allowed to be requested in advance. For other federal programs, regulations require the timing and amount of cash advances to be as close as is administratively feasible to the actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.

**We recommend** that the Department of Community Colleges and Workforce Development redesign the process of requesting and disbursing federal funds for AmeriCorps subrecipients. Requests for federal funds from the subrecipients should be promptly approved and funds disbursed as close as possible to when cash is needed.

***AGENCY'S RESPONSE:***

*This was an issue identified through our internal review prior to the Secretary of State's audit. Payments are now made to subrecipients on a cost reimbursement basis rather than through forward funding of programs. Payments are made after staff review of budget-to-actual expenditure reports; funds are not released without submission of these forms by local programs.*

**99-13**

**Department of Human Services**

**Block Grant for Prevention and Treatment of Substance Abuse (SAPT), CFDA**

**93.959**

**Federal Financial Reports**

The Department of Human Services, Office of Drug and Alcohol (department) needs to improve its internal control procedures for reviewing accounting data and ensuring accuracy of reports submitted to the federal government for the SAPT program. The current system of controls does not include procedures that will:

- Track actual expenditures used for tuberculosis services or develop a reasonable estimate of these service expenditures that is supported by verifiable case and cost data;
- Document that the department complied with minimum spending requirements, such as substance abuse treatment for mothers or pregnant women and alcohol treatment and rehabilitation; and
- Require maintenance of accounting records, case records, and other documents that support the expenditure amounts and other information submitted to the federal reporting agency.

The OMB A-133 Federal Compliance Supplement, Part 6, Internal Controls, section L, Reporting, states that “internal controls should provide reasonable assurance that reports of Federal awards submitted to the Federal awarding agency...are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.” Further, it states that there “should be a mechanism in place to review reports performed to assure accuracy and completeness of data and information included in the reports.”

**We recommend** the department develop and implement controls for reviewing SAPT report information and final reports before submitting them to the federal agency. These controls should include:

- Written procedures that ensure periodic verification of SAPT program information and reports for accuracy, agreement with the accounting records, compliance with federal requirements, adequacy of supporting documentation, and application to the correct reporting period.
- Periodic supervisory review to ensure that procedures are being followed.

***AGENCY'S RESPONSE:***

*We partially agree.*

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*Tracking expenditures for TB: The reports are supported by underlying performance records. The expenditure is reported as the number of cases times the average cost of an uncomplicated case.*

*Correct level of spending, and exclusion of federal funds: We agree that procedures are needed since the transfer of responsibility from the Office of Alcohol Drug Abuse Programs to Mental Health and Developmental Disability Services Division.*

### **99-14**

#### **Department of Human Services**

#### **Temporary Assistance for Needy Families Program (TANF), CFDA 93.558**

#### **Federal Financial Reports**

The Department of Human Services (department) does not have procedures to ensure timely and accurate identification of expenditures needed to prepare federal reports and determine compliance with the maintenance of effort requirement for the TANF program.

- During the audit, the department provided several different spreadsheets to show compliance with the maintenance of effort requirement. Expenditures on the first spreadsheet totaled to the required maintenance of effort amount of \$92 million; however, the department was unable to provide supporting documentation for approximately \$7 million of its expenditures and \$1 million in emergency assistance expenditures. On a later revised spreadsheet, the department removed the \$7 million of unsupported department expenditures, but added approximately \$11 million in other expenditures. These were subsequently determined to be unallowable. On the final spreadsheet, the department removed the previously included \$11 million of unallowable expenditures and added approximately \$13 million expenditures that were allowable and supported by documentation.
- The department's quarterly TANF reports initially showed certain expenditures in the incorrect period and included some administration expenditures in the direct expenditure category. The department corrected the reports after the errors were brought to their attention.

The A-133 Federal Compliance Supplement, Part 6, Internal Controls, section L, Reporting, states that “internal controls should provide reasonable assurance that reports of Federal awards submitted to the Federal awarding agency...are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.” Further, it states that there “should be a mechanism in place to review reports performed to assure accuracy and completeness of data and information included in the reports.”

**We recommend** that the department develop and implement controls that include reviewing TANF report information and final reports before submitting them to the federal agency. These controls should include:

- written procedures that ensure verification of TANF program information and reports for accuracy, agreement to the accounting records, compliance with federal requirements, adequacy of supporting documentation, and application of amounts to the correct reporting period; and
- supervisory review to ensure compliance with reporting procedures.

***AGENCY'S RESPONSE:***

*We partially agree. As the state auditors concluded, DHS believes that these funding shifts were appropriate. For the future, DHS will develop documentation that better explains the appropriateness of funding shifts discussed in this audit finding.*

*The report is reviewed by the DHS Accounting Services Federal Funding Coordinator and we have now implemented procedures to have the TANF report reviewed by Services to Children and Families (SCF) and Adult and Family Services (AFS) budget staff prior to submission of the report. In addition, the report is reviewed and certified as accurate by the Assistant Administrator for AFS.*

**99-15**

**Department of Community Colleges and Workforce Development**

**AmeriCorps, CFDA 94.006**

**Risk Assessments of Subrecipients**

The Department of Community Colleges and Workforce Development (DCCWD)-Oregon Community Service Commission (OCSC) did not perform on-going risk assessment of the AmeriCorps subrecipients during the audit period. The OCSC did perform a limited risk assessment in the form of a “peer review” process conducted by PSU graduate students on new AmeriCorps applicants. This “peer review” process addressed the applicant’s adequacy of resources for matching requirements, reasonableness of program budget and the competence and adequacy of the applicant’s staff for making eligibility determinations. However, the process did not adequately address the internal control risks associated with the applicant’s financial accounting and reporting system in relation to:

- Allocation of administrative and indirect costs
- Cash management practices
- Tracking matching and earmarking requirements
- Meeting federal reporting requirements

Additionally, the peer review process did not adequately assess the risk related to unallowable activities charged to the program, unreported potential program income,

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and procurement issues. Only one of the subrecipients was reviewed during the period from July 1, 1998, through December 13, 1999.

**We recommend** the OCSC develop a more structured risk assessment process. The process should address both the compliance areas affected by financial accounting and reporting internal controls, as well as other applicable federal compliance requirements that are important to the program's success. This process should begin with the initial applicant risk assessment and continue with subrecipient monitoring activities throughout the course of each subrecipient's program.

### ***AGENCY'S RESPONSE:***

*Risk assessment policies and procedures are included in the financial manual discussed in the agency response to Finding 99-9. New programs are required to submit a risk self-assessment prior to approval and all programs are now visited twice a year; these visits contain both financial and risk reviews.*

### **99-16**

#### **Department of Community Colleges and Workforce Development**

#### **AmeriCorps, CFDA 94.006**

#### **Password Security**

The Oregon Department of Education (ODE), which is contracted by Department of Community Colleges and Workforce Development (DCCWD) to draw down federal funds for AmeriCorps, has not changed the identification number used to access the HHS SMARTLINK II payment system. The same single identification number has been used by all ODE employees accessing SMARTLINK since June 1994. This is contrary to HHS SMARTLINK II instructions and DAS Policy & Standards No. 03-01, which require that identification be changed at regular intervals. Furthermore, both the access password and identification number are maintained in written form and are accessible to unauthorized ODE personnel, creating the potential for unauthorized access to the SMARTLINK II system.

In addition to the weakness in security controls, there is no detection control in the form of reconciliation between the ODE cash drawdown detail, the Payment Management System (PMS) 272 federal cash management report, and the Statewide Financial Management System (SFMS). The PMS 272 is used by the AmeriCorps Fiscal Coordinator only for a general reconciliation of authorized grant amounts to amounts drawn. A reconciliation of the individual draws to the PMS 272 and the SFMS DAFR 6510 report would reveal unauthorized access and drawdowns of federal funds through SMARTLINK. ODE drawdown records do not currently provide a direct link between the draw requests and the associated vouchers. A spreadsheet could be created to link the draw requests to the related vouchers payable in the SFMS.

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1999**

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**We recommend** that DCCWD and ODE work together to establish and enforce controls requiring:

- The identification number be changed every 90 days and require that employees not write down the identification number;
- That DCCWD limit and maintain tight control over the number of employees provided the identification number (According to HHS personnel interviewed, separate identification numbers cannot be assigned to each individual accessing the system.);
- That the access password is secured in a locked area with limited access; and
- DCCWD to reconcile ODE detail records of draw downs of federal cash to both the PMS 272 cash management report and SFMS records of AmeriCorps vouchers.

***AGENCY'S RESPONSE:***

*Management has brought these issues to the attention of Department of Education staff. We will work with them to address security issues.*

**99-17**

**Department of Education**  
**Subrecipient Monitoring**

The department does not have a system in place to ensure that all subrecipient reviews assigned by the Department of Administrative Services (DAS) are performed. The review system the department does have in place is based on federal awards that flow through the department. Although this system covers the majority of the reviews assigned by DAS, it does not ensure all reviews are performed. In June 1999, DAS notified the department that it had been assigned as the audit agency for 130 subrecipients for the fiscal year ended June 30, 1998. As of November 1999, the department had completed reviews for 126 of the 130 subrecipients assigned by DAS. The Oregon Accounting Manual, section 04 03 00, includes policies and procedures pertaining to subrecipient monitoring responsibilities. The manual states that the audit agency is responsible for reviewing the subrecipient audit reports and ensuring that the subrecipients comply with requirements of OMB Circular A-133. Section 04 03 00.PR.109 specifies that the subrecipient reports must be reviewed within 90 days of either (1) the receipt of the audit report or (2) the notification of assignment as audit agency for the subrecipient. For the fiscal year ended June 30, 1998, OMB Circular A-133 required subrecipients to submit their audit reports to the department no later than 13 months after the end of the audit period. Thus, at the latest, the department should have completed all 130 reviews by the end of October 1999.

***AGENCY'S RESPONSE:***

## **Schedule of Findings and Questioned Costs For the Year Ended June 30, 1999**

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*The Department concurs with the finding. Procedures have been implemented to ensure that all subrecipients assigned by the Department of Administrative Services to the Department of Education have their audit reports reviewed for compliance with OMB Circular A-133. Audit reports for the subrecipients covering periods ending June 30, 1999, and later will be reviewed under this strengthened procedure.*

### **99-18**

#### **Department of Community Colleges and Workforce Development**

##### **JTPA Cluster**

##### **Cash Receipts and Timeliness of Processing Transactions**

Six subrecipients, known as service delivery areas (SDAs), submitted their program year 1997 annual settlements in November and December 1998. Of the six, four SDAs received federal funds that exceeded expenditures. Two of these SDAs submitted checks with their annual settlements totaling \$147,603 that were not deposited by the Department of Community Colleges and Workforce Development (DCCWD) for more than five months. The remaining two SDAs owing federal funds requested that \$135,704 in excess funds be transferred to program year 1998 to pay expenditures related to that grant year. This requires that DCCWD withhold \$135,704 from amounts paid from federal funds to SDAs for reimbursement of expenditures related to program year 1998. One year later, DCCWD has not withheld the excess federal funds from reimbursements to SDAs. DCCWD staff told us it is their intention to reduce program year 1998 final cash payments by this amount.

In addition to the four SDAs that received excess federal funds, two SDAs had program year 1997 expenditures that exceeded federal funds received. These SDAs submitted cash requests. One SDA's cash request submitted in November 1998 for \$73,623 was not processed until February 1999, nor was it recorded in the Statewide Financial Management System (SFMS) until March 1999. The second SDA's June 1999 request for \$5,085 was processed in June, but not recorded into SFMS until August 1999. When recorded, the transaction was given an effective date of July 1999; thus, it was reflected in the wrong fiscal year.

Federal regulations require that agency methods and procedures for transferring funds minimize the time elapsed between the transfer to recipients of grants and cooperative agreements and the recipients' need for funds. Federal regulations and the OMB Circulars also require that advancement of federal funds to subrecipients be timed so advances meet actual and immediate cash requirements. When DCCWD became aware of excess federal funds, federal cash draws should have been promptly adjusted. Furthermore, the Oregon Accounting Manual (OAM) requires that controls and safeguards be adequate to provide management with a reasonable degree of assurance that cash and cash related transactions will be properly accounted for and controlled. The OAM also requires timely deposit of cash receipts and recommends centralizing cash receipting as much as possible. Such controls are necessary to reduce the risk of loss or misappropriation.

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1999**

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JTPA fiscal staff indicated that processing the program year 1997 annual settlements was not a top priority. The apparent large volume of accounting transactions and reporting requirements handled by one department employee may have contributed to the internal control weaknesses noted.

**We recommend** that DCCWD:

- Review and process SDA annual settlements promptly.
- Promptly adjust federal cash drawdowns.
- Deposit checks promptly.
- Collect and deposit cash receipts centrally.
- Consider the need for additional staffing for JTPA accounting and reporting functions, or develop and implement procedures to streamline processes.

***AGENCY'S RESPONSE:***

*We concur with this finding. We believe that all of the recommendations in this finding can be addressed adequately now that the Department of Administrative Services has approved the reclassification of a vacant position to Accounting Technician 3. The position will soon be filled, reducing fiscal staff workloads, thereby allowing more timely processing of settlements, federal cash drawdown adjustments, and depositing of checks. We will also change our cash receipt procedures by having all mail processed through the Department of Education mailroom, which will have the effect of having all cash receipts handled centrally.*

**99-19**

**Department of Community Colleges and Workforce Development**

**JTPA Cluster**

**Password Security and Separation of Functions**

Department of Community Colleges and Workforce Development (DCCWD) has not changed the identification number used to access the HHS SMARTLINK II payment system for making drawdowns of JTPA funds since at least 1997. This is contrary to HHS SMARTLINK II instructions and DAS Policy & Standards No. 03-01, which require that identification numbers be changed at regular intervals. Furthermore, the identification number is maintained in written form in a folder kept in the fiscal coordinator's cubicle, creating the potential for unauthorized access to the SMARTLINK II system.

**We recommend** that DCCWD establish and enforce controls requiring a change of identification number every 90 days and require that employees not write down the identification number.

***AGENCY'S RESPONSE:***

*We concur with this finding. Passwords will be changed every 90 days beginning 1/31/00. Passwords will not be written down in any place that is accessible by any*

## **Schedule of Findings and Questioned Costs For the Year Ended June 30, 1999**

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*other employee. We do believe that it is acceptable to keep the password written in a place such as a wallet or purse so that frequently changed passwords will not be forgotten.*

### **99-20**

#### **Department of Community Colleges and Workforce Development**

#### **JTPA Cluster**

#### **Service Delivery Area (SDA) Monitoring**

During our review of SDA monitoring documentation, we noted the following:

- For two of the three annual SDA quality assurance reviews we examined, file documentation did not include procedures to ensure that services provided by the SDAs did not duplicate services already available. Federal regulations require that JTPA funds generally should not be used to duplicate facilities or services available in the area from Federal, State or local sources. Without monitoring for compliance with this requirement, services provided by the SDA could duplicate services already available.
- None of the three SDA quality assurance reviews we examined indicated that programmatic earmarking requirements were reviewed. The Job Training Partnership Act (Act) requires that individuals with certain characteristics be served at or above a certain percentage in relation to total program participation. For example, regulations require that no less than 65 percent of the participants in each SDA consist of “hard-to-serve” individuals who face one or more barriers to employment, such as a basic skill deficiency. At our request, JTPA’s management information system’s analyst prepared a summary report in October 1999, showing the number of participants and percentages in each earmarking category. This report revealed apparent instances of non-compliance with earmarking requirements; thus, the department cannot ensure that it has met the targeted participant percentages set forth in the Act.

We were told in interviews with JTPA personnel that duplication of facilities or services would be considered during budget and procurement discussions and would be documented in the SDA’s board minutes. During our audit period, however, JTPA personnel did not review these minutes. We further noted that no procedures exist to monitor programmatic earmarking requirements on an ongoing basis. In addition, we noticed that, in general, JTPA’s quality assurance files were difficult to review. The quality assurance reviewers’ notes were handwritten and loose in file folders. Post-it type notes, which can easily be removed or lost, were also prevalent. Thus, JTPA may have difficulty proving that an adequate review of key compliance requirements was performed.

**We recommend** that the Department of Community Colleges and Workforce Development (DCCWD):

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1999**

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- Include a review of SDA board minutes in the annual quality assurance reviews.
- Develop procedures to monitor programmatic earmarking requirements on a regular basis, such as quarterly. Procedures should include follow-up with SDAs to ensure that corrective action is taken when required percentages are not met.
- Streamline documentation of annual quality assurance reviews. DCCWD could consider using computers to prepare documentation and use standard file organization. Procedures performed and results should be clearly stated and well documented.

***AGENCY'S RESPONSE:***

*Staff have focused less on compliance and more on quality of services to participants in the last two years, and we agree that monitoring efforts must be enhanced and streamlined. Staff will review SDA board minutes during future compliance visits and have already begun monthly reviews of SDA performance as compared to earmarking requirements. When an SDA is found to be falling below required earmarking percentages, staff of the SDA is contacted and a corrective action plan is developed.*

*Staff has also already begun the process of standardizing monitoring documentation and will have two laptop computers available for use during onsite visits.*

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 1999**

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**Section IV – Schedule of Prior Financial Statement Findings for the  
Years Ended June 30, 1998 and 1997**

This section includes the current status of all audit findings from fiscal year ended June 30, 1998. It also includes the current status of all audit findings from fiscal year ended June 30, 1997, that were uncorrected at June 30, 1998.

**Finding: 98-1 Financial Reporting Controls**

**Recommendations:** The Department of Corrections accounting unit, in consultation with management and its internal auditors, should identify how to properly account for the issuance of debt and debt payments, develop written policies and procedures to meet those objectives, and monitor the implementation of those procedures. The Oregon Accounting Manual documents the procedures and the accounts used to record transactions relating to certificates of participation such as debt proceeds, debt service payments, and interest revenue.

**Status:** The Department of Corrections has developed written procedures for the recording and reporting of capital construction activities. These procedures will be reviewed by the agency annually to reflect appropriate changes.

**Finding: 98-2 Cash Account Reconciliation**

**Recommendation:** The Oregon Department of Transportation (ODOT) should reconcile all of its cash accounts monthly with the State Treasury. ODOT should coordinate with the State Treasury to obtain any reports that might be needed to aid in the reconciliations.

**Status:** Corrective action is substantially complete. Although the monthly cash reconciliation between SFMS and Treasury includes the SFMS 0070 account, the reconciliation does not include the SFMS 0065 account.

**Finding: 98-3 Information Systems Risk Assessments**

**Recommendation:** The Office of Information Services (OIS) should perform risk assessments of IT systems at least biennially.

**Schedule of Findings and Questioned Costs  
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Status: No action has been taken. The agency response is as follows:  
  
“Currently, OIS is dedicating all available resources to remediation and mitigation of system risk related to the Year 2000 (Y2K) problem. The department will resume routine risk assessments for all systems once Y2K risks are mitigated.”

Finding: **98-4 Check Stock Inventory**

Recommendation: The Department of Human Services (DHS) should develop and implement written policies and procedures to establish internal control objectives and procedures over the activities for ordering, receiving, recording, storing, and distributing check stock. These policies and procedures should ensure compliance with the 1998 Cash Management Manual developed by the Finance Division of the Oregon State Treasury.

Status: Partial corrective action was taken. The agency has completed a payment review process of check stock inventory. This review included looking at the internal controls of the different divisions to determine if controls existed. Flowcharts were developed to document what controls were in place. Suggestions were made if weaknesses were found during this review. In addition, the agency is in the process of developing a central policy for all DHS divisions. The work completed during the payment review process will be used to develop these policies and procedures. The agency expects to have the new policies and procedures completed and implemented by the end of February 2000. No internal audits have been completed for check stock inventory.

Finding: **97-2 General Fund Reconciliation**

Recommendation: The Department of Administrative Services (DAS) should continue its efforts to correct the problems with the current reconciliation process, and determine how the reconciliation can be modified, making it a more useful tool for verifying the general fund cash balance.

Status: DAS took the following corrective action during fiscal year 1998 and 1999 to improve the general fund cash reconciliation:

- DAS modified the fiscal year-end reconciliation process to separately identify outstanding reconciling items by GAAP general fund or other GAAP fund types.

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For the Year Ended June 30, 1999**

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- The reconciliations use estimates to allocate between GF and non-GF GAAP for outstanding items on the reconciliations for which the GAAP fund is not known. The use of estimates is required because Treasury does not identify cash by GAAP fund type as reported in the CAFR. DAS has improved this aspect of the reconciliation to the extent possible.
- DAS no longer uses multiple accounting systems. As of spring 1998, all agencies that were scheduled to convert had converted to SFMS.
- Effective during fiscal year 1998, DAS posts GF transactions directly to SFMS, rather than 'creating' the GF at year-end.

**Finding: 97-3 Year 2000 Assessment**

**Recommendation:** The Department of Administrative Services (DAS) should work with state agencies to assure that they become Year 2000 (Y2K) compliant in a timely manner.

**Status:** Corrective action was taken on all points except for the issue of hiring contractors. The agency response for this item is as follows:

"Partial corrective action was taken. By June 1999, nearly all Y2K contracting required had been completed."

**Finding: 97-5 Information Systems Risk Assessment**

**Recommendation:** The Office of Information Services (OIS) should perform risk assessments of the IT systems for which it is responsible at least biennially.

**Status:** No action has been taken. The agency response is as follows:

"Currently, OIS is dedicating all available resources to remediation and mitigation of system risk related to the Year 2000 (Y2K) problem. The department will resume routine risk assessments for all systems once Y2K risks are mitigated."

**Section V – Schedule of Prior Federal Award Findings and Questioned Costs for the Years Ended June 30, 1998 and 1997**

This section includes the current status of all audit findings from fiscal year ended June 30, 1998. It also includes the current status of all audit findings from fiscal year ended June 30, 1997 that were uncorrected at June 30, 1998.

**Finding: 98-5 Research and Development Cluster**

**Recommendation:** Oregon State University and University of Oregon should implement policies and procedures which will allow for more timely filing of federal financial and progress reports.

**Status:** At Oregon State University, corrective action was taken. Oregon State University continues to have systems in place to identify grant ending dates and reporting requirements. Reports are run every month off SCT Banner, which identifies project status by end date. Every effort is made to meet the sponsoring agencies financial reporting deadlines.

At University of Oregon, partial corrective action was taken. The four financial reports and two of the four progress reports were submitted. The University of Oregon Office of Research Services and Administration is in the process of determining the status of the remaining two progress reports.

**Finding: 98-6 Student Financial Aid Cluster**

**Recommendation:** Oregon State University should establish procedures to verify that all required materials are received from the Loan Origination Center in a timely manner.

**Status:** Corrective action was taken. Oregon State University (OSU) makes certain all student record holders are included in the information they receive from the Direct Loan Program. OSU also compiles a list of students that graduate at the end of each term. This list is crosschecked with the rosters financial aid receives from the National Student Loan Data System (NSLDS). Any students not on the rosters will be sent a letter from OSU Financial Aid office advising them to complete exit counseling.

**Schedule of Findings and Questioned Costs  
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- Finding:** **98-7 Crime Victims 'Assistance Program, CFDA 16.575  
Questioned Costs \$38,000**
- Recommendation:** The Department of Justice (DOJ) should continue to work with the federal grantor agency and the subrecipient to resolve this situation.
- Status:** DOJ has stopped payments to the county and has not renewed the grant for the current year. DOJ has also notified the federal grantor agency about the situation. DOJ received reimbursement from Deschutes County for the unallowable expenses of \$36,500. The department did not request reimbursement for the \$2,800 because it could not be substantiated that those expenses were out of compliance. DOJ has provided training and assistance to reorganize the program. The former director is no longer with the program and the county has assured DOJ that they will hire a manager with a good track record and will designate a qualified fiscal person to monitor the grant.
- Finding:** **98-8 Byrne Formula Grants, CFDA 16.579**
- Recommendation:** Oregon State Police (OSP) should improve its Byrne Formula Grant subrecipient monitoring to assure compliance with federal requirements. OSP should schedule onsite visits within a reasonable time period, visit new subrecipients their first year, and develop an onsite review checklist. Additionally, OSP should follow up on, prior to payment, any unusual reimbursement requests; late or incomplete progress reports; and performance measures that do not clearly relate to grant objectives.
- Status:** Corrective action was taken. OSP has filled two additional Grant Coordinator positions. This permits OSP to spend more time on subrecipient monitoring activities for the Byrne Formula Grant. Furthermore, OSP has improved documentation of its monitoring visits to subrecipients.
- Finding:** **98-9 Aging Cluster**
- Recommendation:** The Senior and Disabled Services Division (SDSD) should monitor area agencies on aging (AAAs) to ensure that they maintain federal advances in interest-bearing accounts and submit interest earnings to the federal government. For AAAs claiming that they could not reasonably earn \$250 per year, we

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recommend that SDSD require these AAAs to provide evidence supporting their claims. For AAAs that maintain all federal programs in one interest-bearing account, we recommend that SDSD work with these AAAs to implement procedures that ensure compliance with federal requirements. This may require a reasonable allocation method to be determined, or separate, non-interest bearing accounts be maintained for programs with advances.

Status: Further evaluation and documentation of this finding indicated that AAA's received general and other funds as an advance instead of federal funds. Therefore, no issue exists with the interest earned on those advances.

Finding **98-10 Subrecipient Monitoring**

Recommendation: Department of Administrative Services (DAS), Internal Support Division, Oregon State Police (OSP), and Department of Human Services, Mental Health and Developmental Disability Services Division (MHDDSD), should develop an effective process to monitor subrecipients and the State Controller's Division should assist these agencies in their efforts to comply with OMB Circular A-133.

Department of Administrative Services

Status: The DAS Internal Audit Section finalized subrecipient monitoring procedures in May 1999. In addition, all subrecipient monitoring activities were completed that month.

Oregon State Police

Status: OSP has implemented a process to monitor subrecipients. In December of 1998, OSP sent a letter to all the subrecipients requesting their 1996-1997 audit reports. When OSP received the reports, they completed a checklist and sent a letter to DAS stating that either no material qualifications were noted or a single audit was not needed for the agency. This process was also used for 1998 subrecipients.

**Schedule of Findings and Questioned Costs  
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Department of Human Resources

Status: This finding has been resolved. MHDDSD has added three auditors to allow them to keep up with the subrecipient monitoring requirements. This year, the State Controller's Division (SCD) determined that seven agencies exceeded the \$300,000 qualification that should be reviewed by MHDDSD. All of the agencies have been reviewed and a letter was sent out which detailed the finding of the work done.

Finding: **98-11 National Guard Military Operations and Maintenance Projects, CFDA 12.401**

Recommendation: The Oregon Military Department (OMD) should place a high priority on implementing new procedures and monitoring to ensure that only the current and approved funding splits are used for recording expenditures.

Status: Partial corrective action was taken. The Division of Operational Expense Agreement (DOE) has been updated. It has been signed by both the United States Property and Fiscal Officer and the Adjutant General. OMD is in the process of updating the facility coding sheets to reflect the approved DOE, and will have them completed by December 1, 1999.

Finding: **98-12 National Guard Military Operations and Maintenance Projects, CFDA 12.401**

Recommendation: The Oregon Military Department (OMD), Real Property Operations and Maintenance Program (RPOM) management should ensure that written documentation is maintained as evidence that state procurement and contracting procedures are followed appropriately.

Status: Partial corrective action was taken. A department Process Action Team has been developed, which includes the Controller, the Financial Manager, the Budget Analyst, and two other individuals from the Installations Office. The team meets weekly and is currently working on revising the procedures for the payment process. The OMD expects to complete the procedures by November 1, 1999.

OMD provided documentation that three RPOM employees have completed purchasing and contracting training as provided by

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DAS training unit. In addition, six additional RPOM employees are scheduled to have completed training by December 1, 1999.

**Finding: 98-13 National Guard Military Operations and Maintenance Projects, CFDA 12.401**

**Recommendation:** The Oregon Military Department (OMD), Air National Guard Facilities Operations and Maintenance Program, should monitor the process for requesting advances to ensure that requests are not modified subsequent to approval.

**Status:** The Financial Administration Division has implemented a procedure for requesting quarterly expenditure estimates from the program managers at Kingsley Field. After receiving the estimates from the program managers, the Financial Administration Division prepares a formal memorandum to the Air National Guard requesting the estimated amounts for the quarter. The State Controller monitors the advances and performs a reconciliation upon receipt of the advance.

**Finding: 98-14 National Guard Military Operations and Maintenance Projects, CFDA 12.401**

**Recommendation:** The Oregon Military Department (OMD), Real Property Operations and Maintenance Program (RPOM) management should review program expenditures and available funding throughout the year to ensure that expenditures are not occurring at a rate exceeding available funding.

**Status:** A complete analysis is prepared for each month's fiscal activity. Any required corrective actions are accomplished prior to the next accounting month's closure. The analysis includes a reconciliation between the State Financial Administration Division and the subsidiary records of the ROPM branch.

Additionally, a new Obligation Tracking System (OTS) was installed in the month of October 1999. This system was developed to provide an effective management tool to accurately track expenditures. A week of formal training has been completed by key personnel and OMD is in the process of incorporating the software for RPOM use.

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**Finding: 98-15 Family Support Payment to States –Assistance Payments, CFDA 93.560 Medicaid Cluster, Questioned Costs \$11,625**

**Recommendation:** The State Office for Children and Families (SCF) should comply with state and federal regulations and attempt to seek full recovery of questioned costs prior to writing off such costs.

**Status:** SCF has taken corrective action by making an adjustment to the federal quarterly report, HCFA-64, ending September 30, 1999. The amount will be refunded to Title XIX.

**Finding: 98-16 Temporary Assistance to Needy Families Block Grants, CFDA 93.558**

**Recommendation:** The Department of Human Services (DHS), Adult and Family Services (AFS) Division, management should emphasize the need to identify federal and state expenditures by award period to statewide accounting staff. AFS should also consider developing a manual reconciliation process that would identify the applicable award period for recording expenditures.

**Status:** The financial reporting documentation has improved and we were able to reconcile the accounting system to amounts reported as TANF state federal expenditures on the ACF-1996 federal financial report for 1998.

**Finding: 98-17 Federal Family Education Loan Program, CFDA 84.032**

**Recommendation:** The Oregon State Scholarship Commission (OSSC) should determine the differences between ED Form 1130 and ED Form 704 and, if necessary, submit corrected copies to the U.S. Department of Education. Additionally, management should establish a procedure to ensure the forms agree before they are submitted.

**Status:** Corrective action was taken. Using BRIO query software and the Statewide Financial Management System (SFMS) the accounting staff was able to correctly calculate revenues and expenditures for federal fiscal years 1997 and 1998. Federal forms 704 and 1130 were revised accordingly and submitted to the Federal Department of Education.

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**Finding:**                   **97-12 (SCF) Medical Assistance Program CFDA 93.778  
Foster Care –Title IV-E CFDA 93.658**

**Recommendation:**    The Department of Human Services (DHS), State Office for Services to Children and Families, should reconcile federal expenditures as reported on the general ledger to the subsidiary cost accounting system and the federal quarterly reports

**Status:**                    Partial corrective action was taken. The agency response for this item is as follows:

                                  “SCF has developed a process that addresses the issues raised. SCF staff is finalizing the reconciliation process, and a completed procedure should be in place by May 2000.”



**SUMMARIES OF SIGNIFICANT AUDIT REPORTS ISSUED BY  
THE SECRETARY OF STATE AUDITS DIVISION**

AUDITOR	Secretary of State Audits Division
REPORT TITLE AND NUMBER	<b>Oregon Transportation Infrastructure Fund, No. 1999-22</b>
REPORT DATE	June 25, 1999
PURPOSE	This audit was performed for the purpose of reporting on the Oregon Transportation Infrastructure Fund's financial statements as of and for the year ended June 30, 1998.
BACKGROUND	The Oregon Transportation Infrastructure Fund (OTIF) is a program within the Department of Transportation, created as part of a federal pilot project, highway planning and construction program, CFDA 20.205. These moneys are available to provide loans and other financial assistance for transportation projects to state agencies and local governments. As of June 30, 1998, OTIF had been capitalized with a total of \$10.9 million, with \$9.8 million from federal funds and \$1.1 million in state funds.
RESULTS IN BRIEF	This audit concludes that OTIF's financial statements for the year ended June 30, 1998, are fairly presented. Furthermore, we did not identify any reportable instances of noncompliance or internal control weaknesses.



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*Director*

*Deputy Director*

*Deputy Director*

John N. Lattimer

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