
Secretary of State

State of Oregon

**FEDERAL COMPLIANCE REPORT
AND
INTERNAL CONTROL REPORT**

For the Year Ended June 30, 2002



Audits Division

Secretary of State

State of Oregon
FEDERAL COMPLIANCE REPORT
AND
INTERNAL CONTROL REPORT
For the Year Ended June 30, 2002



Audits Division



Auditing for a Better Oregon

The Honorable Ted Kulongoski
Governor of Oregon
254 State Capitol
Salem, Oregon 97310-4047

We have conducted a statewide audit in accordance with the Single Audit Act Amendments of 1996, *Government Auditing Standards*, and *U. S. 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, 2002 and is required for the State to continue receiving federal financial assistance which, as shown in this report, totals more than \$5.5 billion.

As required by the Single Audit Act, we issued a report dated December 19, 2002, on the State of Oregon's financial statements. That report was included in the State of Oregon's *Comprehensive Annual Financial Report* for the year ended June 30, 2002. 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 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 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, 2002.
- *Schedule of Expenditures of Federal Awards.* This schedule is not a required part of the State of Oregon's financial statements, but is required by OMB Circular A-133. The schedule shows State expenditures of federal awards, for the fiscal year ending June 30, 2002, excluding Oregon Health and Science 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 eight current audit findings regarding compliance and internal control related to financial reporting. It also lists seven current audit findings regarding compliance with the requirements of major federal programs

and related internal controls. Further, 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 report for the fiscal year ended June 30, 2001. In addition, it lists the status of prior year audit findings for the fiscal year ended June 30, 2000, which were not previously corrected.

OMB Circular A-133 requires management to provide a plan of corrective action on the findings and recommendations for the fiscal year ended June 30, 2002. 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 federal programs or other financial issues.

OREGON AUDITS DIVISION

Cathy Pollino
Director

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Auditing for a Better Oregon

The Honorable Ted Kulongoski
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254 State Capitol
Salem, Oregon 97310-4047

**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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon, as of and for the year ended June 30, 2002, which collectively comprise the State of Oregon's basic financial statements and have issued our report thereon dated December 19, 2002. We did not audit the financial statements of the Oregon Health and Science University, a discretely presented component unit. Those financial statements were audited by other auditors who separately issued a report on compliance and on internal control. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the State of Oregon's 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 02-1 through 02-8.

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, of the reportable conditions described above, we consider items 02-7 and 02-8 to be material weaknesses. We also noted other matters involving the internal control over financial reporting, which we have reported to management of the State of Oregon in separate letters.

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, Department of Administrative Services Statewide Audit Committee, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

OREGON AUDITS DIVISION

Bill Bradbury
Secretary of State

December 19, 2002



Auditing for a Better Oregon

The Honorable Ted Kulongoski
Governor of Oregon
254 State Capitol
Salem, Oregon 97310-4047

**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, 2002. 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's management. Our responsibility is to express an opinion on the State of Oregon's compliance based on our audit.

The State of Oregon's financial statements include the operations of the Oregon Health and Science University, which received approximately \$199 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, 2002. Our audit, described below, did not include the operations of the Oregon Health and Science University, because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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.

As described in items 02-11 and 02-12 in the accompanying schedule of findings and questioned costs, the State of Oregon did not comply with requirements regarding Reporting and Special Tests and Provisions that are applicable to its Medicaid Cluster. Compliance with such requirements is necessary, in our opinion, for the State of Oregon to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2002. The results of our auditing procedures also 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 02-13 through 02-15.

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 the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-9 and 02-10.

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 the 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, we believe that none of the reportable conditions described above to be a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of the State of Oregon, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 19, 2002. Our audit was performed for the purpose of forming an opinion on the basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements.

We did not audit the schedule of expenditures of federal awards of the Oregon Health and Science University. That schedule was audited by other auditors who issued a separate report on compliance and internal control and on compliance with OMB Circular A-133 over major federal programs. To obtain a copy of their report, please refer to note disclosure 2 of the schedule of expenditure of federal awards.

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, Department of Administrative Services Statewide Audit Committee, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

OREGON AUDITS DIVISION

Bill Bradbury
Secretary of State

January 31, 2003, except for the
Schedule of Expenditures of
Federal Awards, as to which the
date is December 19, 2002

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Department of Agriculture						
10.001	Agricultural Research - Basic and Applied Research	\$892,979	\$-	\$892,979	\$892,979	\$-
10.025	Plant and Animal Disease, Pest Control, and Animal Care	587,479	--	587,479	587,479	--
10.054	Emergency Conservation Program	4	9,776	9,780	9,780	--
10.064	Forestry Incentives Program	549,701	74,550	624,251	624,251	--
10.163	Market Protection and Promotion	37,376	--	37,376	37,376	--
10.200	Grants for Agricultural Research, Special Research Grants	93,108	(20,000)	73,108	15,545	57,563
10.206	Grants for Agricultural Research - Competitive Research Grants	20,530	--	20,530	--	20,530
10.215	Sustainable Agriculture Research and Education	7,107	--	7,107	--	7,107
10.217	Higher Education Challenge Grants	38,702	--	38,702	38,702	--
10.250	Agricultural and Rural Economic Research	105,432	--	105,432	105,432	--
10.303	Integrated Programs	50,128	--	50,128	--	50,128
10.500	Cooperative Extension Service	275,845	24,500	300,345	299,508	837
10.550	Food Donation	--	9,084,644	9,084,644	9,084,644	--
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	45,004,636	10,829,637	55,834,273	55,834,273	--
10.558	Child and Adult Care Food Program	206,018	23,026,601	23,232,619	23,232,619	--
10.560	State Administrative Expenses for Child Nutrition	1,465,286	--	1,465,286	1,465,286	--
10.565	Commodity Supplemental Food Program	50	357,371	357,421	357,421	--
10.567	Food Distribution Program on Indian Reservations	10,214	126,064	136,278	136,278	--
10.570	Nutrition Services Incentive	--	1,806,207	1,806,207	1,806,207	--
10.574	Team Nutrition Grants	88,200	--	88,200	88,200	--
10.600	Foreign Market Development Cooperator Program	2,418,479	--	2,418,479	2,418,479	--
10.652	Forestry Research	55,318	--	55,318	55,318	--
10.664	Cooperative Forestry Assistance	4,472,996	1,766,064	6,239,060	6,229,167	9,893
10.670	National Forest - Dependent Rural Communities	175,258	--	175,258	172,690	2,568
10.769	Rural Business Enterprise Grants	14,716	--	14,716	14,716	--
10.902	Soil and Water Conservation	116,871	--	116,871	116,871	--
10.912	Environmental Quality Incentives Program	58,477	--	58,477	58,477	--
10.961	Scientific Cooperation and Research	531,374	119,010	650,384	14,921	635,463
10.962	International Training - Foreign Participant	289	--	289	--	289
Total Department of Agriculture		\$57,276,573	\$47,204,424	\$104,480,997	\$103,696,619	\$784,378
Department of Business and Commerce						
11.303	Economic Development - Technical Assistance	\$93,112	\$-	\$93,112	\$93,112	\$-

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
11.405	Anadromous Fish Conservation Act Program	317,975	--	317,975	317,975	--
11.407	Interjurisdictional Fisheries Act of 1986	77,612	--	77,612	77,612	--
11.417	Sea Grant Support	819,171	(12,584)	806,587	778,049	28,538
11.419	Coastal Zone Management Administration Awards	1,098,012	356,028	1,454,040	1,454,040	--
11.420	Coastal Zone Management Estuarine Research Reserves	935,388	--	935,388	935,388	--
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	282,411	--	282,411	282,411	--
11.432	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	31,156	--	31,156	31,156	--
11.436	Columbia River Fisheries Development Program	5,571,278	8,956	5,580,234	5,580,234	--
11.437	Pacific Fisheries Data Program	510,496	--	510,496	510,496	--
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	2,030,203	4,145,849	6,176,052	6,146,300	29,752
11.439	Marine Mammal Data Program	157,624	--	157,624	157,624	--
11.441	Regional Fishery Management Councils	196,966	--	196,966	196,966	--
11.452	Unallied Industry Projects	59,104	--	59,104	59,104	--
11.455	Cooperative Science and Education Program	30,564	(30,564)	--	--	--
11.463	Habitat Conservation	2,231	--	2,231	2,231	--
11.477	Fisheries Disaster Relief	1,578,878	--	1,578,878	1,497,943	80,935
11.478	Center for Sponsored Coastal Ocean Research - Coastal Ocean Program	38,733	--	38,733	--	38,733
11.611	Manufacturing Extension Partnership	21,798	--	21,798	--	21,798
11.X01	Other Department of Commerce Programs - National Oceanic and Atmospheric Administration	717,207	--	717,207	717,207	--
Total Department of Business and Commerce		\$14,569,919	\$4,467,685	\$19,037,604	\$18,837,848	\$199,756
Department of Defense						
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	\$143,879	\$--	\$143,879	\$143,879	\$--
12.300	Basic and Applied Scientific Research	9,322	5,000	14,322	14,322	--
12.400	Military Construction, National Guard	8,358,075	--	8,358,075	8,358,075	--
12.401	National Guard Military Operations and Maintenance (O&M) Projects	20,158,090	--	20,158,090	20,158,090	--
12.404	National Guard Civilian Youth Opportunities	2,282,642	--	2,282,642	2,282,642	--
12.420	Military Medical Research and Development	500,000	--	500,000	500,000	--
12.431	Basic Scientific Research	7,974	--	7,974	--	7,974
12.550	International Education - U.S. Colleges and Universities	111,337	--	111,337	111,337	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
12.800	Air Force Defense Research Sciences Program	1,200	--	1,200	--	1,200
12.X02	Other Department of Defense Programs (Army Corp. of Engineers)	6,398,421	2,874	6,401,295	6,401,295	--
12.X05	US Army: Chemical Disposal	1,403,842	150,601	1,554,443	1,554,443	--
Total Department of Defense		\$39,374,782	\$158,475	\$39,533,257	\$39,524,083	\$9,174
Department of Housing and Urban Development						
14.228	Community Development Block Grants/State's Program	\$906,467	\$18,680,267	\$19,586,734	\$19,418,989	\$167,745
14.231	Emergency Shelter Grants Program	773	832,350	833,123	833,123	--
14.235	Supportive Housing Program	940	25,307	26,247	26,247	--
14.239	HOME Investment Partnerships Program	6,033,607	2,193,161	8,226,768	8,226,768	--
14.511	Community Outreach Partnership Center Program	122,988	--	122,988	122,988	--
14.854	Public and Indian Housing Drug Elimination Program	23,434	--	23,434	--	23,434
Total Department of Housing and Urban Development		\$7,088,209	\$21,731,085	\$28,819,294	\$28,628,115	\$191,179
Department of the Interior						
15.020	Aid to Tribal Governments	\$4,838	\$--	\$4,838	\$--	\$4,838
15.035	Forestry on Indian Lands	28,217	--	28,217	28,217	--
15.039	Fish, Wildlife, and Parks Programs on Indian Lands	77,287	--	77,287	77,287	--
15.043	Indian Child and Family Education	37,572	--	37,572	37,572	--
15.114	Indian Education - Higher Education Grant Program	164,801	--	164,801	164,801	--
15.1XX	Watershed Contracts	--	87,265	87,265	87,265	--
15.214	Non-Sale Disposals of Mineral Material	8	36,897	36,905	36,905	--
15.224	Cultural Resource Management	53,184	--	53,184	52,359	825
15.225	Recreation Resource Management	483,888	--	483,888	483,888	--
15.228	Wildland Urban Interface Community and Rural Fire Assistance	12,470	--	12,470	12,470	--
15.252	Abandoned Mine Land Reclamation (AMLR) Program	26,591	--	26,591	26,591	--
15.504	Water Reclamation and Reuse Program	190,636	--	190,636	190,636	--
15.608	Fish and Wildlife Management Assistance	192,350	11,704	204,054	204,054	--
15.614	Coastal Wetlands Planning, Protection and Restoration Act	104,302	708,944	813,246	813,246	--
15.615	Cooperative Endangered Species Conservation Fund	239,810	--	239,810	239,810	--
15.616	Clean Vessel Act	60,526	276,888	337,414	337,414	--
15.617	Wildlife Conservation and Appreciation	17,209	--	17,209	--	17,209
15.622	Sportfishing and Boating Safety Act	18,782	55,739	74,521	74,521	--
15.808	U.S. Geological Survey - Research and Data Acquisition	734,623	--	734,623	734,623	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
15.809	National Spatial Data Infrastructure Cooperative Agreements Program	1,252	--	1,252	--	1,252
15.875	Economic, Social, and Political Development of the Territories and the Freely Associated States	8	22,550	22,558	22,558	--
15.904	Historic Preservation Fund Grants-In-Aid	1,280	164,735	166,015	166,015	--
15.916	Outdoor Recreation - Acquisition, Development and Planning	205,123	189,617	394,740	394,740	--
15.X02	Other Dept of Interior-Bureau of Reclamation	485	--	485	485	--
15.X04	Other Dept of Interior-Fish & Wildlife Services	56,924	--	56,924	56,924	--
15.XXX	Other Federal Reclamation Projects	535,928	--	535,928	535,928	--
Total Department of the Interior		\$3,248,094	\$1,554,339	\$4,802,433	\$4,778,309	\$24,124
Department of Justice						
16.004	Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	\$114,143	\$--	\$114,143	\$114,143	\$--
16.007	State Domestic Preparedness Equipment Support	233,470	246,805	480,275	480,275	--
16.307	Combined DNA Index System	2,227	--	2,227	2,227	--
16.523	Juvenile Accountability Incentive Block Grants	705,113	2,572,642	3,277,755	3,277,755	--
16.524	Legal Assistance for Victims	857	--	857	857	--
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	148,233	511,340	659,573	659,573	--
16.541	Juvenile Justice and Delinquency Prevention - Special Emphasis	151,348	10,710	162,058	--	162,058
16.548	Title V - Delinquency Prevention Program	5,000	429,936	434,936	434,936	--
16.549	Part E - State Challenge Activities	89,473	8,405	97,878	97,878	--
16.550	State Justice Statistics Program for Statistical Analysis Centers	47,854	--	47,854	47,854	--
16.554	National Criminal History Improvement Program (NCHIP)	349,351	--	349,351	349,351	--
16.561	National Institute of Justice Visiting Fellowships	25,930	--	25,930	25,930	--
16.575	Crime Victim Assistance	252,179	3,839,887	4,092,066	4,092,066	--
16.576	Crime Victim Compensation	521,746	--	521,746	521,746	--
16.579	Byrne Formula Grant Program	612,019	1,884,504	2,496,523	2,496,523	--
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	44,055	125,163	169,218	152,848	16,370
16.582	Crime Victim Assistance/Discretionary Grants	182,072	--	182,072	182,072	--
16.585	Drug Court Discretionary Grant Program	400,426	--	400,426	400,426	--
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	306,749	264,910	571,659	571,659	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
16.588	Violence Against Women Formula Grants	100,112	1,658,111	1,758,223	1,758,223	--
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	15,091	160,125	175,216	175,216	--
16.592	Local Law Enforcement Block Grants Program	163,179	266,617	429,796	429,796	--
16.593	Residential Substance Abuse Treatment for State Prisoners	374,160	213,015	587,175	587,175	--
16.595	Executive Office for Weed and Seed	945,379	875,757	1,821,136	1,821,136	--
16.598	State Identification Systems Grant Program	50,926	--	50,926	50,926	--
16.606	State Criminal Alien Assistance Program	3,965,637	--	3,965,637	3,965,637	--
16.607	Bulletproof Vest Partnership Program	18,620	--	18,620	18,620	--
16.610	Regional Information Sharing Systems	7,599	--	7,599	7,599	--
16.710	Public Safety Partnership and Community Policing Grants	1,702,839	--	1,702,839	1,702,839	--
16.712	Police Corps	194,193	2,025,969	2,220,162	2,220,162	--
16.727	Enforcing Underage Drinking Laws Program	172,305	229,078	401,383	401,383	--
Total Department of Justice		\$11,902,285	\$15,322,974	\$27,225,259	\$27,046,831	\$178,428
Department of Labor						
17.002	Labor Force Statistics	\$1,291,412	\$--	\$1,291,412	\$1,291,412	\$--
17.225	Unemployment Insurance	1,061,603,708	--	1,061,603,708	1,061,603,708	--
17.235	Senior Community Service Employment Program	46,469	1,188,649	1,235,118	1,235,118	--
17.245	Trade Adjustment Assistance - Workers	8,371,993	--	8,371,993	8,371,993	--
17.257	One-Stop Career Initiative	3,863	--	3,863	3,863	--
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects	133,200	279,851	413,051	413,051	--
17.503	Occupational Safety and Health - State Program	5,489,692	--	5,489,692	5,489,692	--
17.600	Mine Health and Safety Grants	82,104	--	82,104	82,104	--
17.802	Veterans' Employment Program	378,040	--	378,040	378,040	--
Total Department of Labor		\$1,077,400,481	\$1,468,500	\$1,078,868,981	\$1,078,868,981	\$--
Department of State						
19.402	International Visitors Program	\$134,692	\$--	\$134,692	\$134,692	\$--
19.405	College and University Partnerships Program	114,582	--	114,582	114,582	--
19.420	Cooperative Grants	7,284	--	7,284	2,399	4,885
19.423	Exchange - English Language Specialist/Speaker Program	389,870	--	389,870	--	389,870
19.X01	Other Department of State Programs	9,572	--	9,572	9,572	--
Total Department of State		\$656,000	\$--	\$656,000	\$261,245	\$394,755

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Department of Transportation						
20.005	Boating Safety Financial Assistance	\$17,035	\$697,421	\$714,456	\$714,456	\$--
20.106	Airport Improvement Program	596,581	--	596,581	596,581	--
20.218	National Motor Carrier Safety	3,133,141	--	3,133,141	3,133,141	--
20.219	Recreational Trails Program	145,318	424,699	570,017	570,017	--
20.301	Railroad Safety	3,814	29,757	33,571	33,571	--
20.312	High Speed Ground Transportation - Next Generation High Speed Rail Program	3,196,926	--	3,196,926	3,196,926	--
20.505	Federal Transit- Metropolitan Planning Grants	37,120	302,813	339,933	339,933	--
20.509	Formula Grants for Other Than Urbanized Areas	776,445	4,628,802	5,405,247	5,405,247	--
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	1,208,449	6,291,460	7,499,909	7,499,909	--
20.606	NHTSA Section 2003(B)	--	13,141	13,141	13,141	--
20.700	Pipeline Safety	187,895	--	187,895	187,895	--
20.701	University Transportation Centers Program	65,797	--	65,797	--	65,797
Total Department of Transportation		\$9,368,521	\$12,388,093	\$21,756,614	\$21,690,817	\$65,797
Department of the Treasury						
21.004	Exchange of Federal Tax Information With State Tax Agencies	\$71,075	\$--	\$71,075	\$71,075	\$--
Total Department of the Treasury		\$71,075	\$--	\$71,075	\$71,075	\$--
Office of Personnel Management						
27.011	Intergovernmental Personnel Act (IPA) Mobility Program	\$229,010	\$--	\$229,010	\$229,010	\$--
Total Office of Personnel Management		\$229,010	\$--	\$229,010	\$229,010	\$--
Equal Opportunity Commission						
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	\$561,460	\$--	\$561,460	\$561,460	\$--
Total Equal Opportunity Commission		\$561,460	\$--	\$561,460	\$561,460	\$--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
General Services Administration						
39.002	Disposal of Federal Surplus Real Property	\$22	\$189,408	\$189,430	\$189,430	\$--
39.003	Donation of Federal Surplus Personal Property	33,409	506,249	539,658	539,658	--
Total General Services Administration		\$33,431	\$695,657	\$729,088	\$729,088	\$--
National Aeronautics and Space Administration						
43.001	Aerospace Education Services Program	\$84,808	\$--	\$84,808	\$64,606	\$20,202
43.002	Technology Transfer	1,144,527	--	1,144,527	1,144,527	--
Total National Aeronautics and Space Administration		\$1,229,335	\$--	\$1,229,335	\$1,209,133	\$20,202
National Foundation on the Arts and the Humanities						
45.024	Promotion of the Arts - Grants to Organizations and Individuals	\$2,249	\$--	\$2,249	\$(178)	\$2,427
45.025	Promotion of the Arts - Partnership Agreements	500,130	--	500,130	489,779	10,351
45.149	Promotion of the Humanities - Division of Preservation and Access	242,827	--	242,827	242,827	--
45.163	Promotion of the Humanities - Seminars and Institutes	76,978	--	76,978	76,978	--
45.301	Institute of Museum and Library Services	230,703	--	230,703	217,351	13,352
45.310	State Library Program	756,983	1,481,715	2,238,698	2,214,409	24,289
Total National Foundation on the Arts and the Humanities		\$1,809,870	\$1,481,715	\$3,291,585	\$3,241,166	\$50,419
National Science Foundation						
47.041	Engineering Grants	\$30,928	\$--	\$30,928	\$30,928	\$--
47.049	Mathematical and Physical Sciences	205,629	--	205,629	172,313	33,316
47.050	Geosciences	115,646	--	115,646	103,244	12,402
47.070	Computer and Information Science and Engineering	320,768	(29,825)	290,943	290,943	--
47.074	Biological Sciences	14,926	--	14,926	14,926	--
47.075	Social, Behavioral, and Economic Sciences	660	--	660	660	--
47.076	Education and Human Resources	2,396,054	77,493	2,473,547	2,347,177	126,370
Total National Science Foundation		\$3,084,611	\$47,668	\$3,132,279	\$2,960,191	\$172,088

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Small Business Administration						
59.005	Business Development Assistance to Small Business	\$328	\$--	\$328	\$328	\$--
59.037	Small Business Development Center	91,746	--	91,746	--	91,746
Total Small Business Administration		\$92,074	\$--	\$92,074	\$328	\$91,746
Department of Veterans' Affairs						
64.015	Veterans' State Nursing Home Care	\$2,571,432	\$--	\$2,571,432	\$2,571,432	\$--
64.115	Veterans' Information and Assistance	181,370	--	181,370	181,370	--
64.125	Vocational and Educational Counseling for Servicemembers and Veterans	30,265	--	30,265	30,265	--
Total Department of Veterans' Affairs		\$2,783,067	\$--	\$2,783,067	\$2,783,067	\$--
Environmental Protection Agency						
66.001	Air Pollution Control Program Support	\$2,911,859	\$34,418	\$2,946,277	\$2,946,277	\$--
66.032	State Indoor Radon Grants	42,034	--	42,034	42,034	--
66.419	Water Pollution Control - State and Interstate Program Support	2,618,085	--	2,618,085	2,618,085	--
66.432	State Public Water System Supervision	1,083,530	212,278	1,295,808	1,295,808	--
66.433	State Underground Water Source Protection	131,500	--	131,500	131,500	--
66.438	Construction Management Assistance	3,613	--	3,613	3,613	--
66.454	Water Quality Management Planning	153,577	--	153,577	153,577	--
66.458	Capitalization Grants for State Revolving Funds	813,542	12,945,722	13,759,264	13,759,264	--
66.460	Nonpoint Source Implementation Grants	1,305,354	1,155,852	2,461,206	2,409,903	51,303
66.461	Wetlands Grants	65,334	--	65,334	65,334	--
66.463	Water Quality Cooperative Agreements	204,703	34,551	239,254	239,254	--
66.468	Capitalization Grants for Drinking Water State Revolving Fund	10,375,737	222,660	10,598,397	10,598,397	--
66.472	Beach Monitoring and Notification Program Development Grants	1,647	--	1,647	1,647	--
66.500	Environmental Protection Consolidated Research	1,860,710	15,715	1,876,425	1,875,142	1,283
66.606	Surveys, Studies, Investigations and Special Purpose Grants	860,214	122,386	982,600	982,600	--
66.607	Training and Fellowships for the Environmental Protection Agency	37,574	--	37,574	37,574	--
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	362,556	--	362,556	362,556	--
66.707	TSCA Title IV State Lead Grants - Certification of Lead-	345,544	--	345,544	345,544	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
66.708	Based Paint Professionals Pollution Prevention Grants Program	68,729	54,851	123,580	123,580	--
66.714	Pesticide Environmental Stewardship - Regional Grants	19,750	--	19,750	19,750	--
66.801	Hazardous Waste Management State Program Support	1,051,655	--	1,051,655	1,051,655	--
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	1,229,031	--	1,229,031	1,229,031	--
66.804	State and Tribal Underground Storage Tanks Program	200,412	--	200,412	200,412	--
66.805	Leaking Underground Storage Tank -Trust Fund	977,306	--	977,306	977,306	--
66.807	Superfund Innovative Technology Evaluation Program	1,442,710	--	1,442,710	1,442,710	--
66.809	Superfund State and Indian Tribe Core Program - Cooperative Agreements	1,060,018	--	1,060,018	1,060,018	--
66.810	CEPP Technical Assistance Grants Program	4,283	--	4,283	4,283	--
66.811	Brownfield Pilots Cooperative Agreements	37,557	--	37,557	37,557	--
66.951	Environmental Education Grants	92,902	--	92,902	92,902	--
Total Environmental Protection Agency		\$29,361,466	\$14,798,433	\$44,159,899	\$44,107,313	\$52,586
Department of Energy						
81.041	State Energy Program	\$1,033,596	\$--	\$1,033,596	\$1,033,596	\$--
81.042	Weatherization Assistance for Low-Income Persons	111,912	1,929,832	2,041,744	2,041,744	--
81.049	Office of Science Financial Assistance Program	45,498	--	45,498	45,498	--
81.064	Office of Scientific and Technical Information	39,068	--	39,068	39,068	--
81.079	Regional Biomass Energy Programs	34,015	--	34,015	34,015	--
81.087	Renewable Energy Research and Development	300,398	--	300,398	58,448	241,950
81.092	Environmental Restoration	490,731	--	490,731	490,731	--
81.104	Office of Science and Technology for Environmental Management	207,785	--	207,785	207,785	--
81.105	National Industrial Competitiveness through Energy, Environment, and Economics	15,250	--	15,250	15,250	--
81.111	Alternative Fuel Transportation Program	18,000	--	18,000	18,000	--
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	300,067	172,389	472,456	333,285	139,171
81.118	Solar Energy Partnership Support and Barrier	31,191	--	31,191	31,191	--
81.119	State Energy Program Special Projects	22,720	--	22,720	22,720	--
81.X02	Other Department of Energy Programs (BPA)	27,946	466,609	494,555	494,555	--
81.X04	Other Department of Energy Programs (BPA-Hatcheries)	3,185,528	--	3,185,528	3,185,528	--
81.X05	Other Department of Energy Programs (BPA-Planning)	833,301	--	833,301	833,301	--
81.X06	Other Department of Energy Programs (BPA-Research)	4,723,322	615,419	5,338,741	5,338,741	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
81.X07	Other Department of Energy Programs (BPA-Squawfish)	307,782	--	307,782	307,782	--
81.X08	Other Department of Energy Programs (BPA-Habitat)	2,213,848	27,837	2,241,685	2,241,685	--
81.X17	Other Department of Energy Programs	3,720,023	5,641	3,725,664	3,725,664	--
81.X18	Other Department of Energy Programs (BPA-Mitigation)	4,073	68,669	72,742	72,742	--
Total Department of Energy		\$17,666,054	\$3,286,396	\$20,952,450	\$20,571,329	\$381,121
Federal Emergency Management Agency						
83.009	National Fire Academy Training Assistance	\$15,911	\$--	\$15,911	\$15,911	\$--
83.010	National Fire Academy Educational Program	2,923	--	2,923	2,923	--
83.011	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act (SARA) of 1986	107,410	--	107,410	107,410	--
83.105	Community Assistance Program - State Support Services Element (CAP-SSSE)	84,254	--	84,254	84,254	--
83.536	Flood Mitigation Assistance	15,930	157,848	173,778	157,848	15,930
83.544	Public Assistance Grants	34,713	2,547,209	2,581,922	2,561,141	20,781
83.547	First Responder Counter-Terrorism Training Assistance	470,427	--	470,427	470,427	--
83.548	Hazard Mitigation Grant	105	41,243	41,348	41,348	--
83.549	Chemical Stockpile Emergency Preparedness Program	1,479,535	6,431,509	7,911,044	7,911,044	--
83.550	National Dam Safety Program	486	--	486	486	--
83.552	Emergency Management Performance Grants	692,283	933,207	1,625,490	1,625,490	--
Total Federal Emergency Management Agency		\$2,903,977	\$10,111,016	\$13,014,993	\$12,978,282	\$36,711
Department of Education						
84.002	Adult Education - State Grant Program	\$971,045	\$3,555,985	\$4,527,030	\$4,233,138	\$293,892
84.010	Title I Grants to Local Educational Agencies	1,000,029	67,796,759	68,796,788	68,796,788	--
84.011	Migrant Education - Basic State Grant Program	142,694	11,608,886	11,751,580	11,751,580	--
84.013	Title I Program for Neglected and Delinquent Children	791,001	621,938	1,412,939	1,412,939	--
84.016	Undergraduate International Studies and Foreign Language Programs	98,785	31,849	130,634	130,634	--
84.021	International: Overseas - Group Projects Abroad	23,268	--	23,268	23,268	--
84.023	Special Education-Innovation and Development	20,000	--	20,000	--	20,000
84.029	Special Education-Personnel Development and Parent Training	86,885	--	86,885	86,885	--
84.031	Higher Education - Institution Aid	686,326	--	686,326	686,326	--
84.032	Federal Family Education Loans	141,524,529	--	141,524,529	141,524,529	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.037	Loan Cancellations	1,144,006	--	1,144,006	1,144,006	--
84.039	Library Research and Demonstration	1,922	--	1,922	1,922	--
84.048	Vocational Education - Basic Grants to States	1,308,706	8,449,011	9,757,717	9,757,717	--
84.069	Leveraging Educational Assistance Partnership	709,910	--	709,910	709,910	--
84.078	Special Education-Postsecondary Education Programs for Persons with Disabilities	26,377	--	26,377	6,714	19,663
84.116	Fund for the Improvement of Postsecondary Education	1,589,659	4,050	1,593,709	1,577,709	16,000
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	27,810,416	2,421,244	30,231,660	30,366,394	(134,734)
84.129	Rehabilitation Long-Term Training	617,413	--	617,413	617,413	--
84.141	Migrant Education - High School Equivalency Program	561,856	--	561,856	561,856	--
84.144	Migrant Education - Coordination Program	370,917	--	370,917	266,083	104,834
84.154	Public Library Construction and Technology Enhancement	--	26,650	26,650	26,650	--
84.160	Training Interpreters for Individuals Who are Deaf and Individuals Who are Deaf-Blind	142,678	--	142,678	142,678	--
84.161	Rehabilitation Services - Client Assistance Program	4,724	113,871	118,595	118,595	--
84.162	Immigrant Education	8,112	1,488,803	1,496,915	1,496,915	--
84.168	Eisenhower Professional Development- Federal	5,825	--	5,825	5,825	--
84.169	Independent Living - State Grants	156,620	95,427	252,047	252,047	--
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	354,039	--	354,039	354,039	--
84.181	Special Education - Grants for Infants and Families with Disabilities	5,371,359	5,682,826	11,054,185	5,786,983	5,267,202
84.184	Safe and Drug-Free Schools and Communities - National Programs	272,209	--	272,209	10,110	262,099
84.185	Byrd Honors Scholarships	452,750	--	452,750	452,750	--
84.186	Safe and Drug-Free Schools and Communities - State Grants	347,807	4,189,902	4,537,709	4,531,119	6,590
84.187	Supported Employment Services for Individuals with Severe Disabilities	249,904	--	249,904	249,904	--
84.194	Bilingual Education Support Services	58,866	51,775	110,641	110,641	--
84.195	Bilingual Education - Professional Development	1,101,406	90,116	1,191,522	1,191,522	--
84.196	Education for Homeless Children and Youth	40,547	243,632	284,179	284,179	--
84.200	Graduate Assistance in Areas of National Need	395,561	--	395,561	395,561	--
84.203	Star Schools	42,415	--	42,415	--	42,415
84.213	Even Start - State Educational Agencies	96,921	1,185,546	1,282,467	1,282,437	30
84.215	Fund for the Improvement of Education	(13,307)	146,567	133,260	133,260	--
84.224	Assistive Technology	58,568	300,606	359,174	325,796	33,378
84.235	Rehabilitation Services Demonstration and Training -	188,200	124,623	312,823	312,823	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
	Special Demonstration Programs					
84.243	Tech-Prep Education	70,557	1,511,613	1,582,170	1,582,170	--
84.252	Urban Community Service	31,978	29,256	61,234	61,234	--
84.257	National Institute for Literacy	22,325	--	22,325	22,325	--
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	90,770	--	90,770	90,770	--
84.276	Goals 2000-State and Local Education Systemic Improvement Grants	312,561	4,421,581	4,734,142	4,734,142	--
84.278	School to Work Opportunities	16,558	111,494	128,052	128,052	--
84.279	Goals 2000-Assessment Development and Evaluation Grants	5,804	--	5,804	5,804	--
84.281	Eisenhower Professional Development State Grants	736,981	2,883,589	3,620,570	3,620,570	--
84.282	Charter Schools	195,646	3,302,071	3,497,717	3,497,717	--
84.283	Comprehensive Regional Assistance Centers	434,233	--	434,233	434,233	--
84.287	Twenty-First Century Community Learning Centers	194,839	--	194,839	52,526	142,313
84.298	Innovative Education Program Strategies	42,974	3,485,744	3,528,718	3,528,718	--
84.314	Even Start - Statewide Family Literacy Program	71,217	22,077	93,294	93,294	--
84.318	Technology Literacy Challenge Fund Grants	111,380	3,649,434	3,760,814	3,760,814	--
84.323	Special Education - State Program Improvement Grants for Children with Disabilities	249,121	--	249,121	149,499	99,622
84.324	Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities	1,231,096	198,193	1,429,289	1,405,655	23,634
84.325	Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	2,587,915	38,786	2,626,701	2,534,875	91,826
84.326	Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	1,696,233	418,074	2,114,307	2,093,778	20,529
84.331	Grants to States for Incarcerated Youth Offenders	85,000	--	85,000	85,000	--
84.332	Comprehensive School Reform Demonstration	106,420	1,968,979	2,075,399	2,075,399	--
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	4,330	--	4,330	--	4,330
84.335	Child Care Access Means Parents in School	113,958	--	113,958	113,958	--
84.336	Teacher Quality Enhancement Grants	1,586,461	283,542	1,870,003	1,870,003	--
84.338	Reading Excellence	68,382	2,665,101	2,733,483	2,733,483	--
84.339	Learning Anytime Anywhere Partnerships	437,287	82,930	520,217	520,217	--
84.340	Class Size Reduction	224,754	13,415,735	13,640,489	13,640,489	--
84.341	Community Technology Centers	92,876	--	92,876	92,876	--
84.342	Preparing Tomorrow's Teachers to Use Technology	709,810	65,013	774,823	716,728	58,095
84.346	Occupational and Employment Information State Grants	116,073	--	116,073	116,073	--

The accompanying notes are an integral part of this schedule.

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.348	Title I Accountability Grants	--	887,663	887,663	887,663	--
84.352	School Renovation Grants	33,703	--	33,703	33,703	--
84.360	Dropout Prevention Programs	11,406	--	11,406	11,406	--
84.928	National Writing Project	93,327	--	93,327	--	93,327
84.989	Oregon Employment Initiative	317,560	--	317,560	317,560	--
Total Department of Education		\$200,924,483	\$147,670,941	\$348,595,424	\$342,130,379	\$6,465,045
United States Institute of Peace						
91.001	Unsolicited Grant Program	\$17,742	\$--	\$17,742	\$17,742	\$--
Total United States Institute of Peace		\$17,742	\$--	\$17,742	\$17,742	\$--
Department of Health and Human Services						
93.003	Public Health and Social Services Emergency Fund	\$51	\$--	\$51	\$51	\$--
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	44,762	77,545	122,307	122,307	--
93.041	Special Programs for the Aging - Title VII, Chapter 3- Programs for Prevention of Elder Abuse, Neglect, and Exploitation	8,359	49,759	58,118	58,118	--
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	110,525	--	110,525	110,525	--
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	--	279,840	279,840	279,840	--
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	423,648	4,806,014	5,229,662	5,229,662	--
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	--	5,560,432	5,560,432	5,560,432	--
93.048	Special Programs for the Aging - Title IV and Title II - Discretionary Projects	255,930	--	255,930	255,930	--
93.052	National Family Caregiver Support Program	--	2,075,061	2,075,061	2,075,061	--
93.101	Grants for Residential Treatment Programs for Pregnant and Postpartum Women	(67)	--	(67)	(67)	--
93.103	Food and Drug Administration - Research	81,684	--	81,684	81,684	--
93.110	Maternal and Child Health Federal Consolidated	346,272	--	346,272	346,272	--
93.113	Biological Response to Environmental Health Hazards	330,351	--	330,351	330,351	--
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	480,369	185,453	665,822	665,822	--
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity	1,342,632	2,016,681	3,359,313	3,359,313	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.127	Emergency Medical Services for Children	65,017	--	65,017	65,017	--
93.130	Primary Care Services - Resource Coordination and Development	160,277	--	160,277	160,277	--
93.136	Injury Prevention and Control Research and State and Community Based Programs	503,910	216,150	720,060	720,060	--
93.143	NIEHS Superfund Hazardous Substances - Basic Research and Education	5,724	--	5,724	--	5,724
93.150	Projects for Assistance in Transition from Homelessness (PATH)	--	300,000	300,000	300,000	--
93.161	Health Program for Toxic Substances and Disease Registry	78,471	--	78,471	78,471	--
93.184	Disabilities Prevention	370,410	--	370,410	370,410	--
93.194	Community Prevention Coalitions Demonstration Grant	64,855	115,000	179,855	179,855	--
93.196	Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	272,029	(4,999)	267,030	267,030	--
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	184,149	--	184,149	184,149	--
93.206	Human Health Studies - Applied Research and Development	35,183	--	35,183	35,183	--
93.217	Family Planning - Services	361,558	1,753,352	2,114,910	2,114,910	--
93.229	Demonstration Cooperative Agreements for Development and Implementation of Criminal Justice Treatment Networks	(101,209)	387,107	285,898	263,537	22,361
93.230	Consolidated Knowledge Development and Application (KD&A) Program	154,449	--	154,449	154,449	--
93.234	Traumatic Brain Injury - State Demonstration Grant Program	218,835	--	218,835	218,835	--
93.235	Abstinence Education	824,857	--	824,857	824,857	--
93.240	State Capacity Building	69,706	--	69,706	69,706	--
93.251	Universal Newborn Hearing Screening	75,835	--	75,835	75,835	--
93.256	State Planning Grant-Health Care Access for the Uninsured	519,254	--	519,254	519,254	--
93.262	Occupational Safety and Health Research Grants	479,864	--	479,864	213,481	266,383
93.263	Occupational Safety and Health - Training Grants	15,867	--	15,867	--	15,867
93.268	Immunization Grants	2,539,637	4,308,366	6,848,003	6,848,003	--
93.273	Alcohol Research Programs	78,314	--	78,314	33,008	45,306
93.279	Drug Abuse Research Programs	59,557	--	59,557	59,557	--
93.282	Mental Health National Research Service Awards for Research Training	33,820	--	33,820	33,820	--
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	5,386,770	886,104	6,272,874	6,272,874	--
93.389	Research Infrastructure	23,982	--	23,982	(93)	24,075

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.556	Promoting Safe and Stable Families	1,685,431	572,879	2,258,310	2,258,310	--
93.558	Temporary Assistance for Needy Families	165,118,597	1,678,783	166,797,380	166,797,380	--
93.563	Child Support Enforcement	32,514,950	--	32,514,950	32,514,950	--
93.566	Refugee and Entrant Assistance - State Administered Programs	4,368,384	--	4,368,384	4,368,384	--
93.568	Low-Income Home Energy Assistance	441,288	23,193,902	23,635,190	23,635,190	--
93.569	Community Services Block Grant	465,871	4,358,938	4,824,809	4,791,854	32,955
93.570	Community Services Block Grant - Discretionary	54,671	--	54,671	71	54,600
93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	66,156	30,853	97,009	30,853	66,156
93.576	Refugee and Entrant Assistance - Discretionary Grants	463,869	379,977	843,846	843,846	--
93.584	Refugee and Entrant Assistance - Targeted Assistance	1,492,005	--	1,492,005	1,492,005	--
93.585	Empowerment Zones Program	534,909	--	534,909	534,909	--
93.586	State Court Improvement Program	127,344	--	127,344	127,344	--
93.590	Community-Based Family Resource and Support Grants	(163,397)	167,115	3,718	(125,369)	129,087
93.597	Grants to States for Access and Visitation Programs	145,467	--	145,467	145,467	--
93.600	Head Start	2,805,014	347,814	3,152,828	3,152,828	--
93.603	Adoption Incentive Payments	485,633	--	485,633	485,633	--
93.612	Native American Programs	19,476	--	19,476	--	19,476
93.623	Runaway and Homeless Youth	117,159	--	117,159	117,159	--
93.630	Developmental Disabilities Basic Support and Advocacy Grants	571,403	--	571,403	571,403	--
93.631	Developmental Disabilities Projects of National Significance	56,016	--	56,016	56,016	--
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	537	--	537	537	--
93.643	Children's Justice Grants to States	131,235	--	131,235	131,235	--
93.645	Child Welfare Services - State Grants	3,124,219	--	3,124,219	3,124,219	--
93.647	Social Services Research and Demonstration	139,560	6,527	146,087	146,087	--
93.648	Child Welfare Services Training Grants	756,506	--	756,506	33,651	722,855
93.652	Adoption Opportunities	153,619	--	153,619	153,619	--
93.658	Foster Care - Title IV-E	32,867,647	119,062	32,986,709	31,383,803	1,602,906
93.659	Adoption Assistance	17,703,632	--	17,703,632	17,703,632	--
93.667	Social Services Block Grant	9,857,244	2,648,827	12,506,071	12,506,071	--
93.669	Child Abuse and Neglect State Grants	134,344	--	134,344	134,344	--
93.670	Child Abuse and Neglect Discretionary Activities	133,808	--	133,808	133,808	--
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	29,044	1,084,511	1,113,555	1,113,555	--
93.673	Grants to States for Planning and Development of Dependent Care Programs	(567,723)	--	(567,723)	(567,723)	--
93.674	Chafee Foster Care Independent Living	1,401,884	--	1,401,884	1,401,884	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.767	State Children's Insurance Program	16,321,719	--	16,321,719	16,321,719	--
93.768	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	328,043	--	328,043	328,043	--
93.779	Center for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	264,707	--	264,707	264,707	--
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	238	--	238	--	238
93.862	Genetics and Developmental Biology Research and Research Training	292,918	--	292,918	292,918	--
93.894	Resource and Manpower Development in the Environmental Health Services	359,660	--	359,660	348,863	10,797
93.917	HIV Care Formula Grants	4,141,682	1,084,575	5,226,257	5,206,730	19,527
93.919	Cancer Early Detection Programs	841,007	2,065,204	2,906,211	2,906,211	--
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	441,135	1,000	442,135	442,135	--
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	306,792	79,570	386,362	386,362	--
93.945	Assistance Program for Chronic Disease Prevention and Control	473,142	--	473,142	473,142	--
93.951	Demonstration Grants to States with Respect to Alzheimer's Disease	86,753	--	86,753	86,753	--
93.958	Block Grants for Community Mental Health Services	173,135	3,887,913	4,061,048	4,061,048	--
93.959	Block Grants for Prevention and Treatment of Substance Abuse	12,350,201	4,809,792	17,159,993	17,157,946	2,047
93.969	Geriatric Education Centers	33,008	--	33,008	--	33,008
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	928,439	--	928,439	928,439	--
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance	537,097	152,961	690,058	690,058	--
93.991	Preventative Health and Health Services Block Grant	940,630	187,180	1,127,810	1,127,810	--
93.994	Maternal and Child Health Services Block Grant to the States	1,292,544	2,835,721	4,128,265	4,128,265	--
Total Department of Health and Human Services		\$333,254,289	\$72,704,969	\$405,959,258	\$402,885,890	\$3,073,368
Corporation For National and Community Service						
94.003	State Commissions	\$234,046	\$-	\$234,046	\$142,038	\$92,008
94.004	Learn and Serve America - School and Community Based Programs	125,523	136,285	261,808	261,808	--
94.005	Learn and Serve America - Higher Education	227,455	--	227,455	215,640	11,815
94.006	AmeriCorps	536,468	957,969	1,494,437	1,494,864	(427)

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
94.007	Planning and Program Development Grants	7,182	4,227	11,409	11,409	--
94.009	Training and Technical Assistance	80,134	60	80,194	80,194	--
94.013	Volunteers in Service to America	56,953	--	56,953	56,953	--
Total Corporation For National and Community Service		\$1,267,761	\$1,098,541	\$2,366,302	\$2,262,906	\$103,396
Food Stamp Cluster						
10.551	Food Stamps	\$304,065,737	\$--	\$304,065,737	\$303,280,573	\$785,164
10.561	State Administrative Matching Grants for Food Stamp Program	34,397,057	--	34,397,057	34,397,057	--
Total Food Stamp Cluster		\$338,462,794	\$--	\$338,462,794	\$337,677,630	\$785,164
Child Nutrition Cluster						
10.553	School Breakfast Program	\$504,505	\$18,192,015	\$18,696,520	\$18,696,520	\$--
10.555	National School Lunch Program	899,629	56,031,528	56,931,157	56,931,157	--
10.556	Special Milk Program for Children	--	168,303	168,303	168,303	--
10.559	Summer Food Service Program for Children	135,599	2,187,418	2,323,017	2,323,017	--
Total Child Nutrition Cluster		\$1,539,733	\$76,579,264	\$78,118,997	\$78,118,997	\$--
Emergency Food Assistance Cluster						
10.568	Emergency Food Assistance Program (Administrative Costs)	\$42,913	\$571,835	\$614,748	\$614,748	\$--
10.569	Emergency Food Assistance Program (Food Commodities)	--	8,309,572	8,309,572	8,309,572	--
Total Emergency Food Assistance		\$42,913	\$8,881,407	\$8,924,320	\$8,924,320	\$--
Schools and Roads Cluster						
10.665	Schools and Roads - Grants to States	\$19	\$141,109,710	\$141,109,729	\$141,109,729	\$--
Total Schools and Roads Cluster		\$19	\$141,109,710	\$141,109,729	\$141,109,729	\$--
Public Works and Economic Development Cluster						
11.307	Economic Adjustment Assistance	\$58,062	\$--	\$58,062	\$58,062	\$--
Total Public Works and Economic Development Cluster		\$58,062	\$--	\$58,062	\$58,062	\$--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Section 8 Project-Based Cluster						
14.195	Section 8 Housing Assistance Payments Program - Special Allocations	\$46,060,793	\$--	\$46,060,793	\$46,060,793	\$--
Total Section 8 Project-Based Cluster		\$46,060,793	\$--	\$46,060,793	\$46,060,793	\$--
CDBG Entitlement and Small Cities Cluster						
14.218	Community Development Block Grants/Entitlement Grants	100,579	--	100,579	100,579	--
Total CDBG Entitlement and Small Cities Cluster		\$100,579	\$--	\$100,579	\$100,579	\$--
Fish and Wildlife Cluster						
15.605	Sport Fish Restoration	\$5,432,680	\$516,649	\$5,949,329	\$5,949,329	\$--
15.611	Wildlife Restoration	5,066,878	28,630	5,095,508	5,095,508	--
Total Fish and Wildlife Cluster		\$10,499,558	\$545,279	\$11,044,837	\$11,044,837	\$--
Employment Services Cluster						
17.207	Employment Service	\$12,224,279	\$212,923	\$12,437,202	\$12,437,202	\$--
17.801	Disabled Veterans' Outreach Program (DVOP)	1,140,213	--	1,140,213	1,140,213	--
17.804	Local Veterans' Employment Representative Program	1,284,841	--	1,284,841	1,284,841	--
Total Employment Services Cluster		\$14,649,333	\$212,923	\$14,862,256	\$14,862,256	\$--
WIA Cluster						
17.258	WIA Adult Program	\$433,780	\$14,802,526	\$15,236,306	\$15,236,306	\$--
17.259	WIA Youth Activities	484,108	14,661,527	15,145,635	15,145,145	490
17.260	WIA Dislocated Workers	3,954,535	32,457,298	36,411,833	36,365,178	46,655
Total WIA Cluster		\$4,872,423	\$61,921,351	\$66,793,774	\$66,746,629	\$47,145
Highway Planning and Construction Cluster						
20.205	Highway Planning and Construction	\$252,428,779	\$7,926,427	\$260,355,206	\$260,355,206	\$--
Total Highway Planning and Construction Cluster		\$252,428,779	\$7,926,427	\$260,355,206	\$260,355,206	\$--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Highway Safety Cluster						
20.600	State and Community Highway Safety	\$1,840,318	\$636,573	\$2,476,891	\$2,415,266	\$61,625
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	152,556	201,158	353,714	353,714	--
20.602	Occupant Protection	--	176,876	176,876	176,876	--
20.603	Federal Highway Safety Data Improvements Incentive Grants	102,156	--	102,156	102,156	--
20.604	Safety Incentive Grants for Use of Seatbelts	312,193	633,562	945,755	945,755	--
20.605	Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	984,225	686,463	1,670,688	1,670,688	--
Total Highway Safety Cluster		\$3,391,448	\$2,334,632	\$5,726,080	\$5,664,455	\$61,625
Special Education Cluster						
84.027	Special Education - Grants to States	\$4,508,234	\$65,665,917	\$70,174,151	\$69,568,789	\$605,362
84.173	Special Education - Preschool Grants	269,680	4,464,431	4,734,111	4,734,060	51
Total Special Education Cluster		\$4,777,914	\$70,130,348	\$74,908,262	\$74,302,849	\$605,413
Student Financial Assistance Cluster						
84.007	Federal Supplemental Education Opportunity Grants	\$4,184,705	\$--	\$4,184,705	\$4,184,705	\$--
84.032	Federal Family Education Loans	16,263,803	--	16,263,803	16,263,803	--
84.033	Federal Work - Study Program	4,451,316	--	4,451,316	4,451,316	--
84.038	Federal Perkins Loan Program - Federal Capital Contributions	221,966	--	221,966	221,966	--
84.063	Federal Pell Grant Program	42,897,821	--	42,897,821	42,897,821	--
84.268	Federal Direct Student Loans	217,956,785	--	217,956,785	217,956,785	--
Total Student Financial Assistance Cluster		\$285,976,396	\$--	\$285,976,396	\$285,976,396	\$--
Trio Cluster						
84.042	TRIO - Student Support Services	\$1,596,991	\$--	\$1,596,991	\$1,596,991	\$--
84.044	TRIO - Talent Search	291,721	--	291,721	291,721	--
84.047	TRIO - Upward Bound	633,443	--	633,443	633,443	--
84.217	TRIO - McNair Post -Baccalaureate Achievement	425,565	--	425,565	425,565	--
Total Trio Cluster		\$2,947,720	\$--	\$2,947,720	\$2,947,720	\$--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Child Care Cluster						
93.575	Child Care and Development Block Grant	\$18,172,341	\$5,000,509	\$23,172,850	\$23,019,740	\$153,110
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	34,714,340	--	34,714,340	34,651,260	63,080
Total Child Care Cluster		\$52,886,681	\$5,000,509	\$57,887,190	\$57,671,000	\$216,190
Medicaid Cluster						
93.775	State Medicaid Fraud Control Units	\$508,076	\$-	\$508,076	\$508,076	\$-
93.777	State Survey and Certification of Health Care Providers and Suppliers	4,273,939	--	4,273,939	4,273,939	--
93.778	Medical Assistance Program	1,808,714,262	4,673,850	1,813,388,112	1,813,388,112	--
Total Medicaid Cluster		\$1,813,496,277	\$4,673,850	\$1,818,170,127	\$1,818,170,127	\$-
Foster Grandparents/Senior Companion Cluster						
94.011	Foster Grandparent Program	\$194,715	--	\$194,715	\$194,715	--
Total Foster Grandparents/Senior Companion Cluster		\$194,715	\$-	\$194,715	\$194,715	\$-
Disability Insurance/SSI Cluster						
96.001	Social Security - Disability Insurance	\$21,798,839	\$-	\$21,798,839	\$21,798,839	\$-
96.006	Supplemental Security Income	299,132	--	299,132	299,132	--
Total Disability Insurance/SSI Cluster		\$22,097,971	\$-	\$22,097,971	\$22,097,971	\$-
Research and Development Cluster						
10.001	Agricultural Research - Basic and Applied Research	\$907,093	\$20,025	\$927,118	\$827,087	\$100,031
10.025	Plant and Animal Disease, Pest Control, and Animal Care	1,626	--	1,626	1,626	--
10.200	Grants for Agricultural Research, Special Research	2,674,938	523,565	3,198,503	2,634,962	563,541
10.202	Cooperative Forestry Research	32,750	--	32,750	32,750	--
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	103,470	19,175	122,645	122,645	--
10.206	Grants for Agricultural Research - Competitive Research Grants	1,695,838	39,801	1,735,639	1,655,804	79,835
10.207	Animal Health and Disease Research	97,566	--	97,566	97,566	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
10.212	Small Business Innovation Research	14,616	--	14,616	--	14,616
10.215	Sustainable Agriculture Research and Education	29,436	--	29,436	--	29,436
10.217	Higher Education Challenge Grants	31,152	--	31,152	31,152	--
10.219	Biotechnology Risk Assessment Research	26,800	--	26,800	26,800	--
10.224	Fund for Rural America - Research, Education, and Extension Activities	191,298	57,471	248,769	196,931	51,838
10.250	Agricultural and Rural Economic Research	15,152	--	15,152	15,152	--
10.302	Initiative for Future Agriculture and Food Systems	915,487	205,216	1,120,703	506,005	614,698
10.303	Integrated Programs	286,641	20,492	307,133	247,197	59,936
10.350	Technical Assistance to Cooperatives	25,092	--	25,092	25,092	--
10.500	Cooperative Extension Service	29,632	473	30,105	24,921	5,184
10.553	School Breakfast Program	14,871	--	14,871	--	14,871
10.558	Child and Adult Care Food Program	2,782	--	2,782	(70,769)	73,551
10.652	Forestry Research	2,613,835	5,451	2,619,286	2,601,629	17,657
10.664	Cooperative Forestry Assistance	1,796,016	--	1,796,016	1,774,017	21,999
10.665	Schools and Roads - Grants to States	44,386	--	44,386	--	44,386
10.670	National Forest - Dependent Rural Communities	68	--	68	68	--
10.901	Resource Conservation and Development	8,280	--	8,280	--	8,280
10.902	Soil and Water Conservation	136,395	--	136,395	136,395	--
10.961	Scientific Cooperation and Research	913,648	801,996	1,715,644	1,679,474	36,170
10.XX1	Other Forest Service Programs	4	--	4	4	--
11.417	Sea Grant Support	1,743,128	61,406	1,804,534	1,804,204	330
11.419	Coastal Zone Management Administration Awards	31	--	31	31	--
11.420	Coastal Zone Management Estuarine Research Reserves	36,217	--	36,217	31,842	4,375
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	78,787	--	78,787	78,787	--
11.430	Undersea Research	148,878	--	148,878	--	148,878
11.431	Climate and Atmospheric Research	153,064	18,400	171,464	171,464	--
11.432	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	1,365,164	--	1,365,164	1,365,164	--
11.437	Pacific Fisheries Data Program	437	--	437	--	437
11.438	Pacific Coast Salmon Recovery - Pacific Salmon Treaty Program	24,306	--	24,306	--	24,306
11.454	Unallied Management Projects	11,774	--	11,774	--	11,774
11.455	Cooperative Science and Education Program	1,074,572	30,564	1,105,136	987,933	117,203
11.460	Special Oceanic and Atmospheric Projects	31,810	--	31,810	31,810	--
11.462	Hydrologic Research	9,545	--	9,545	9,545	--
11.472	Unallied Science Program	156,104	--	156,104	--	156,104

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
11.478	Center for Sponsored Coastal Ocean Research - Coastal Ocean Program	154,014	--	154,014	--	154,014
11.609	Measurement and Engineering Research and Standards	19,019	83,518	102,537	102,537	--
11.612	Advanced Technology Program	80,966	--	80,966	--	80,966
12.104	Flood Plain Management Services	744	--	744	744	--
12.110	Planning Assistance to States	49,404	--	49,404	49,404	--
12.114	Collaborative Research and Development	700,512	--	700,512	642,469	58,043
12.300	Basic and Applied Scientific Research	6,069,412	137,286	6,206,698	5,441,220	765,478
12.401	National Guard Military Operations and Maintenance (O&M) Projects	47,387	--	47,387	--	47,387
12.420	Military Medical Research and Development	2,071,858	--	2,071,858	2,071,858	--
12.431	Basic Scientific Research	1,402,102	281,292	1,683,394	1,074,430	608,964
12.800	Air Force Defense Research Sciences Program	568,623	216,388	785,011	744,275	40,736
12.910	Research and Technology Development	1,103,867	--	1,103,867	632,740	471,127
12.911	Defense Technology Conversion, Reinvestment, and Transition Assistance	467	--	467	--	467
12.X01	Other Department of Defense Programs	19,780	--	19,780	19,780	--
14.506	General Research and Technology Activity	2,713	--	2,713	(2,847)	5,560
15.222	Cooperative Inspection Agreements with States and Tribes	37,068	--	37,068	37,068	--
15.224	Cultural Resource Management	48,367	--	48,367	37,991	10,376
15.225	Recreation Resource Management	339,677	--	339,677	339,677	--
15.504	Water Reclamation and Reuse Program	6,644	--	6,644	6,644	--
15.605	Sport Fish Restoration	80,366	--	80,366	--	80,366
15.608	Fish and Wildlife Management Assistance	233,057	--	233,057	77,530	155,527
15.611	Wildlife Restoration	11,502	--	11,502	26	11,476
15.615	Cooperative Endangered Species Conservation Fund	20,036	--	20,036	1,350	18,686
15.617	Wildlife Conservation and Appreciation	46,421	--	46,421	4,264	42,157
15.805	Assistance to State Water Resources Research Institutes	190,934	31,535	222,469	222,469	--
15.807	Earthquake Hazards Reduction Program	254,184	--	254,184	254,184	--
15.808	U.S. Geological Survey - Research and Data Acquisition	1,952,997	23,462	1,976,459	1,946,419	30,040
15.810	National Cooperative Geologic Mapping Program	14,253	--	14,253	14,253	--
15.875	Economic, Social, and Political Development of the Territories and the Freely Associated States	1,000	--	1,000	1,000	--
15.904	Historic Preservation Fund Grants-In-Aid	2,588	--	2,588	--	2,588
15.915	Technical Preservation Services	139,963	--	139,963	139,963	--
15.916	Outdoor Recreation - Acquisition, Development and Planning	186,718	90,000	276,718	1,955	274,763
15.976	Migratory Bird Banding and Data Analysis	506,441	51,894	558,335	558,335	--
15.XX1	Other Department of the Interior Programs	11,459	--	11,459	11,459	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
16.579	Byrne Formula Grant Program	1,783	--	1,783	--	1,783
16.585	Drug Court Discretionary Grant Program	5,291	--	5,291	--	5,291
16.588	Violence Against Women Formula Grants	29,588	--	29,588	--	29,588
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program	15,161	--	15,161	--	15,161
16.609	Community Prosecution and Project Safe	6,453	--	6,453	--	6,453
16.727	Enforcing Underage Drinking Laws Program	13,728	--	13,728	--	13,728
17.002	Labor Force Statistics	70,743	--	70,743	--	70,743
17.260	WIA Dislocated Workers	622	--	622	--	622
17.502	Occupational Safety and Health - Susan Harwood Training Grants	1,181	--	1,181	--	1,181
19.405	College and University Partnerships Program	38,313	--	38,313	38,313	--
19.423	Exchange - English Language Specialist/Speaker	4,962	--	4,962	--	4,962
20.005	Boating Safety Financial Assistance	940	--	940	--	940
20.108	Aviation Research Grants	52,653	--	52,653	--	52,653
20.205	Highway Planning and Construction	508,204	8,084	516,288	(6,600)	522,888
20.215	Highway Training and Education	357,672	20,983	378,655	14,313	364,342
20.218	National Motor Carrier Safety	16,539	--	16,539	--	16,539
20.502	Federal Transit Grants for University Research and Training	62	--	62	--	62
20.514	Transit Planning and Research	37,958	--	37,958	--	37,958
20.515	State Planning and Research	71,984	--	71,984	--	71,984
20.600	State and Community Highway Safety	98,801	--	98,801	--	98,801
20.701	University Transportation Centers Program	55,396	--	55,396	--	55,396
43.001	Aerospace Education Services Program	1,285,469	2,087,029	3,372,498	3,298,102	74,396
43.002	Technology Transfer	4,685,563	22,187	4,707,750	3,716,440	991,310
45.161	Promotion of the Humanities - Research	28,880	--	28,880	--	28,880
45.162	Promotion of the Humanities - Education Development and Demonstration	4,238	--	4,238	4,238	--
45.310	State Library Program	17,509	--	17,509	17,509	--
47.041	Engineering Grants	2,904,600	(4,946)	2,899,654	2,455,266	444,388
47.049	Mathematical and Physical Sciences	6,023,506	71,540	6,095,046	6,072,870	22,176
47.050	Geosciences	14,810,378	162,726	14,973,104	14,156,823	816,281
47.070	Computer and Information Science and Engineering	2,526,675	172,422	2,699,097	2,261,596	437,501
47.074	Biological Sciences	6,228,477	526,922	6,755,399	6,215,279	540,120
47.075	Social, Behavioral, and Economic Sciences	1,887,517	59,670	1,947,187	1,831,584	115,603
47.076	Education and Human Resources	987,790	--	987,790	884,261	103,529
47.077	Academic Research Infrastructure	260,976	--	260,976	260,976	--
47.078	Polar Programs	722,834	2,028	724,862	640,827	84,035

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
66.454	Water Quality Management Planning	464	--	464	--	464
66.460	Nonpoint Source Implementation Grants	217,503	--	217,503	--	217,503
66.463	Water Quality Cooperative Agreements	114,185	--	114,185	18,507	95,678
66.500	Environmental Protection Consolidated Research	3,113,531	178,144	3,291,675	2,298,025	993,650
66.600	Environmental Protection Consolidated Grants - Program Support	58,693	--	58,693	--	58,693
66.606	Surveys, Studies, Investigations and Special Purpose Grants	62,447	--	62,447	55,480	6,967
66.607	Training and Fellowships for the Environmental Protection Agency	166,356	--	166,356	166,356	--
66.714	Pesticide Environmental Stewardship - Regional Grants	1,666	--	1,666	1,666	--
77.001	Radiation Control - Training Assistance and Advisory Counseling	359,375	--	359,375	201,908	157,467
81.004	University-Laboratory Cooperative Program	165,989	--	165,989	132,812	33,177
81.036	Inventions and Innovations	12,878	--	12,878	--	12,878
81.049	Office of Science Financial Assistance Program	5,981,829	252,896	6,234,725	4,838,766	1,395,959
81.064	Office of Scientific and Technical Information	76,115	--	76,115	--	76,115
81.079	Regional Biomass Energy Programs	48,102	--	48,102	--	48,102
81.086	Conservation Research and Development	476,534	57,520	534,054	366,046	168,008
81.087	Renewable Energy Research and Development	506,705	--	506,705	281,595	225,110
81.089	Fossil Energy Research and Development	14,290	--	14,290	--	14,290
81.114	University Nuclear Science and Reactor Support	233,323	31,765	265,088	265,088	--
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	12,827	--	12,827	--	12,827
83.548	Hazard Mitigation Grant	4,955	--	4,955	--	4,955
84.019	International: Overseas - Faculty Research Abroad	570	--	570	570	--
84.023	Special Education-Innovation and Development	228,811	8,200	237,011	236,421	590
84.024	Early Education for Children with Disabilities	38,480	--	38,480	--	38,480
84.025	Services for Children with Deaf-Blindness	323,836	400,857	724,693	724,693	--
84.027	Special Education - Grants to States	382,245	--	382,245	--	382,245
84.041	Impact Aid	43,567	--	43,567	--	43,567
84.042	TRIO - Student Support Services	11,409	--	11,409	11,409	--
84.051	Vocational Education-National Center for Career and Technical Education	447,341	--	447,341	--	447,341
84.116	Fund for the Improvement of Postsecondary Education	90,977	11,708	102,685	46,614	56,071
84.128	Rehabilitation Services - Service Projects	7,233	--	7,233	--	7,233
84.133	National Institute on Disability and Rehabilitation Research	1,323,747	30,364	1,354,111	1,240,007	114,104
84.173	Special Education - Preschool Grants	586	--	586	--	586

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.180	Technology Applications for Individuals with	412,705	--	412,705	412,705	--
84.184	Safe and Drug-Free Schools and Communities – National Programs	25,538	75,990	101,528	--	101,528
84.215	Fund for the Improvement of Education	55,751	--	55,751	55,751	--
84.237	Special Education - Programs for Children with Serious Emotional Disturbance	53,707	46,509	100,216	100,216	--
84.276	Goals 2000-State and Local Education Systemic Improvement Grants	178,028	--	178,028	--	178,028
84.281	Eisenhower Professional Development State Grants	6,943	--	6,943	6,943	--
84.305	National Institute on Student Achievement, Curriculum, and Assessment	557,630	--	557,630	557,630	--
84.309	National Institute on Postsecondary Education, Libraries, and Lifelong Learning	740,829	--	740,829	--	740,829
84.314	Even Start - Statewide Family Literacy Program	97,010	--	97,010	--	97,010
84.323	Special Education - State Program Improvement Grants for Children with Disabilities	55	--	55	--	55
84.324	Special Education - Research and Innovation to Improve Services and Results for Children with Disabilities	2,919,903	191,331	3,111,234	2,846,047	265,187
84.325	Special Education - Personnel Preparation to Improve Services and Results for Children with Disabilities	113,416	--	113,416	72,070	41,346
84.326	Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	796,959	638,775	1,435,734	1,411,235	24,499
84.327	Special Education - Technology and Media Services for Individuals with Disabilities	342,246	--	342,246	342,246	--
84.336	Teacher Quality Enhancement Grants	53,051	--	53,051	53,051	--
84.342	Preparing Tomorrow's Teachers to Use Technology	472,572	--	472,572	472,572	--
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	6,492	--	6,492	--	6,492
93.048	Special Programs for the Aging - Title IV and Title II - Discretionary Projects	10,000	--	10,000	--	10,000
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	325,398	--	325,398	--	325,398
93.105	Bilingual/Bicultural Service Demonstration Grants	75,746	18,030	93,776	80,484	13,292
93.110	Maternal and Child Health Federal Consolidated Programs	15,965	--	15,965	--	15,965
93.113	Biological Response to Environmental Health Hazards	1,629,774	--	1,629,774	1,602,090	27,684
93.114	Applied Toxicological Research and Testing	175,509	--	175,509	175,509	--
93.121	Oral Diseases and Disorders Research	499,455	--	499,455	499,455	--
93.125	Mental Health Planning and Demonstration Projects	1,132	--	1,132	--	1,132
93.136	Injury Prevention and Control Research and State and	165,025	74,312	239,337	239,337	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
	Community Based Programs					
93.143	NIEHS Superfund Hazardous Substances - Basic Research and Education	323,618	--	323,618	--	323,618
93.173	Research Related to Deafness and Communication Disorders	1,397,456	14,942	1,412,398	1,369,391	43,007
93.194	Community Prevention Coalitions Demonstration Grant	20,465	--	20,465	20,465	--
93.206	Human Health Studies - Applied Research and Development	9,214	--	9,214	9,214	--
93.213	Research and Training in Complementary and Alternative Medicine	213,808	--	213,808	74,068	139,740
93.226	Research on Healthcare Costs, Quality and Outcomes	151,739	--	151,739	151,683	56
93.230	Consolidated Knowledge Development and Application (KD&A) Program	255,153	4,882	260,035	92,800	167,235
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	32,493	--	32,493	--	32,493
93.239	Policy Research and Evaluation Grants	12,130	45,330	57,460	57,460	--
93.242	Mental Health Research Grants	1,753,428	91,783	1,845,211	1,776,934	68,277
93.262	Occupational Safety and Health Research Grants	34,128	--	34,128	34,128	--
93.263	Occupational Safety and Health - Training Grants	25	--	25	--	25
93.273	Alcohol Research Programs	327,942	--	327,942	299,068	28,874
93.279	Drug Abuse Research Programs	1,924,291	--	1,924,291	1,924,291	--
93.281	Mental Health Research Career/Scientist Development Awards	100,542	--	100,542	100,542	--
93.282	Mental Health National Research Service Awards for Research Training	200,739	--	200,739	200,739	--
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	209,623	(351)	209,272	110,626	98,646
93.306	Comparative Medicine	2,270,900	60,000	2,330,900	2,161,977	168,923
93.333	Clinical Research	165,901	17,656	183,557	--	183,557
93.371	Biomedical Technology	510,016	--	510,016	510,016	--
93.390	Academic Research Enhancement Award	3,805	--	3,805	3,805	--
93.393	Cancer Cause and Prevention Research	495,001	--	495,001	492,707	2,294
93.395	Cancer Treatment Research	454,933	--	454,933	--	454,933
93.396	Cancer Biology Research	155,830	--	155,830	155,830	--
93.398	Cancer Research Manpower	3,473	--	3,473	3,473	--
93.575	Child Care and Development Block Grant	66,152	--	66,152	--	66,152
93.600	Head Start	500,995	--	500,995	500,995	--
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	314,512	--	314,512	314,512	--
93.645	Child Welfare Services - State Grants	761,033	--	761,033	--	761,033
93.647	Social Services Research and Demonstration	31,875	--	31,875	17,990	13,885

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.648	Child Welfare Services Training Grants	123,732	--	123,732	123,732	--
93.652	Adoption Opportunities	20,008	--	20,008	--	20,008
93.658	Foster Care - Title IV-E	487,394	--	487,394	--	487,394
93.669	Child Abuse and Neglect State Grants	57	--	57	--	57
93.670	Child Abuse and Neglect Discretionary Activities	52,625	60,662	113,287	113,287	--
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	6,812	--	6,812	--	6,812
93.777	State Survey and Certification of Health Care Providers and Suppliers	37,812	--	37,812	--	37,812
93.779	Center for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	79,590	130,762	210,352	--	210,352
93.821	Cell Biology and Biophysics Research	3,968,676	--	3,968,676	3,968,676	--
93.837	Heart and Vascular Diseases Research	1,250,821	--	1,250,821	975,808	275,013
93.838	Lung Diseases Research	259,847	--	259,847	259,847	--
93.839	Blood Diseases and Resources Research	27,065	--	27,065	27,065	--
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	969,361	17,082	986,443	986,443	--
93.847	Diabetes, Endocrinology and Metabolism Research	225,820	--	225,820	--	225,820
93.848	Digestive Diseases and Nutrition Research	495,355	18,888	514,243	514,243	--
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	1,600,525	20,020	1,620,545	1,620,545	--
93.855	Allergy, Immunology and Transplantation Research	33,900	--	33,900	33,900	--
93.856	Microbiology and Infectious Diseases Research	1,359,781	98,624	1,458,405	1,458,405	--
93.859	Pharmacology, Physiology, and Biological Chemistry Research	1,146,879	155,649	1,302,528	1,225,818	76,710
93.862	Genetics and Developmental Biology Research and Research Training	3,400,001	7,252	3,407,253	3,295,045	112,208
93.864	Population Research	347,748	--	347,748	347,748	--
93.865	Center for Research for Mothers and Children	2,106,413	--	2,106,413	2,101,770	4,643
93.866	Aging Research	460,317	--	460,317	301,798	158,519
93.867	Vision Research	30,572	--	30,572	4,568	26,004
93.891	Alcohol Research Center Grants	76,908	--	76,908	--	76,908
93.894	Resource and Manpower Development in the Environmental Health Services	1,445,657	268,450	1,714,107	1,714,020	87
93.945	Assistance Program for Chronic Disease Prevention and Control	59,441	--	59,441	--	59,441
93.956	Agricultural Health and Safety Programs	13,910	--	13,910	--	13,910
93.959	Block Grants for Prevention and Treatment of Substance Abuse	139,109	--	139,109	--	139,109
93.989	Senior International Fellowships	2,229	--	2,229	2,229	--

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, 2002 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
94.006	AmeriCorps	2,624	--	2,624	--	2,624
Total Research and Development Cluster		\$134,769,295	\$8,876,087	\$143,645,382	\$122,611,247	\$21,034,135
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$4,805,427,972	\$744,382,698	\$5,549,810,670	\$5,514,766,725	\$35,043,945

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, 2002**

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 basic financial statements.

Note 2. Reporting Entity

The financial statements of the State of Oregon include all fund types 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 and Science University (OHSU) is a legally separate component unit. For the year ended June 30, 2002, 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 the following non-cash assistance programs. All values are the fair market value at the time of receipt.

CFDA Number	Title	Type of Assistance	Value
10.550	Food Donation	Commodities	\$8,928,882
10.565	Commodity Supplemental Food Program	Commodities	279,944
10.567	Food Distribution Program on Indian Reservations	Commodities	92,217
10.569	Emergency Food Assistance Program	Commodities	8,309,572
39.003	Donation of Federal Surplus Personal Property	Donated surplus property	539,658
93.268	Immunization Grants	Vaccines	4,192,140
	Total		<u>\$22,342,413</u>

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

Note 4. Loans and Loan Guarantees

Loans outstanding and new loans made during the year ended June 30, 2002 are as follows:

CFDA Number	Title	Outstanding Balance as of June 30, 2002	New Loans Made During the Fiscal Year Ended June 30, 2002
11.307	Economic Adjustment Assistance	\$6,259,433	\$2,073,579
14.239	HOME Investment Partnerships Program	1,295,695	30,636
66.458	Capitalization Grants for State Revolving Funds	24,073,480	14,457,580
84.032	Federal Family Education Loans	733,543,170	140,019,380
84.038	Federal Perkins Loan Program–Federal Capital Contributions	73,574,867	12,199,167
	Total	<u>\$838,746,645</u>	<u>\$168,780,342</u>

Note 5. Unemployment Insurance

State unemployment tax revenues and the government contributions in lieu of State taxes 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 \$1,061,603,708 reported as expenditures for the Unemployment Insurance program (CFDA 17.225), \$1,013,905,984 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.

CFDA Number	Organization	Amount	ID Number
10.001	University of California	\$128,500	93-004-ETX
10.001	University of Connecticut	2,044	FRS #521163
10.200	American Distance Education Consortium	16,722	2.11/98
10.200	Kansas State University	673	S01062
10.200	North Carolina State University	23,102	2000-0447-01
10.200	Pacific Surimi JV	13,860	Not Available
10.200	Rutgers University	15,000	PO 881351-2
10.200	University of California	25,124	Various
10.200	University of California/Davis	27,156	990942-OSU
10.200	University of Idaho	70,092	PO P0011153
10.200	University of Washington	48,185	Various
10.200	University of Wisconsin	19,819	179F535
10.200	Utah State University	27,941	C023682
10.200	Utah State University	67,294	Various
10.200	Washington State University	311,176	Various
10.206	Auburn University	(3,939)	ACES/ASATP-T-4-01
10.206	Auburn University	9,779	98-FOR-534528-OSU
10.206	University of Minnesota	19,608	Various

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

CFDA			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.206	University of Utah	15,755	PO 0000019605
10.206	Washington State University	17,448	G001007
10.212	A.M. Todd Corporation	19,055	Not Available
10.215	University of California	17,292	Various
10.215	Utah State University	32,497	C023084
10.224	University of Missouri	50,643	C-5-34454
10.302	University of California/Davis	191,714	Various
10.302	University of Idaho	179,241	PO P0010038
10.302	University of Nevada - Reno	2,412	PO 12GC0000061
10.302	University of Wisconsin - Madison	7,492	P572235
10.302	Washington State University	65,809	Various
10.303	University of California	3,086	SA3261 / 1-0000442624
10.303	University of California/Davis	38,793	00RA2416-OR
10.303	University of Idaho	36,325	BJK748OSU
10.500	University of Idaho	5,778	BJK241OSU
10.500	University of Wisconsin	(650)	917F641
10.500	Utah State University	7,000	C024330
10.652	University of Maine	11,168	UM-S402
10.664	Eastern Sierra Institute for Collaborative	8,175	Not Available
10.665	Jackson County Board of Commissioners	20,009	Not Available
10.855	American Distance Education Consortium	3,891	3.31/98
10.961	American Council on Education	46,560	Not Available
10.961	Consortium for International Development/AID	560,152	OSU-NRBAR-02
10.961	Washington State University	281	G000488
11.417	Pacific Shellfish Institute	330	Not Available
11.417	University of Alaska	34,090	PO FP102303
11.417	University of California	4,453	PO 10179380
11.430	Caribbean Marine Research Center	20,000	CMRC-00-NRMH-03-01A
11.430	University of Alaska	311,738	Various
11.432	Woods Hole Oceanographic Institute	2,000	A100206
11.455	North Pacific Marine Science Foundation	122,756	Various
11.472	University of New Hampshire	75,329	02-558
11.478	University of Washington	30,211	410224
11.478	University of Washington	140,255	Various
11.611	Oregon Advanced Tech Consortium	39,156	Not Available
11.612	Amtek International	85,952	2001-7
12.114	Smithsonian Institute	66,342	00-MP-00013
12.300	Anadac, Inc.	20,880	Not Available
12.300	Information Extraction Transport, Inc.	21,098	IET-1043-00-010
12.300	Institute for Bird Populations	17,204	BUOW-99-1
12.300	ISciences, L.L.C.	30,000	PO 2001007
12.300	Johns Hopkins University	31,760	Various
12.300	Logicon, Inc.	440,300	979105
12.300	On Time Systems, Inc.	51,554	OTS-STTR-PHASE II-A

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

<u>CFDA</u> <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
12.300	Oregon Graduate Institute	11,279	OGI MSE-002
12.300	University of Arizona	248	Y540363
12.300	University of California/San Diego	8,787	PO 10208668
12.300	University of Delaware	158,839	B430150
12.300	University of Rhode Island	82,040	031401/535496
12.300	University of Washington	4,306	PO 45338
12.300	Wet Labs, Inc.	11,671	JOB 0101001
12.431	Academy of Applied Science	13,532	Various
12.431	Bend Research Inc.	90,492	485-001 AMEND. 1
12.431	Camas, Inc.	15,119	Not Available
12.431	Georgia Institute of Technology	45,368	E-18-677-G3
12.431	High Performance Technology, Inc.	243,845	Various
12.431	Sam Houston State University	10,272	S02-9382-1
12.800	Battelle Memorial Institute	17,251	Various
12.800	SRI INTERNATIONAL	2,673	34-000042 MOD. 1
12.800	US Air Force	75	Not Available
12.910	California Institute of Technology	89,836	1036234
12.910	Georgia Institute of Technology/DARPA	47,503	A-9531-020-S3
12.910	Purdue University	178,096	530-1436-1
12.910	University of Illinois, Urbana-Champaign	14,929	00-328
12.910	USC	115,717	57795
14.218	City of Portland/HUD	100,579	33682
14.228	Jackson County/HUD	85,086	Not Available
14.506	National Association of Homebuilders	40,285	Not Available
14.854	Housing Authority, Clackamas County	30,511	Not Available
15.020	Columbia River Inter-Tribal Fish Commission	4,838	Not Available
15.225	Institute for Bird Populations	27,545	BUOW-99-2-M 1
15.608	Montana State University	62,939	Various
15.608	Pacific States Marine Fisheries Commission	5,055	37288
15.608	Pacific States Marine Fisheries Commission	66,736	37288
15.617	Metro	24,853	Various
15.617	National Fish and Wildlife Foundation	61,480	01-0067
15.618	Pacific States Marine Fisheries Commission	39,014	Various
15.808	University of Alaska	42,880	PO FP003539
15.808	Washington State Department of Transportation	14,151	GCA3116
15.809	Tillamook County Performance Partnership	(1,252)	Not Available
15.904	Southwest Parks and Monuments Association	5,603	37290
15.923	University of Idaho	13,098	PO P0007541
16.541	George Washington University	109,470	97-S22
16.579	Catholic Charities	1,783	Not Available
16.585	Clark County Washington	5,291	Not Available
16.588	Multnomah County	73,434	4600000583
16.609	Clackamas County DA Office	7,817	Not Available
17.002	AGUIRRE	23,061	FP-766 PROJ 2202

State of Oregon
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For the Year Ended June 30, 2002

CFDA			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
17.002	AGUIRRE	30,000	FP-909
17.002	AGUIRRE	39,264	NAWS PSU-072001
17.246	Community Services Consortium	61,164	Not Available
17.259	Worksystems Inc.	490	Not Available
17.502	Center to Protect Worker's Rights	5,000	01-2-PS
19.416	American-Mideast Educational and Training Services	326,775	Not Available
19.420	NAFSA: Association of International Educators	594	Not Available
20.108	Research Integrations, Inc.	61,666	0005-01
20.205	Battelle Memorial Institute	(7,614)	PO 155437
20.205	METRO	35,646	921786
20.215	Oregon Health and Science University	49,433	0000306706WC
20.502	National Academy of Sciences	32,244	TRANSIT-21
20.514	TRIMET	(39,321)	FA010066JW
20.514	University of Washington	1,363	922910 MOD #3
20.701	University of Alabama	14,301	Not Available
20.701	University of Washington	62,481	Various
20.701	University of Washington	37,436	Various
43.001	Central Washington University	13,223	Not Available
43.001	Smithsonian Institution	34,088	GO0-1065X
43.001	Space Telescope Science Institute	77,635	Various
43.001	University of Alabama	20,202	00-073
43.001	University of Rhode Island	8,151	120298/531620
43.002	Geo Eco Arc Research	392	Not Available
43.002	Jet Propulsion Laboratory	686,102	Various
43.002	The Woods Hole Research Center	18,779	Not Available
43.002	Umpqua Research Company	44,389	AG181-1
43.002	Universities Space Research Association	76,193	07600-073
43.002	University of California Santa Barbara	6,186	KK0130
43.002	University of Maine	33,994	UM-S324
43.002	University of Rhode Island	20,740	022001/535816
43.002	Jet Propulsion Lab	3,497	1236629 MOD 01
43.002	Accurate Automation Co.	47,499	462
43.002	West Virginia University	24,650	98-513B-PSU
45.025	Oregon Art Commission	6,101	Various
45.025	WESTAF	4,250	Various
45.161	Omohundro Inst of Early American History	30,000	Not Available
47.041	Droplet Measurement Technologies, Inc.	708	322426 NSF2
47.041	Georgia Institute of Technology	1,565	E-21-N50-G3
47.041	Montana State University	6,773	612141
47.041	Umpqua Research Company	16,000	AG195-1
47.041	University of California	5,346	Various
47.041	Washington State University	542,548	Various
47.041	West Virginia University	7,179	99-454-PSU
47.049	American Physical Society	21,550	PHY-0108787

State of Oregon
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<u>CFDA</u> <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
47.049	California Institute of Technology	13,788	1023432 PO 1023451
47.049	Dickinson College	14,074	Not Available
47.050	College of William and Mary	40,616	Various
47.050	Columbia Univ/Lamont-Doherty	161,192	Letter Agreement No. 1
47.050	Joint Oceanographic Institute Inc.	6,818	PO J020042
47.050	Joint Oceanographic Institute Inc.	23,000	JSG-CY 17-8
47.050	Ohio State University	111,184	RF #739204/PO #848490
47.050	Ohio State University Research Foundation	1,536	PO RF 770326
47.050	University of New Jersey/Rutgers	47,756	1175
47.050	Texas A&M Research Foundation	170,819	Various
47.050	University of California	2,376	PO 10061778
47.050	University of California, Irvine	112,539	L00OCE0085607
47.050	University of Idaho	8,519	PO P0008232
47.050	University of Maine	42,622	UM-S358
47.050	University of Montana	19,516	PG-5531-04
47.050	University of Rhode Island	84,545	011000/532534-C
47.050	University of Southern California	27,497	662702 #7
47.050	University of Washington	8,724	525822
47.050	Woods Hole Oceanographic Institute	30,093	Various
47.070	Georgia Institute of Technology	40,224	C-36-A10-G2
47.070	Massachusetts Institute of Technology	125,363	5710001197
47.070	University of California/San Diego	307,636	PO 10152761
47.070	University of Illinois, Urbana-Champaign	2,979	02-189
47.074	Arizona State University	27,521	00-131
47.074	Colorado State University	71,412	G-3596-2 , P301687
47.074	Indiana University	28,342	Not Available
47.074	Michigan State University	94,294	612135OREGONSU
47.074	Northern Illinois University	44,987	32379
47.074	State University of New York	5,933	PO R63532
47.074	The Marie Selby Botanical Gardens	36,945	Not Available
47.074	University of California Berkeley	36,119	SA3538-22347/PO537485
47.074	University of Georgia	8,411	RR551-080/2401954
47.074	University of Hawaii	59,093	PO Z525903
47.074	University of Maryland	57,277	Z342201
47.075	American Association for the Advancement of Science	4,497	Not Available
47.075	Harvard University	10,064	Not Available
47.075	University of Colorado	100,228	20597
47.076	Chemeketa Community College	31,353	111-96
47.076	City College of New York	29,470	Various
47.076	Mathematical Association of America	14,135	Not Available
47.076	Mathematics Education Collaborative	(1,190)	Not Available
47.076	Montana State University	59,519	Not Available
47.076	Oregon Health and Science University	79,389	E13005S
47.076	Portland Community College	10,495	Not Available

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002

CFDA			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
47.076	University of North Colorado	1,662	GKA # 02-0036
47.076	Washington University (in St. Louis)	6,000	29743F
47.078	Raytheon Polar Services Co.	93,199	Various
47.078	Woods Hole Oceanographic Institute	6,311	A100189
59.037	Lane Community College	92,103	Various
66.460	Coos Watershed Association	19,815	Not Available
66.460	Lower Columbia River Watershed Council	6,008	98-214
66.463	Pacific States Marine Fisheries Commission	95,679	Various
66.500	Colorado State University	4,603	G-5817-1
66.500	Iowa State University	635	429-46-01
66.500	Oregon Graduate Institute	70,890	G19007
66.500	Stanford University	795,223	Various
66.500	University of Colorado	33,563	20596
66.500	University of Maryland	4,441	98-10
66.500	University of Nebraska	1,500	Not Available
66.504	Oregon Graduate Institute	(977)	PO#514203/EPA#R82338
66.505	Iowa State University	46,726	429-46-01-A
66.600	University of New Orleans	40,000	99-0335-S2
66.606	CADMUS	(99)	0051-PSU-1
66.606	Iowa State University	1,535	429-46-03
77.001	Purdue University	136,421	640-0812-4
81.004	Pacific States Marine Fisheries Commission	33,177	98-037
81.036	Technology Matrix Corp.	23,500	Not Available
81.049	Argonne National Laboratory - West	22,500	1B-00101
81.049	Associated Western Universities	552	Not Available
81.049	Battelle Pacific Northwest Laboratory	117,086	Various
81.049	BWXT Y-12, L.C.C	96,066	4300006824
81.049	Education, Research and Development Assoc. of Georgia	17,147	GA0076 / KH08127-O
81.049	Florida State University	93,891	G09965
81.049	Harvard University	22,878	106-110
81.049	Idaho National Environmental & Energy Laboratory	38,512	Various
81.049	Lockheed Martin Energy Research Corporation	32,458	4500002419
81.049	National Renewable Energy Laboratory	50,301	XCX-9-29204-05
81.049	Purdue University	7,525	540-1090-01
81.049	Sandia National Laboratories	23,093	Various
81.049	Texas Engineering Experiment Station	64,028	58901 NE
81.049	University of California/Davis	280,025	Various
81.049	University of California/LLNL	5,190	B502761
81.049	Western Environmental Consultants, Inc.	26,134	99-0259
81.049	Battelle Memorial Institute	61,990	407488-A-N3
81.049	University of California LLNL	50,960	B513213
81.049	Bechtel BWXT Idaho, LLC	44,173	K01-183637
81.049	Bechtel BWXT Idaho, LLC	15,958	K01-183759
81.064	University of Utah	75,366	9703051 AMEND. 1

State of Oregon
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<u>CFDA</u> <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
81.079	UT-Battelle, LLC	59,660	4000004295
81.086	CORRIM	33,964	102
81.086	UC - Lawrence Livermore National Laboratory	184,974	B513235
81.087	Augustyne & Company	8,200	NAA-1-30441-03
81.087	Consortium for Plant Biotech Research	20,723	Various
81.087	MRI National Renewable Energy Laboratory	69,482	Various
81.087	National Renewable Energy Laboratory	3,847	Various
81.087	Oregon Graduate Institute	32,397	G11004 MODIFICATION #2
81.087	University City Science Center	189,672	Not Available
81.117	Midwest Research Institute	139,172	Various
83.548	Consortium of Universities for Research in Earthquake Engineering	25,729	51
84.023	Institute for Career and Leisure Development	590	PSU #991103
84.024	University of Minnesota	122,720	B3039031204
84.027	American Samoa Government	143,057	Not Available
84.027	Federated States of Micronesia	17,500	Not Available
84.027	Nebraska Department of Education	6,864	99-9405-248-4B18-02
84.027	Republic of Palau	56,696	Not Available
84.041	Hawaii State Department of Education	(579)	Not Available
84.051	Ohio State University Research Foundation	110,850	Various
84.051	University of Minnesota	342,502	KS304908742
84.078	California State University Northridge	19,663	Not Available
84.086	University of Colorado at Denver	203,718	0797.10.016D-002 MOD#5
84.116	Great Cities University Foundations	13,081	Not Available
84.116	Montana State University	17,924	GC03799-Z1016
84.116	Tufts University	18,123	ED1070
84.128	Indiana University	25,943	Not Available
84.133	Oregon Health and Science University	21,723	Various
84.133	University of South Florida	112,050	5830-414-LO-A
84.144	Willamette Education Service District	4,605	Not Available
84.181	Lane Education Service District	5,103,620	Various
84.184	Crook Deschutes Education Service District	48,360	Not Available
84.184	Gresham-Barlow School District	35,000	Not Available
84.184	Lane Council of Governments	126,004	Not Available
84.184	Lincoln County School District	14,415	Not Available
84.184	Portland Public Schools	3,797	PSC 35/6931
84.184	Portland Public Schools	5,465	Not Available
84.184	Springfield School District	93,206	Not Available
84.186	Portland Public Schools	1,428	962/13258
84.203	Spokane SD 101	40,440	PO9543SS
84.213	Clackamas Co. Children's Commission, Inc.	11,914	ODCCWD 8002A
84.224	Access Technologies Inc.	33,379	Not Available
84.257	National Writing Project	20,088	Not Available
84.287	Lane Education Service District	175,431	Not Available
84.287	Portland Public Schools	63,959	Various

State of Oregon
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CFDA			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
84.309	Harvard University	740,829	Not Available
84.323	California Institute on Human Services	75,071	Not Available
84.324	Lane County School District 4J	80,573	Not Available
84.324	Portland Public Schools	6,702	1051-02
84.324	University of Kansas Center for Research	253,865	FY2000-008 MOD. 2
84.324	University of Montana	13,003	Not Available
84.325	California State University Northridge	91,309	H324A010001
84.325	Wayne State University	41,346	Various
84.326	Direction Service Inc.	24,499	Various
84.326	Direction Service, Inc.	86,553	Not Available
84.326	Idaho State Department of Education	5,200	Not Available
84.334	Portland Community College	4,330	Not Available
84.342	Chemeketa Community College	31,622	302 00
84.342	Ohio State University Research Foundation	45,000	ED9800-0093
84.928	National Writing Project	82,162	Various
93.048	Multnomah County	10,000	4600002520
93.104	Clackamas County Oregon	37,270	Not Available
93.104	Clark County Center for Mental Health Services	284,197	Various
93.105	National Institute Occupational Safety and Health	13,292	158224
93.113	Oregon Health and Science University	27,685	8409442
93.143	Oregon Health and Science University	5,068	8409441E
93.143	Oregon Health and Science University	407,465	8409441D
93.213	Kaiser Center for Health Research	2,212	Not Available
93.213	Oregon Health and Science University	123,601	Various
93.226	Research Triangle Institute	4,487	2-53U-6455 MOD #8
93.229	Lane County Public Safety	26,315	Not Available
93.230	Clark County Washington/Ctr for Mental Health Services	38,593	2001-SOC-01 MOD 1
93.230	Legacy Emanuel Hospital and Health Center	89,271	Not Available
93.230	Oregon Health and Science University	37,008	J525A
93.242	University of California - Berkeley	25,215	SA3344
93.242	University of Pittsburgh	8,266	103876-1
93.262	The Center to Protect Workers Rights	217,594	U02/CCU317202-03/1020
93.263	American Psychological Association/NIOSH	15,867	Not Available
93.263	Association of Environmental Health Academic Programs	5,000	Not Available
93.273	Education Development Center, Inc.	10,857	Not Available
93.273	Pacific Institute for Research Evaluation	28,874	710828
93.273	Behavioral Research Center of the Southwest	30,595	1 RO1 AA1279-01
93.283	Public Health Institute	106,536	1001862
93.283	University of California - Berkeley	7,574	SA2773-79213
93.306	Oregon Health and Science University	119,051	8409901
93.333	Duke University	1,538,474	GCID #100528, SITE 07
93.389	Oregon Health and Science University	24,075	Not Available
93.395	Molecular Medicine Research Institute	48,892	1501-830
93.395	University of California	235,547	Various

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
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<u>CFDA</u> <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
93.395	University of Minnesota	151,218	F6286155032
93.570	NCAA National Youth Sports Program	54,600	Various
93.571	National Collegiate Athletic Association	66,156	Not Available
93.575	Deschutes County - Oregon	2,188	Not Available
93.575	Lane County	11,356	205238
93.575	Multnomah County	1,534	0010684 AMEND
93.575	Oregon Child Care Resource and Referral Net	1,332	Not Available
93.575	Oregon Child Care Resource and Referral Net	12,977	02-RR04
93.612	Confederated Tribes of Warm Springs	19,476	Not Available
93.647	Linn Benton Community College	3,682	Not Available
93.647	University of Georgia	8,156	RR580-319/4182837
93.658	State of Washington	4,404	26842
93.777	Oregon Health Policy and Research	37,812	Not Available
93.779	KATHPAL Health Care Financing Research	51,096	2013
93.779	Ketchum Public Relations	171,691	UOR-CMS-01-0002
93.837	Boston University	289,255	MC-401532-D-JW
93.847	Stanford University	76,819	PY-0018 AMEND. 2
93.854	University of Pittsburgh	238	REFERENCE#104409
93.859	Bend Research Inc.	24,204	496-002
93.859	Wake Forest University	32,862	GM50389
93.862	Indiana University	5,828	Not Available
93.862	Stanford University	88,846	PR-0744
93.862	University of Texas at Arlington	13,311	26-1615-05-62
93.865	Georgia State University	6,554	12-ALA17-01
93.866	Pennsylvania State University	61,733	1925-UO-DHHS-7004
93.866	Regents of the University of California	93,059	DB98-AG14130-PSU
93.866	University of Michigan	2,174	F000386 AMENDMENT #2
93.867	Oregon Health and Science University	32,674	8401265
93.891	Oregon Health and Science University	76,908	8410186
93.894	University of Medicine and Dentistry	8,362	1 R25 RR15621 / P010057
93.894	University of Texas	332	Not Available
93.945	African American Health Coalition	59,441	Not Available
93.959	TELESIS Corp.	23,220	Not Available
93.969	Oregon Health and Science University	48,018	8400354-C1 AMEND #4
94.005	Pacific University/Oregon Campus Compact	11,816	00LHEH1059
94.006	Campfire	438	Not Available
94.006	Legal Aid Service of Oregon	2,493	Not Available
	Total	<u>\$27,500,279</u>	

**State of Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002**

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?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Reportable condition(s) identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Reportable condition(s) identified that are not considered to be material weaknesses?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> none reported
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, section 510(a)?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Type of auditor’s report issued on compliance for major programs:	Qualified – Medicaid Cluster	
	Unqualified – All Other Major Programs	

State of Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2002

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance Projects
14.228	Community Development Block Grant
66.458	Capitalization Grants for State Revolving Fund
83.549	Chemical Stockpile Emergency Preparedness Program
84.032	Federal Family Education Loan Program
84.186	Safe and Drug Free Schools and Communities
93.568	Low-Income Home Energy Assistance Program
N/A	Child Nutrition Cluster
N/A	Employment Service Cluster
N/A	Food Stamp Cluster
N/A	Highway Planning and Construction Cluster
N/A	Medicaid Cluster
N/A	Social Security/Disability Cluster
N/A	Student Financial Assistance Cluster

Dollar threshold used to distinguish
between type A and type B programs: \$15,522,196

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

02-1

Oregon Department of Corrections

User Access Management

The Oregon Department of Corrections (department) could improve its management of user access to the department's financial system, Automated Financial Accounting Manufacturing Inventory System (AFAMIS). The department has not developed a process to periodically review users' access privileges to ensure that they remain appropriate or monitor user activity. A review of user access identified the following: four individuals have the ability to enter payment transactions and authorize the release of the payment transactions, two users that are no longer at the department still have active user accounts, and four individuals have unlimited access to all of AFAMIS.

Management is responsible for implementing controls to restrict access to authorized users in order to safeguard information against unauthorized use, disclosure or modification, damage or loss. Without a periodic review and monitoring of user access privileges and activity, the department is less able to secure its system and detect unauthorized attempts to gain access to its system and data.

We recommend that management implement a process to periodically review and monitor users' access privileges and activity to ensure that it is appropriate.

AGENCY'S RESPONSE:

The Oregon Department of Corrections (DOC) concurs with the finding that management of user access to AFAMIS needs to be improved.

The process of maintaining internal controls related to AFAMIS is challenging because AFAMIS does not directly issue warrants. A nightly interface to the Statewide Financial Management Application (SFMA) executes the payments. Central Accounting currently has four staff who are involved in the various aspects of preparing warrants and releasing the nightly interface. At the time of this finding, AFAMIS security tables had the same access profile for all four staff which meant it was technically possible for people to both prepare and release payments.

The two outstanding user access profiles were related to prior Secretary of State auditors. While the AFAMIS table had not been updated to reflect the change in their access, DOC Information Systems staff had removed their access to the AS400 within five days of their departure date, which effectively eliminated any opportunity for a security breach in AFAMIS.

The larger issue for DOC is related to the 'Super' user access levels. Fiscal Services maintains the AFAMIS software system through two DOC staff and one outside contractor. The limited resources for AFAMIS technical support have caused DOC to assign much larger responsibilities to two individuals than other organizations with richer staffing.

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To strengthen controls over user access, the following plan has been implemented:

- *AFAMIS Security Administrator to order the user profile report once per quarter and review appropriateness of continued security for users who have not used the system at all in the preceding three months. These reports, along with notations of actions taken, are to be retained on file in the Fiscal Services office for six months following the close of the biennium in which they are run.*
- *A number of reports are available through the AFAMIS system for use in reviewing user security. Reports will be run by the AFAMIS Security Administrator and reviewed for anomalies or inappropriate combinations of user access. Findings will be noted and corrected by the Security Administrator. The reports and accompanying notations will be reviewed and signed by the Accounting Manager or Controller. The reports will be retained on file in the Fiscal Services office for a period of six months following the biennium in which they are run.*

In January 2003, the plan described above was implemented. A schedule of future reviews has been established, and reports have been set up to run automatically at the prescribed times.

02-2

Oregon Department of Fish and Wildlife

Point of Sale (POS) Canceled Document Process

The Oregon Department of Fish and Wildlife (department) does not have a process in place to review canceled transactions. According to Oregon Administrative Rule 635-010-0085 (1), "If an agent makes an error when issuing a document, no person may correct, alter or erase the information contained in the document, except for prepaid daily angler licenses. The agent must submit the original document and cancel Receipt to the Department." The department has not received documentation for all canceled transactions. Ensuring that canceled documents are sent in with the original document is the only control that ensures canceled transactions were for valid reasons.

We selected 10 agents for review and determined that there were 597 documents that had been canceled for these 10 agents between July 1, 2001 and June 30, 2002. Of the 597 canceled documents, we found that 261, or 44 percent, had been submitted to the department. Of those that had been received, 11 percent did not include the original POS document that had been canceled.

We recommend that the department develop a comprehensive system of reviewing canceled documents and ensure that all required information is received from licensing agents.

AGENCY'S RESPONSE:

The department agrees with the finding. The agency will issue a notification to all agents reminding them of Oregon Administrative Rule 635-010-0085 (1) that states, "If an agent makes an error when issuing a document, no person may correct, alter or erase the information contained in the document, except for prepaid daily angler licenses. The agent must submit the original document and cancel Receipt to the Department." This information is contained within the manual issued to each participating agent. In conjunction with notifying the agents, the department will be reviewing the current database with Information Services

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Division programmers, to see if modifications can be made to account for cancelled documents by agent and to record that the originals have been received.

02-3

Oregon Department of Fish and Wildlife
Headquarters Point of Sale (POS) Reconciliation

The Oregon Department of Fish and Wildlife's (department) licensing office, located at their Portland headquarters, does not perform a reconciliation between the POS licensing system and the cash register system. To account for sales, headquarters uses the POS system to generate the license or tag and uses a cash register system to record the receipt of cash. A nightly reconciliation of cash, checks, and credit card activity is done to compare amounts received to amounts in the cash register system. However, a reconciliation is not completed between the POS licensing system and the cash register system.

We recommend that the department strengthen its controls over cash receipts by reconciling cash register sales to the POS licensing system to ensure that all funds have been properly accounted for.

AGENCY'S RESPONSE:

The department agrees with the finding. The department will separate the use of two cash registers within the Licensing Division located at the Portland headquarters office. The first register will be exclusively used for walk-in customers and cash transactions. This will provide for regular reconciliations between this register and the POS system. The second register will be used for mail orders and faxes being received. We will be working with our Information Services Division to review the fiscal impact of reprogramming the current cash register system with the POS system to provide increased reconciliation functions. This reprogramming would include, but not limited to the producing of an exception report for documents and receipts not matched within thirty days. Any documents and receipts not matched and cleared within the thirty days, a manual reconciliation would be performed.

By April 2003, the department will separate the use of the two cash registers located within the Portland headquarters office. A July 2003 completion date has been set for the fiscal impact and proposal recommendations for the reprogramming of the current cash register and POS system.

02-4

Oregon Department of Forestry
Controls over Financial Reporting

The Oregon Department of Forestry (department) should improve its system of internal controls over its financial reporting process. Internal controls are the processes designed to provide reasonable assurance regarding the achievement of objectives relating to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

Our audit found that the department has significant weaknesses in its system of internal controls. Specifically:

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- The department's documented policies and procedures governing financial activities and systems development are either out of date or nonexistent.
- The department has not established a risk assessment process.
- The department has elected not to fill its internal audit position.
- The department is not following established contracting guidelines and State policy for cash receipting.
- Assignments of duties at the district or program level are not fully established, described and delegated.
- Some accounting staff may not be adequately trained to perform their assigned duties and position descriptions are out of date.

Without an adequate system of internal controls, department management is less able to meet its business objectives and is at a higher risk for inaccurate reporting (i.e., errors or theft could go undetected and uncorrected and impact the financial statements).

We recommend that department management: develop a risk assessment process to identify, analyze and manage risks; follow established policy regarding contracting and cash receipting; ensure that all staff at the district and program level have a clear assignment of duties; update position descriptions and ensure that all employees are adequately trained to perform their assigned duties and responsibilities; and consider filling the internal audit position or develop compensating controls.

AGENCY'S RESPONSE:

The department agrees with the finding and recommendations.

- *Finance Program staff is in the process of developing desk manuals for all non-management positions. We are also in the process of reviewing all current directives and administrative manual to determine the need for revision or addition based on current practices and policies. Once the assessment is complete, a work plan for implementation of those changes/additions will be put in place and changes made accordingly. However, current staffing levels will limit the Department's ability to immediately develop and implement all corrective actions on this item.*
- *Prior to this audit, the Finance Program was in the processes of attempting to identify major risks. As a result of that work, progress has already been made towards implementing new policies and procedures in the areas of payroll, contracting, budgeting and purchasing. Program staff will work to formally document those risks and implement systems and processes to reduce or eliminate those risks.*

The internal audit position has been held vacant due to General Fund revenue shortfalls. However, thus far, the position has been retained in the agency's budget and not eliminated permanently. Savings from the position are scheduled to remain in place through the remainder of the current biennium. It is the intent of the agency to fill the internal auditor position on July 1, 2003 concurrent with the beginning of the 2003-05 biennium.

- *We agree with the finding and recommendation. However, we believe it is important to note that a discrepancy exists between processes outlined in the Oregon Accounting*

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Manual (OAM) and the Oregon Revised Statutes covering cash management. The standards in the OAM are not as stringent as the requirements in the statute. The Department has been following the OAM requirements, and these requirements are restated in our own internal policy. The Department suggests that the Oregon Accounting Manual be revised to include the requirements in the Oregon Revised Statutes.

Prior to and during the period of the audit, contracting staff was in the process of reviewing existing contracting policies and procedures. Many of our internal findings were the same as those of the auditing staff. We are in the process of developing contracting signature authority documents, clarifying roles and responsibilities, and implementing new directives and internal manuals specifically addressing contracting practices.

- *As part of the risk analysis and other management control activities that were in progress prior to the audit, all financial related department-wide directives and administrative manuals have been or are in the process of being reviewed to determine if revisions or additions are needed. A work plan is in place for completion of the necessary updates. Training programs are being developed to ensure clearer understanding of processes and procedures and clarification of the roles and responsibilities of districts, units and Salem staff.*

Over the past year, as a result of a significant turnover in staff and management personnel, combined with the biennial budget allocation reductions, the Finance Program has undergone significant reorganization and some reassignment of duties as personnel attempt to keep up with workloads. As a result of that reorganization, position descriptions for many individuals have not been updated or finalized. Finance staff, as a result of interim audit discussions, are currently in the process of developing desk manuals for each staff member and updating associated position descriptions.

02-5

Oregon Department of Forestry
Contracting

The Oregon Department of Forestry (department) should improve its contracting process. During the audit, fire-related professional service contracts were tested to ensure appropriate authorization, proper documentation and accuracy of payment amounts. Oregon Administrative Rules, Chapter 125, identifies various requirements governing State contracting that must be adhered to when establishing professional service contracts.

Our audit found that the department's contracting process has significant weaknesses. Specifically, the department lacks sufficient policies and procedures over its contracting processes; some contract files were incomplete and out-of-date; payments made were not always independently reviewed and approved; and some payments were not adequately supported, contained calculation errors, were not made timely, and were not posted to the accounting records correctly.

Based on the sample of invoices reviewed, the department has a net effect of overpayment to vendors of at least \$10,323.

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We recommend that department management further develop policies and procedures over its contracting activities to ensure that files are complete and up-to-date, work is independently reviewed, and payments are tied to specific contracts, calculated and posted correctly, and made in a timely manner. In addition, the department should correct errors identified during the audit.

AGENCY'S RESPONSE:

We agree with the finding and recommendation. Fiscal year 2002, the year for which this audit was performed, was a time of unprecedented forest fires and fire suppression duties. Given this level of activity and our experience this past fire season as well, we have initiated several reviews of fire finance, contracting and accounting processes and systems, and work groups have been established to address and propose solutions and develop action plans aimed at reducing errors and delays associated with these critical periods.

The majority of the audit comments in this area were relative to contracts for emergency fire services. The department, prior to the audit, recognized the need for increased administration of its master crew agreement. Based on our analysis of need, the department has since increased our role in the development of these interagency crew agreements, and has dedicated more experienced and knowledgeable staff to the administration and oversight of these contracts. Specific training efforts in this area are scheduled for this spring, and the department's Fire Finance Committee is scheduled to implement new payment processes and more clearly define roles and responsibilities in this area.

02-6

Oregon Department of Forestry
Timber Sales and Transfers to Counties

The Oregon Department of Forestry (department) process for recording and reporting timber sales and transfers to counties should be improved. Recognition of timber sale revenue occurs after the timber is harvested, when the funds become available and measurable. The department is required by statute to return a percentage of the funds to the counties from which the sale originated. The percentage returned can vary depending on the amount of rehabilitation funds in the sale.

During the audit, we found that the department did not recognize all revenue in the period in which it was earned, resulting in an understatement of revenue totaling approximately \$6.67 million and an underpayment to counties totaling approximately \$3.95 million for fiscal year 2002. However, we also noted that the department had miscalculated the counties share of revenue for those sales containing rehabilitation funds. The miscalculation resulted in overpayments to counties of at least \$56,000 and, according to department staff, may be as much as \$2 million.

We recommend that department management establish controls to ensure that revenue is recognized in the correct period and the calculation of payments to counties is accurate and follows statute. Those controls should include, at a minimum, written instructions, training and independent review of the work performed. In addition, the department should determine the total amount of revenue distributed to counties in error and seek reimbursement.

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AGENCY'S RESPONSE:

We agree with the finding and recommendation. However, we believe that the recognition of revenue finding reflects a historic practice that was in effect for decades and never questioned in previous reviews or audits.

Nonetheless, the department has taken the steps to modify its accounting practices to recognize revenue received as required under law and as advised by the auditors. Additionally, the department has identified all rehab payback payments that may have been erroneously coded and resulted in overpayments made to the counties. We are in the process of calculating the amounts of those overpayments and will collect the overpayments from future quarterly payments to the counties in question. Our procedure manuals have been updated, and increased managerial oversight and audit of this process has been put into place.

02-7

Oregon Department of Human Services

Logical Access Controls

(Material Weakness)

The Oregon Department of Human Services (department) is responsible for establishing internal controls to safeguard computer systems and data from unauthorized use, disclosure or modification, damage or loss. These safeguards should include logical access controls to limit access based on an individual's need to view, add, change or delete programs or data. Management is also responsible for maintaining internal controls including segregation of duties to minimize the likelihood of errors or illegal acts. During our audit, we found that security controls over the department's various computer applications did not adequately restrict access to data and systems according to an individual's demonstrated needs. Thus, the agency's ability to provide for or enforce segregation of duties among its various users was compromised.

We recommend that department management develop and implement both long-range and short-range plans to improve security controls over its computer applications. Those plans should fully address the computer security issues outlined in the following reports issued by the Secretary of State:

Report No. 2001-23, Oregon Department of Human Services, Food Stamp Management Information System – Application Controls Review;

Report No. 2001-37, Oregon Department of Human Services, Security Controls for Computer Applications and its associated confidential report;

Report No. 2001-55, Oregon Department of Human Services, Evaluation of General Computer Controls.

AGENCY'S RESPONSE:

The department generally agrees with the finding. The department implemented the following initiatives to begin to address the findings in the Secretary of State reports 2001-23, 2001-37, and 2001-55:

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- *Established an Information Security Program. The program is designed to enhance security while maintaining continuity of our business. The plan identifies several key action areas including policy development and implementation, raising security awareness of staff and stakeholders, classification of data, development and implementation of a role-based access system. As part of this effort, the department established a DHS Security Steering Committee and appointed an Information Security Manager.*
- *Completed agency wide security assessment. Identified risks were reviewed and classified as “moderate to high.” Initiatives that were ranked as “high” level risks and had a low cost impact were implemented immediately.*
- *Developed and implemented a short-term security plan. The short-term plan was designated to implement initiatives that had an immediate impact on improving security.*
- *Initiated a process to design and implement Role Based Access. Preparatory steps include training of key staff, revision of procedures for granting data access and classification of data.*
- *Implemented policies establishing the Information Security Program and Role Based Access. Policies soon to be implemented include password control, incident response, and various technically-related policies.*
- *Initiated a security awareness program, which raises the awareness of staff, partners and others about information security basics and their responsibilities.*
- *Implemented numerous technical security enhancements including installation of an additional firewall for a set of specialized data, enhanced security monitoring, and coordinated hosting of data at an authorized licensed off-site location.*
- *Trained information technology staff on security software enhancements and security monitoring. Staff with data access responsibilities received enhanced training in Resource Access Control Facility (RACF), a program that provides improved security for data and controls what users can access on the operating system.*
- *Strengthened operational controls at the data center including software system changes and agreements, safeguard checks, further restricted physical and information access of contractors.*
- *Began development of a strategic and long-range plan for information security.*

In the next six months we plan to:

- *Install an intrusion detection system.*
- *Research and implement technical changes required for policy implementation.*
- *Revise contracts to outline contractor’s obligations in the area of information security.*
- *Continue raising staff and stakeholder awareness to enhance understanding of information security.*
- *Continue development of security policies in the areas of Data Classification, Personnel Security, Physical/Environmental Security, Contracts, Application Development Security, and Business Continuity Planning.*

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02-8

Oregon Department of Human Services

General Accounting Internal Control Weaknesses

(Material Weakness)

Internal controls within the Oregon Department of Human Services (department) were insufficient to ensure transactions posted to the financial statements were valid, accurate, and made in accordance with federal regulations. For example, we noted the following:

- The federal revenue accruals for six of the department's divisions were incorrect. The proposed Director's Office accrual for federal revenues totaled \$202 million, of which \$132 million was the result of errors in prior year's accruals. Although the amounts were less, similar accrual errors were found in the five other divisions we audited.
- Expenditures relating to the proportionate share incentive adjustment lacked sufficient documentation to justify the expenditures or facilitate proper reporting.
- Proper segregation of duties over payment calculation and expenditure authorization for the proportionate share incentive adjustment did not exist and independent reviews did not occur.

We recommend that the department develop and implement policies and procedures to ensure that all accounting transactions are appropriately authorized, justified, documented, and reviewed for accuracy and compliance with federal regulations prior to initiation and finalization. We also recommend that the department separate payment calculation and expenditure authorization functions for proportionate share incentive adjustment payments.

AGENCY'S RESPONSE:

The department generally disagrees with the finding. As soon as the federal revenue accrual issues were identified, the department corrected the accruals using post-closing financial statement adjustments.

The process used to develop the proportionate share incentive adjustment involves an estimation of what Oregon could have paid using Medicare payment principles. Since the process estimated a payment rate, traditional accounting invoices were not generated. Intergovernmental agreements between the State and each health district specify how the district-specific portion of the estimated proportionate share incentive adjustments will be paid. The proportionate share incentive transactions were very high profile and involved documentation to the Legislative Emergency Board, the 2001 Legislature, Oregon Department of Administrative Services, Legislative Fiscal Office, and numerous department executive and management staff.

Policies and procedures will be implemented to ensure that more traditional documented approvals on future transactions are also available

Section III – Federal Awards Findings and Questioned Costs

02-9

Oregon Department of Education

Child Nutrition Cluster

Monitoring of School Food Authorities

The Oregon Department of Education (department) is not determining whether matching requirements are being made by the School Food Authorities (SFAs). The department notifies the SFAs of their matching requirements on a timely basis as required. The department does not directly monitor the SFAs for assurance of compliance with the program requirement. Monitoring of the SFA's transfer of their share of the State appropriation is critical to determining the program's matching requirement is met.

The State is required to contribute State appropriated funds amounting to at least 30 percent of the funds it receives under Section 4 of the Richard B. Russell National School Lunch Act (NSLA). Under 7 CFR 210.17(d), the State can meet this matching requirement by tracking State appropriated funds that SFAs have indirectly applied to the program from their general funds to their school service funds.

The department relies on Single Audit reports from the SFAs to disclose any program noncompliance. This covers only 146 of the 231 or 63 percent of the schools that were monitored. The other 85 did not have Single Audits because they were under the \$300,000 threshold. Also, reliance on the outside auditors assumes the Child Nutrition Cluster was selected for examination as part of the Single Audit.

We recommend that the department should require specific program information from all SFAs that discloses or affirms that the required general fund transfer or other matching mechanism was made.

AGENCY'S RESPONSE:

The Oregon Department of Education (department) agrees with the finding. The department will require School Food Authorities (SFAs) to submit an annual notarized report to Child Nutrition Programs (CNP). CNP will develop a form for SFAs to use. Per 7 CFR 210.17(d), the report form will "...require specific program information from the SFA that discloses or affirms that the required general fund transfers or other matching mechanism was made."

02-10

Oregon Department of Education

Child Nutrition Cluster

Monitoring of Food Service Program

The Oregon Department of Education (department) is not determining whether the School Food Authorities (SFAs) are operating their food service program on a non-profit basis, or if they have profits, they are using them to improve their food service program. The department does not directly monitor the SFAs for assurance of compliance with the program requirement. The department should be determining that federal reimbursements are promptly credited to the school food service account, and that any transfers out of the school food service account are

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for the benefit of the program. Monitoring of SFA's accounting of their food service program is critical to determining the program's requirement is met.

SFAs are required to operate its food services on a non-profit basis. All revenue generated by food services must be used to operate and improve food service under 7 CFR section 210.14(a), 210.14(c), 210.19(a)(2), 215.7(d)(1), 220.2(o)(2) and 220.7(e)(1)(i).

The department relies on Single Audit reports from the SFAs to disclose any program noncompliance. This covers only 146 of the 231 or 63% of the schools that were monitored. The other 85 did not have Single Audits because they were under the \$300,000 threshold. Also, reliance on the outside auditors assumes the Child Nutrition Cluster was selected for examination as part of the Single Audit.

We recommend that the department require specific program information from all SFAs that discloses or affirms that the school food service programs are promptly accounted for.

AGENCY'S RESPONSE:

The Oregon Department of Education (department) agrees with the finding. The department recognizes the importance of SFAs' accounting of their food service program funds as well as maintaining the non-profit status of their school food service program. We offer the following three corrective action items:

- (a) Inform SFAs of their responsibilities regarding the accounting of their food service program, including information distributed by numbered memoranda; the department's web page; our developing School Nutrition Program Administrative Manual; and annual School Nutrition Finance Training.*
- (b) Require School Food Authorities (SFAs) to submit an annual notarized report to Child Nutrition Programs (CNP). CNP will develop a form for SFAs to use. The report form will assure the department that federal reimbursements were promptly credited to the school food service account, and that any transfers out of the school food service account were for the benefit of the program.*
- (c) Per Federal Regulations 7 CFR 210.14(a) and 221.2(O), the department will "...require specific program information and data from all SFAs that discloses or affirms..." the non-profit status of school food service programs. The CNP, School Finance, and Data and Analysis offices, within the department, will work together to develop a report similar to Washington State, in which expenditures are compared to revenue to ensure that the current operating balance does not exceed the average monthly expenditures, less commodities, multiplied by three months.*

If revenues exceed expenditures by three months, a child nutrition specialist will work individually with the SFA to assist them in developing a plan to reduce the current operating balance, similar to the plan used by South Carolina.

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02-11

Oregon Department of Human Services

Medicaid Cluster

Expenditure Reporting

The Quarterly Medicaid Statement of Expenditures for Medical Assistance Programs (form CMS-64) is the accounting statement which States, in accordance with 42 CFR 430.30(c), must submit to the federal government each quarter under title XIX of the Social Security Act. This report shows the disposition of Medicaid grant funds for the quarter being reported and previous fiscal years.

During our review of proportionate share incentive adjustment payments, we found that \$156 million of the \$258 million distributed during state fiscal year 2002, were incorrectly reported on the CMS-64. These errors were primarily due to the internal control weaknesses described in finding 02-8.

We recommend that the Oregon Department of Human Services correct the internal control weaknesses identified in 02-8 and submit revised reports to the federal government.

AGENCY'S RESPONSE:

The department agrees with the finding. The department made a prior period adjustment to the financial statements for the proportionate share incentive adjustment amount attributed to state fiscal year 2001. The department will re-submit the CMS-64 report with this correction.

02-12

Oregon Department of Human Services

Medicaid Cluster

Expenditure Documentation and Allowability

Questioned Costs total \$155,315,028 for payments made during state fiscal year 2002

On January 12, 2001, the federal government revised its regulations governing proportionate share incentive adjustments. The resulting regulation, 42 CFR 447.272, established more stringent requirements for the program including a transition period beginning March 13, 2001. Requirements of the transition were that payments would not increase and would not exceed those that were made in state fiscal year 2000. In addition, federal guidelines indicate that payments must be based on verifiable and reasonable calculations.

During our review, we noted that proportionate share incentive adjustment payments indicated that it exceeded the mandatory limits of 42 CFR 447.272. During state fiscal year 2000, the department paid \$56 million for the proportionate share incentive adjustment. Payments made during state fiscal year 2001 totaled \$98 million and payments made during state fiscal year 2002 totaled \$258 million. These expenditures included federal funds and the required State matching funds.

In addition, we found that documentation supporting payments made in state fiscal year 2001 and state fiscal year 2002 was not sufficient to justify the expenditures. As a result of the above conditions, we question the \$155.3 million in federal funds paid in state fiscal year 2002

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as well as the \$58.9 million in federal funds paid for the proportionate share incentive adjustment during state fiscal year 2001.

We recommend that the Oregon Department of Human Services fully comply with 42 CFR 447.272.

AGENCY'S RESPONSE:

The department disagrees with the finding. The methodology used for calculating the amount of the proportionate share incentive adjustments projected to be made in the 2001-03 biennium was thoroughly reviewed by the Oregon Department of Administrative Services (DAS) staff, the Legislative Fiscal Office (LFO), and private sector accountants familiar with Medicaid and Medicare.

During the 2001 legislative session, the department worked with the LFO and DAS on changing our methodology for calculating the proportionate share adjustment. This change in methodology increased the amount contributed during state fiscal year 2000. The department is confident calculations related to these transactions were made correctly under CFR provisions. An Attorney General Legal Letter dated January 17, 2003, states: "we believe that the retroactive payment was consistent with Medicare payment principles and was not prohibited by the State Plan Amendment. The fact that the adjustment was made in state fiscal year 2001, which had the effect of increasing the state fiscal year 2000 base year... does not violate federal regulations."

Also, at the time of the calculation an LFO Budget Brief noted: "During the session, [the Oregon Department of Human Services] DHS investigated alternative methods to maximize Medicaid Upper Payment Limits revenue. The chosen method acknowledges regulatory changes that allow a higher Medicare upper limit to be used." DHS will continue to work with [Centers for Medicare and Medicaid Services] CMS on their review.

02-13

Oregon Department of Human Services

Medicaid Cluster

Cash Management

The Cash Management Improvement Act of 1990 provides that State agencies must minimize the time between the deposit of federal funds in the State's accounts and the disbursement of funds for program purposes. During our review of the Mental Health Division's federal revenues and federal expenditures, we found that \$15.7 million in Medicaid funds was drawn in advance of associated expenditures. It was unclear when or why the \$15.7 million was drawn. However, at year-end, the Oregon Department of Human Services (department) had a positive cash balance and \$5.7 million of the deferred amount was expected to be paid during July through September 2003.

We recommend the department comply with the funding technique prescribed by the Cash Management Improvement Act for the Medicaid program. We also recommend the department work with the State Controller's Division to calculate the interest owed and to ensure that the federal government is appropriately reimbursed.

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AGENCY'S RESPONSE:

The department generally agrees with the finding. However, the department typically experiences a cash flow problem at the end of each fiscal year. This cash flow problem is due to the way the State accounting system operates. When checks are written, they are recorded in the system as a reduction of cash. Cash is not drawn from the federal government until the checks are actually negotiated.

When this occurs, the State Cash Management Improvement Act (CMIA) Agreement negotiated between the Oregon Department of Administrative Services on behalf of all State agencies and the U.S. Treasury allows the department to utilize the Pre-Issuance Funding technique and draw Medicaid funds in advance of expenditures. If the department did not draw additional funds from the federal government using the Pre-Issuance Funding technique, the department would not be able to issue payments to providers for client services.

The Mental Health and Developmental Disability Services Division did not draw cash before expenditures were made. The State CMIA Agreement negotiated between DAS on behalf of all State agencies and the U.S. Treasury Section 6.1.4. states that "When State funds are not available, the State shall switch to the Pre-Issuance Funding technique." The Pre-Issuance Funding technique involves the State requesting funds that are deposited in a State account not more than two days prior to the day the State makes a disbursement. Because the department drew these funds prior to their use, "The State is liable for interest payment...on Federal funds from the date the Federal funds are credited to a State account until the date those funds are paid out from the account for program purposes."

DAS is required to submit to the federal government an annual interest calculation with its Annual Report in accordance with 31 CFR Part 205 (CMIA Section 10.1). DAS has already calculated the amount of interest due to the federal government as of December 2002. The department will work with the DAS State Controllers Division to explore ways to minimize the need to utilize the Pre-Issuance Funding technique.

02-14

Oregon Department of Human Services

Medicaid Cluster

ADP Risk Analysis and System Security Reviews

The Medicaid program is highly dependent on extensive and complex computer systems that include controls for ensuring the proper payment of Medical benefits. The Office of Management and Budget (OMB) Circular A-133 Compliance Supplement establishes compliance requirements for the Medicaid program. One of the requirements, Automated Data Processing (ADP) Risk Analysis and System Security Reviews, requires States to establish a security plan for ADP systems that include policies and procedures to address: (1) physical security of ADP resources, (2) software and data security, (3) personnel security, (4) contingency plans to meet critical process needs in the event of short- or long-term interruption of service, and (5) other computer system safeguards.

During our audit, we found that the Oregon Department of Human Services (department) did not have certain security controls in place over various computer applications. Please refer to finding 02-07, Logical Access Controls, for details of this finding and our recommendation.

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AGENCY'S RESPONSE:

Please refer to finding 02-07 for agency response.

02-15

Oregon University System

Student Financial Assistance Cluster

Return of Title IV Funds for Unofficial Withdrawals

CFR 668.22 provides for the return of Title IV funds to the Oregon Department of Education (department) when students receiving financial assistance withdraw from the institution or cease attendance. For institutions not required to take attendance, if the student ceases attendance without providing official notification to the institution (unofficial withdrawal), the midpoint of the period of enrollment is considered the withdrawal date, and a calculation of potential return of Title IV funds is required. Further, institutions are required to document a student's withdrawal date and to maintain documentation as of the date the institution determined the student withdrew.

All universities within the Oregon University System (OUS) treat failing grades (F) as earned, with no calculation of return of Title IV funds done in situations of all F grades. Several campuses provide for a "no basis" grade category, and students receiving all "no basis" grades are investigated for verification of attendance, with a subsequent calculation for return of Title IV funds as needed. During the conduct of the audit, testing of unofficial withdrawals disclosed the following:

1. Eastern Oregon University (EOU): EOU grading policies provide for a "no basis" grade category (Y grades). Situations with all "Y" grades were investigated by EOU for possible unofficial withdrawal status. However, in three of the six cases tested during the audit, there was no follow up done when either the student failed to respond to the institution's inquiry, or the response from the student indicated withdrawal from classes. There was no use of the 50% term midpoint for calculation of possible return of Title IV funds to the Department of Education. In fact, per inquiry, there was no calculation of possible return of funds done for any student in this category.
2. Oregon Institute of Technology (OIT): Oregon Institute of Technology does not provide for unofficial withdrawal of students and does not investigate all "F" or similar "zero" credit situations for attendance. There is no provision for a "no basis" grade category, so attendance-based failures are not differentiated from performance-based failures. Accordingly, attendance-based failures are not investigated for possible unofficial withdrawals. In conjunction with the audit, OIT ran a report to determine the number of students receiving all "F"s during Spring Term 2002. The report disclosed six students receiving "zero" credit grades. The University subsequently identified three of the six students as unofficial withdrawals. This same process was completed for Summer Term 2002. The report disclosed three students receiving "zero" credit grades. The University subsequently identified one of the three Summer Term students as unofficial withdrawals. There was no mechanism for the identification of students who cease attendance without notification to the institution. Consequently, there were no subsequent calculations for the possible return of Title IV funds.

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3. Oregon State University (OSU): Oregon State University does not provide for unofficial withdrawal of students and does not investigate situations of all “F” grades or similar “zero” credit situations for possible unofficial withdrawals. There is no provision for a “no basis” grade category, so attendance-based failures are not differentiated from performance-based failures. Accordingly, attendance-based failures are not investigated for possible unofficial withdrawals. There were mechanisms to identify students who dropped all their classes, cancelled registration for classes, or notified other campus offices without completing the formal withdrawal process. However, there was no mechanism to identify those students who ceased attendance with no notification to the institution. Because students who ceased attendance without any notification to the institution were not identified, there was no corresponding determination of date of withdrawal or calculation for the possible return of Title IV funds for these students.

Because institutional procedures conflicted with regulatory requirements pertaining to identification and resolution of unofficial withdrawals, the potential effect is unearned assistance funds are not properly returned to the department for use at other institutions or for other eligible recipients. However, the significance of the instances of noncompliance in view of the size of Title IV programs is deemed not material to the overall programs.

We recommend that:

1. Eastern Oregon University: Establish procedures to thoroughly investigate cases of identified possible unofficial withdrawals. Follow up to determine the date of withdrawal and/or substantiation of attendance. As appropriate, calculate possible return of Title IV funds using the established date of withdrawal or the default 50% midpoint.
2. Oregon Institute of Technology and Oregon State University: Establish procedures to investigate cases of possible unofficial withdrawals by requesting proof of attendance from all students receiving “zero” credits through award of all “F” or a combination of “F” and “W” grades. Based upon responses from students, determine the date of withdrawal and/or substantiation of attendance, and, accordingly, calculate the possible return of Title IV funds using the established date of withdrawal or the default 50% midpoint.

AGENCY’S RESPONSE:

The Oregon University System’s management concurs with this recommendation. Response from each institution follows:

Eastern Oregon University has established the following procedures to thoroughly investigate, follow up, and return appropriate funds in cases of identified possible unofficial withdrawals.

- *Students determined to have received all “no basis” grades will be identified and notified through several methods (not just through mail), that they need to prove that they were in attendance more than 60% of the term.*
- *The unofficial withdrawal calculation (50% for mid term) will be made at the same time, and the appropriate Title IV funds will be returned to the department within 30 days of the end of the term.*
- *Should the student prove the completed 60% of the term, their funds will be reinstated.*

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Oregon Institute of Technology does not provide for unofficial withdrawal of students and has no provision for a no basis grade. A process was implemented during the audit to identify students who unofficially withdraw. We now have a mechanism for the identification of students who cease attendance without notification to the institution.

At the end of each term a report is generated that lists all students who received Title IV funds and also received all "F grades". The instructors of the students who received "all Fs" are contacted and asked to provide information on last date of attendance. The return of Title IV funds calculation is performed based on the information provided by instructors. The 50% term midpoint is used when a withdraw date cannot be established.

Oregon State University is establishing procedures to investigate cases of possible unofficial withdrawals by requesting last date of attendance for all aid recipients receiving "zero" credits through award of all "F" OR a combination of "F" and "W" grades. Based upon results from these investigations, OSU will determine the date of withdrawal and/or substitution of "academically-related activity", and, accordingly, calculate the possible return of Title IV funds using the established date of withdrawal or the default 50% midpoint.

Section IV – Schedule of Prior Financial Statement Findings for the Years Ended June 30, 2001 and 2000

This section includes the current status of all financial audit findings from fiscal year ended June 30, 2001. It also includes the current status of all financial audit findings from fiscal year ended June 30, 2000 that were uncorrected at June 30, 2001.

Finding 01-1: Accounting for Fixed Assets

Recommendation: Oregon Department of Corrections (department) should fully develop, document and consistently apply policies and procedures for recording and accounting for fixed assets, including policies and procedures related to the new reporting requirements for fixed assets under GASB 34.

Status: Partial corrective action was taken.
The department has completed a draft of processes for fixed assets. The department also recently created and filled a new controller position and is in the process of updating policies and procedures for recording and accounting for fixed assets.

Finding 01-2: Segregation of Duties

Recommendation: Oregon Department of Corrections (department) should implement a division of roles and responsibilities, which should exclude the possibility for a single individual to subvert a critical process, provide cross training and back-up of key personnel, and document accounting processes and procedures on how to use its system.

Status: Partial corrective action was taken.
The department has taken action to reduce reliance on a single individual's knowledge of the Automated Financial Accounting Manufacturing Inventory System (AFAMIS). The department filled a new controller position and documented accounting procedures in AFAMIS. In addition, an AFAMIS project manager was hired to upgrade the system to a window-based environment. Preparation for the upgrade included documentation of the accounting system processes. It also identified inconsistencies and/or duplication of procedures. The controller will address these issues in the near future.

Finding 01-3: Independent Review

Recommendation: Oregon Department of Corrections (department) should ensure that independent reviews are conducted on critical accounting processes.

Status: Partial corrective action was taken.
During the year, the department's accounting manager position became

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vacant and will remain so due to the statewide hiring freeze. The department created and recently filled a new controller position who will be responsible for independent reviews of critical accounting processes.

Finding 01-4: Fixed Assets

Recommendation: The Oregon State Lottery (department) should evaluate and improve its automated system for tracking and accounting for fixed assets so that it more readily provides information supporting fixed asset balances. In addition, management should perform periodic reviews of the fixed asset database to ensure accuracy and conformity with fixed asset policies and generally accepted accounting principles. We also recommend that the department periodically review and adjust depreciation and amortization schedules to more accurately allocate asset costs.

Status: Corrective action was taken.
The department implemented the use of Crystal reports to compile fixed asset account information. The Crystal reports allow department staff and management to more accurately record and monitor fixed asset balances. In addition, management conducted a review of Lottery assets and removed assets from the fixed asset accounts that did not meet the agency's capitalization threshold, were obsolete or were no longer in service. Assets totaling \$2.4 million were appropriately removed from Lottery accounting records. Finally, Lottery revised its fixed asset policy to include a review and adjustment of depreciation guidelines every two years to better reflect actual useful life and residual value of assets. During fiscal year 2002, the department conducted its first review of assets and revised the salvage value of its vehicles.

Finding 01-5: Cash Account Reconciliations

Recommendation: Oregon Department of Transportation (department) accounting staff should reconcile all of its cash accounts monthly with the Oregon State Treasury. The reconciliations should be performed within 30 days of the monthly closing dates in Statewide Financial Management Application (SFMA) and should be reviewed timely by appropriate management. The department should coordinate with the Oregon State Treasury to obtain reports that will aid in the reconciliation.

Status: Corrective action was taken.
The department strengthened supervision and controls over cash reconciliations. All cash reconciliations for state fiscal year 2002 were completed within 30 days of the close of the month in SFMA.

Section V – Schedule of Prior Federal Awards Findings and Questioned Costs for the Years Ended June 30, 2001 and 2000

This section includes the current status of all federal audit findings from fiscal year ended June 30, 2001. It also includes the current status of all federal audit findings from fiscal year ended June 30, 2000 that were uncorrected at June 30, 2001.

**Finding 01-6: HOME Investment Partnerships Program, CFDA 14.239
Real Property Compliance Requirements**

Recommendation: Oregon Housing and Community Services Department (department) should ensure that all sponsors are in compliance with HOME Program requirements. We also recommend that uniform documentation practices be implemented to ensure all required documentation is included in project files.

Status: Corrective action was taken.

- The HOME project manager has directed program representatives to verify that the appropriate acquisition notifications are in place.
- An item on the agenda from the Housing Resources Section meeting on February 11, 2002 included Uniform Relocation Act requirement training. There has been discussion with the program representatives as to the importance of the forms.
- The department requires the use of guide forms specified in the HOME Project Management Handbook with occasional minor revisions for special circumstances. Any revision of wording requires section or program management approval.
- In addition to the corrective action plan submitted, the department has placed the acquisition notification guide forms for the HOME program within the Program Manual and Application Materials towards the front of the manual.

**Finding 01-7: HOME Investment Partnerships Program, CFDA 14.239
HOME Expenditure Allocation**

Recommendation: Oregon Housing and Community Services Department (department) should ensure expenditures are properly allocated to the programs that receive the relative benefit. The department should also ensure that expenditure transactions are reviewed for proper allocation.

Status: Corrective action was taken.

- The department Financial Operations section appropriately reduced expenditures to the HOME program by \$113.61 for travel

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expenditures that were allocated in excess of an individual's specific payroll allocation percentages. The Financial Operations Manager reviews the monthly position (assignment) allocation online during her review of costs allocated to the program. The Grant Unit Manager also reviews the expenditures for proper allocation.

- Department staff completed the State of Oregon's Consolidated Plan that is submitted to the Department of Housing and Urban Development. Although the Consolidated Plan is filed for four programs: HOME, Emergency Services Grant, Community Development Block Grant, and Housing Opportunities for People with AIDS, the department did not receive federal funds for all of these programs (during fiscal year 01). The department did not have a mechanism in place to charge the related costs to those programs. The department has reviewed the federal funds received from December 1999 to July 2002 and prepared an allocation plan for administrative costs related to the State Consolidated Plan. The review found expenditures that should have been charged to HOME but were charged to other programs. Using the allocation plan, charges to the HOME program will be increased by \$5,555.02 during September 2002.

Finding 01-8: Formula Grants for Other Than Urbanized Areas, CFDA 20.509 Subrecipient Monitoring

Recommendation: Oregon Department of Transportation (department) should develop a formal subrecipient monitoring plan to assure compliance with federal requirements. The department Financial Service staff should complete on-site visits within a reasonable time period and ensure subrecipients meet audit requirements.

Status: Corrective action was taken.
The department established a formal subrecipient monitoring plan that provides reasonable assurance of compliance with federal requirements.

Finding 01-9: Research and Development Cluster Reporting Requirements

Recommendation: The University of Oregon (UO) should implement more focused policies and procedures, which will allow for a more timely filing of federal financial reports.

Status: Corrective action was taken.
Follow-up inquires and observation occurred at the University of Oregon in September 2002. Auditors observed the electronic reporting

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module placed in operation by the Research Services and Administration Division during fiscal year 2002. Discussions with the Director of the Division and operational personnel indicated the module was being implemented in phases through fiscal year 2003, with all new grants being entered into the module at the time of award. Existing grants were being phased in. Accordingly, there is a parallel “tickler” system in place until full implementation is complete. Spot checks of selected grant reports indicated management oversight and follow through was adequate.

Finding 01-10: Medicaid Cluster Eligibility

Recommendation: Oregon Department of Human Services (department) should revise the eligibility manual and eligibility determination practices to comply with federal law. The federal five-year ban should be applied immediately to any new Oregon Health Plan certification periods, and the department should consider reviewing active cases and revising eligibility status to comply with federal law.

Status: Corrective action was taken.
The department revised the following policies regarding Medicaid eligibility of non-citizens to comply with federal law effective July 1, 2002.

- Oregon Administrative Rule 461-120-0125
- State Medicaid Plan
- Non-Citizen Eligibility Section of the Family Services Manual

Branch office staff was instructed to implement the new requirements for all case actions and eligibility determinations occurring on or after the effective date.

Finding 01-11: Federal Family Education Loan Program, CFDA 84.032 Transfer of Accrued Interest

Recommendation: Oregon Student Assistance Commission (OSAC) should transfer interest accrued on the federal share of borrower collections to the Federal Fund unless OSAC receives different guidance from the U.S. Department of Education.

Status: Corrective action was taken.
A settlement amount was agreed to between OSAC and the US Department of Labor. OSAC transferred the amount to the Federal Fund.

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- Finding 01-12: **Federal Family Education Loan Program, CFDA 84.032
Transfer of Federal Funds**
- Recommendation: Oregon Student Assistance commission (OSAC) should develop and formally document accounting procedures and policies to comply with Federal requirements. A monthly checklist should be developed to insure that all required procedures have been completed.
- Status: Corrective action was taken.
The Federal Fund's equitable shares of borrower's repayments are immediately being deposited into the federal funds. OSAC has created a checklist of required procedures.
- Finding 01-13: **Federal Family Education Loan Program, CFDA 84.032
Cost Principles**
- Recommendation: Oregon Student Assistance Commission (OSAC) should redraft the cost allocation plan in accordance with the provisions of OMB Circular A-87. The Commission has adequately staffed the accounting department and OSAC should prepare a revised plan as soon as time allows and use an approved method of determining personnel costs.
- Status: Corrective action was taken.
The allocation plan has been redrafted and is supported by time sheets, current salary and wage certifications, and a Certificate of Cost Allocation signed by OSAC's deputy director.
- Finding 00-3: **Student Financial Assistance Program Cluster
Refunds and Repayments**
- Recommendation: The institutions in the Oregon University System should implement policies and procedures, which provide for more timely completion of the refund process.
- Status: Eastern Oregon University and Portland State University took partial corrective action. Testing conducted at the two institutions (Eastern Oregon University and Portland State University) revealed that full and complete procedures to ensure return of funds to the Department of Education within the required 30-day period had not been implemented.
- Finding 00-8: **Block Grants for the Prevention and Treatment of Substance
Abuse, CFDA 93.959, Cash Management**
- Recommendation: The Mental Health and Developmental Disability Services Division (division) should comply with the zero balance accounting technique

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for disbursements in the Substance Abuse Prevention and Treatment (SAPT) Block Grant program as prescribed by the Cash Management Improvement Act amendment or seek a revision to allow the division to use reimbursable funding.

Status: Partial corrective action was taken.
The division's monthly allotment process currently in use closely estimates the zero balance accounting technique for disbursements. The division is in the process of implementing a new contract payment system.

Finding 00-11: **Formula Grants for Other Than Urban Areas, CFDA 20.509, Reconciliation of Accounting Records to SEFA**

Recommendation: The Oregon Department of Transportation (department) should reconcile its reported schedule of expenditures for the Schedule of Expenditures of Federal Awards (SEFA) to the accounting records maintained by the various department divisions that are accounting for federal programs. The department should ensure that reconciliations are performed and that accurate information is reported.

Status: Corrective Action was taken.
The department now reconciles expenditures for the SEFA with accounting records.

APPENDIX A

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

REPORT TITLE AND NUMBER	Oregon Department of Human Services: Security Controls for Computer Applications, 2001-37
REPORT DATE	August 28, 2001
RESULTS IN BRIEF	The object of our audit was to evaluate the adequacy of the Oregon Department of Human Services (department) security controls for computer applications intended to protect health and welfare information. Security did not receive an appropriate level of attention and resources. As a result, the department was unable to protect confidential health and welfare information and incurred loss due to employee theft.
REPORT TITLE AND NUMBER	Oregon Department of Human Services: Evaluation of General Computer Controls, 2001-55
REPORT DATE	December 26, 2001
RESULTS IN BRIEF	The Oregon Department of Human Services (department) has not provided adequate security for its data center nor has it sufficiently restricted data center employees' access to systems and data. In addition, the department has not developed adequate disaster recovery and contingency plans to ensure timely resumption of data center operations. Furthermore, the department needs to strengthen several operational controls.
REPORT TITLE AND NUMBER	Oregon Department of Transportation, Motor Carrier Transportation Division: Truck Weight Enforcement Program, 2002-09
REPORT DATE	February 19, 2002
RESULTS IN BRIEF	The Motor Carrier Transportation Division (division) of the Oregon Department of Transportation is responsible for enforcing state and federal laws governing the weight of trucks using Oregon's roads. Our audit focused on the division's truck weight enforcement responsibilities. The division needs to

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more effectively use staff to enforce weight regulations to control heavy truck damage to pavement and bridges. The division's current program places too much emphasis on weighing a high volume of trucks traveling inbound on the state's major traffic arteries. We found most of the division's resources are deployed at a limited number of permanent scales, mainly positioned along Oregon's interstate highways, with fairly predictable hours of operation. This approach creates limited deterrence; research has shown trucks traveling across country on interstate highways generally will be stopped and weighed several times. On the other hand, illegally overweight trucks operating on non-interstate highways, particularly in cities, face little chance of being apprehended because of limited enforcement in these areas. Further, illegally overweight trucks on interstates can easily park or bypass weigh stations, using well-known bypass routes to avoid enforcement.

While the majority of truckers voluntarily comply with regulations, the division needs to adjust its enforcement strategy to better ensure a level playing field across the state, and fair competition within the trucking industry. Because of the economic incentives for illegal overloading, compliant truckers are at a disadvantage in competing for work with those who violate the law. Moreover, because pavement wear increased sharply with weight, more effective enforcement would help prevent millions of dollars of damage to Oregon roads and bridges. Trucks and automobiles that are regularly driven on damaged roads will experience higher than necessary repair and fuel costs, and the drivers and passengers are subjected to increase safety hazards from overweight trucks. A more tactical approach to enforcement could reduce time delays and costs to compliant truckers and increase incentives for overweight carriers to comply.

REPORT TITLE AND NUMBER

**Oregon Department of Human Services:
Institutional Pharmacy Cost, 2002-25**

REPORT DATE

June 13, 2002

RESULTS IN BRIEF

We reviewed cost information from institutional pharmacies receiving approximately 2/3 of Oregon's

Medicaid payments for nursing home residents' prescriptions drugs. For these pharmacies, we found:

Acquisition Costs—During 2000, institutional pharmacies purchased drugs at a weighted average of the Average Wholesale Price (AWP) minus 26.7 percent. Brand name drugs, which accounted for approximately 87 percent of institutional pharmacy Medicaid drug payments, were purchased at a weighted average of AWP minus 21.3 percent, while generic drugs average AWP minus 61.2 percent.

Dispensing Costs—Dispensing costs are more difficult to quantify because certain policy decisions need to be made in order to determine what costs should be included. The institutional pharmacies reported to us that their dispensing costs averaged \$11.75 per prescription. We made limited adjustments to reported costs. For instance, adjustments were made to conform to federal guidelines and to follow the design of the original cost survey. We estimated total costs at \$10.97 per prescription after adjustments. Finally, certain costs should be considered for exclusion, such as delivery costs, consulting pharmacists' costs, and other costs.

REPORT TITLE AND NUMBER

**Oregon Public Employees Retirement System:
Benefit Calculation Audit, 2002-35**

REPORT DATE

October 8, 2002

RESULTS IN BRIEF

The purpose of our audit was to determine whether the Oregon Public Employees Retirement System (PERS) accurately calculated retirement benefits in compliance with laws and regulations, and whether adequate controls over benefit calculations were in place. We found that PERS did not always accurately calculate retirement benefits and could improve its controls over retirement benefit calculations. Of the 200 calculations reviewed, 30 (15 percent), had errors that financially impacted the member or the employer, or both. Errors in payments to members totaled \$15,826. Of this amount, \$5,307 represents overpayments to members and \$10,519 represents underpayments to members. Errors in reserve accounts totaled \$58,469. Although these errors were not material to PERS, they might be significant to an individual member.

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Extrapolating our sample results to the entire population of members who retired or had retirement adjustments during 2001, we estimate that the benefits members received through May 2002 are in error by approximately \$171,000. Of this amount, we estimate that \$73,000 was overpaid to members and \$98,000 was underpaid to members. We also estimate that the Benefits Reserve owed Employer Reserve accounts a net amount of \$99,000.

REPORT TITLE AND NUMBER

**Oregon Department of Human Services:
Contracting Practices, 2002-43**

REPORT DATE

November 26, 2002

RESULTS IN BRIEF

The purpose of our audit was to determine if the Oregon Department of Human Services' (department) contract procurement and administration practices are adequate and comply with applicable laws and regulations. Our review identified opportunities for the department to make improvement in the areas of contract administration and payments, contract solicitation and selection, and record keeping. Specifically, our recommendations address such problems as improper or inadequate: payments, solicitation practices, sole source and short-term contracts, bidder notifications, and file documentation.

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