

---

Secretary of State

State of Oregon  
**FEDERAL COMPLIANCE REPORT**  
**AND**  
**INTERNAL CONTROL REPORT**  
For the Year Ended June 30, 2003



Audits Division

---



---

Secretary of State

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

For the Year Ended June 30, 2003



**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, 2003 and is required for the State to continue receiving federal financial assistance which, as shown in this report, totals approximately \$6.2 billion.

As required by the Single Audit Act, we issued a report dated December 12, 2003, 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, 2003.

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, 2003.
- *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, 2003, 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 twelve current audit findings regarding compliance and internal control related to financial reporting. It also lists fifteen 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, 2002. In addition, it lists the status of prior year audit findings for the fiscal year ended June 30, 2001, 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, 2003. 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  
State Auditor

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

	<u>Page</u>
<b>Independent Auditor’s Report</b> on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
<b>Independent Auditor’s Report</b> on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	3
<b>Schedule of Expenditures of Federal Awards</b> For the Year Ended June 30, 2003.....	7
<b>Notes to the Schedule of Expenditures of Federal Awards</b> For the Year Ended June 30, 2003.....	41
<b>Schedule of Findings and Questioned Costs</b> For the Year Ended June 30, 2003.....	52
<b>Schedule of Prior Financial Statement Findings</b> For the Years Ended June 30, 2002 and 2001 .....	87
<b>Schedule of Prior Federal Awards Findings and Questioned Costs</b> For the Years Ended June 30, 2002 and 2001 .....	94
<b>Appendix A: Summaries of Significant Audit Reports</b> Issued by The Oregon Secretary of State Audits Division .....	97





---

*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 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, 2003, which collectively comprise the State of Oregon's basic financial statements, and have issued our report thereon dated December 12, 2003. 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 issue 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 03-1 through 03-12.

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 item 03-1 to be a material weakness. 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, and 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

A handwritten signature in black ink, appearing to read "Bill Bradbury", written in a cursive style.

Bill Bradbury  
Secretary of State

December 12, 2003



---

*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, 2003. 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 basic financial statements include the operations of the Oregon Health and Science University, which received approximately \$219 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, 2003. 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 03-13 through 03-18 in the accompanying schedule of findings and questioned costs, the State of Oregon did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Reporting, and Matching that are applicable to its Social Services Block Grant and Medicaid Cluster. Compliance with such requirements is necessary, in our opinion, for the State of Oregon to comply with requirements applicable to those programs.

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, 2003. 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 03-19 through 03-22, 03-24 and 03-25.

#### **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 03-23, 03-26 and 03-27.

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, 2003, and have issued our report thereon dated December 12, 2003. Our audit was performed for the purpose of forming opinions 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 is audited by other auditors who will issue 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 this 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, and 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 30, 2004, except for the  
Schedule of Expenditures of  
Federal Awards, as to which the  
date is December 12, 2003



**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
<b>Department of Agriculture</b>							
10.001	Agricultural Research_Basic and Applied Research		\$598,716	\$—	\$598,716	\$598,716	\$—
10.025	Plant and Animal Disease, Pest Control, and Animal Care		1,085,283	—	1,085,283	1,085,283	—
10.064	Forestry Incentives Program		285,884	153,977	439,861	439,861	—
10.069	Conservation Reserve Program		10,023	—	10,023	10,023	—
10.163	Market Protection and Promotion		95,340	—	95,340	95,340	—
10.200	Grants for Agricultural Research, Special Research Grants		184,511	2,484	186,995	147,070	39,925
10.215	Sustainable Agriculture Research and Education		5,675	—	5,675	—	5,675
10.217	Higher Education Challenge Grants		47,664	—	47,664	47,664	—
10.250	Agricultural and Rural Economic Research		38,975	—	38,975	38,975	—
10.303	Integrated Programs		99,027	—	99,027	—	99,027
10.446	Rural Community Development Initiative		31,488	—	31,488	31,488	—
10.500	Cooperative Extension Service		5,679,708	500	5,680,208	5,678,722	1,486
10.550	Food Donation		9,825	8,676,906	8,686,731	8,686,731	—
10.557	Special Supplemental Nutrition Program for Women, Infants, and		48,848,647	11,446,227	60,294,874	60,294,874	—
10.558	Child and Adult Care Food Program		393,633	21,764,787	22,158,420	22,074,530	83,890
10.560	State Administrative Expenses for Child Nutrition		1,362,898	—	1,362,898	1,362,898	—
10.565	Commodity Supplemental Food Program		(50)	416,330	416,280	416,280	—
10.567	Food Distribution Program on Indian Reservations		56,421	162,409	218,830	218,830	—
10.570	Nutrition Services Incentive		—	927,066	927,066	927,066	—
10.572	WIC Farmers' Market Nutrition Program (FMNP)		901,493	—	901,493	901,493	—
10.574	Team Nutrition Grants		18,231	—	18,231	18,231	—
10.600	Foreign Market Development Cooperator Program		1,163,184	—	1,163,184	1,163,184	—
10.652	Forestry Research		25,841	—	25,841	24,697	1,144
10.664	Cooperative Forestry Assistance		7,656,085	1,790,242	9,446,327	9,446,327	—
10.670	National Forest – Dependent Rural Communities		104,827	—	104,827	98,890	5,937
10.672	Rural Development, Forestry, and Communities		4,332	—	4,332	4,332	—
10.904	Watershed Protection and Flood Prevention		17,682	—	17,682	17,682	—
10.906	Watershed Surveys and Planning		11,367	—	11,367	11,367	—
10.912	Environmental Quality Incentives Program		13,173	—	13,173	13,173	—
10.961	Scientific Cooperation and Research		217,489	—	217,489	114,898	102,591
10.XXX	Other Department of Agriculture Program	Not Available	12,790	—	12,790	12,790	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
<b>Total Department of Agriculture</b>			<b>\$68,980,162</b>	<b>\$45,340,928</b>	<b>\$114,321,090</b>	<b>\$113,981,415</b>	<b>\$339,675</b>
<b>Department of Business and Commerce</b>							
11.303	Economic Development – Technical Assistance		\$101,873	\$—	\$101,873	\$101,873	\$—
11.405	Anadromous Fish Conservation Act Program		378,691	—	378,691	378,691	—
11.407	Interjurisdictional Fisheries Act of 1986		118,147	—	118,147	118,147	—
11.417	Sea Grant Support		607,929	(12,327)	595,602	584,576	11,026
11.419	Coastal Zone Management Administration Awards		1,445,306	669,634	2,114,940	2,114,940	—
11.420	Coastal Zone Management Estuarine Research Reserves		646,527	—	646,527	646,527	—
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program		432,955	—	432,955	432,955	—
11.436	Columbia River Fisheries Development Program		5,168,083	5,577	5,173,660	5,173,660	—
11.437	Pacific Fisheries Data Program		337,547	—	337,547	337,547	—
11.438	Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program		3,224,456	5,167,301	8,391,757	7,909,500	482,257
11.439	Marine Mammal Data Program		104,610	—	104,610	104,610	—
11.441	Regional Fishery Management Councils		227,476	—	227,476	227,476	—
11.452	Unallied Industry Projects		1,085,115	—	1,085,115	1,085,115	—
11.463	Habitat Conservation		97,769	163,300	261,069	261,069	—
11.477	Fisheries Disaster Relief		123,958	—	123,958	139,630	(15,672)
11.478	Center for Sponsored Coastal Ocean Research – Coastal Ocean Program		70,852	—	70,852	52,585	18,267
11.609	Measurement and Engineering Research and Standards		1,950	—	1,950	1,950	—
11.XXX	Other Department of Business and Commerce Programs						
		40-AB-NF-112134	39,003	—	39,003	39,003	—
		OSKOSTIPA	55,121	—	55,121	55,121	—
		NA17FP2458	761,004	—	761,004	761,004	—
		NA17FP1280	(3,909)	—	(3,909)	(3,909)	—
		NA03NMF4380287	7,461	—	7,461	7,461	—
		FP5000/8L2B1P00	34	—	34	34	—
		AB133F-02-SE-1417	35,990	—	35,990	35,990	—
		AB133F-02-SE-1258	28,304	—	28,304	28,304	—
		AB133F-02-SE-1170	15,572	—	15,572	15,572	—
		40ABNF901119	(699)	—	(699)	(699)	—
		40-AB-NF-112022	(636)	—	(636)	(636)	—
		40-AB-NF-110785	26,372	—	26,372	26,372	—
		0FP5IPA97	229	—	229	229	—
		50ABNR200045	27,817	—	27,817	27,817	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
11.XXX	Total Other Department of Business and Commerce Programs		991,663	—	991,663	991,663	—
<b>Total Department of Business and Commerce</b>			<b>\$15,164,907</b>	<b>\$5,993,485</b>	<b>\$21,158,392</b>	<b>\$20,662,514</b>	<b>\$495,878</b>
<b>Department of Defense</b>							
12.101	Beach Erosion Control Projects		\$79,426	\$—	\$79,426	\$79,426	\$—
12.112	Payments to States in Lieu of Real Estate Taxes		4	19,821	19,825	19,825	—
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services		119,347	—	119,347	119,347	—
12.300	Basic and Applied Scientific Research		15,338	—	15,338	15,338	—
12.400	Military Construction, National Guard		3,173,549	—	3,173,549	3,173,549	—
12.401	National Guard Military Operations and Maintenance (O&M) Projects		21,381,894	—	21,381,894	21,381,894	—
12.404	National Guard Civilian Youth Opportunities		1,634,117	—	1,634,117	1,634,117	—
12.420	Military Medical Research and Development		5,083	—	5,083	5,083	—
12.431	Basic Scientific Research		6,431	—	6,431	—	6,431
12.550	International Education – U.S. Colleges and Universities		104,525	—	104,525	104,525	—
12.910	Research and Technology Development		279	—	279	—	279
12.XXX	Other Department of Defense Programs						
		W66QKZ23304328	96	—	96	96	—
		W66QKZ03426204	92,308	—	92,308	92,308	—
		W66QKZ13186766	57,765	—	57,765	57,765	—
		W66QKZ13186771	22,720	—	22,720	22,720	—
		W66QKZ13237198	4,706	—	4,706	4,706	—
		W66QKZ13237211	4,350	—	4,350	4,350	—
		W66QKZ13530287	1,430,860	1,043	1,431,903	1,431,903	—
		W66QKZ20152022	3,058	—	3,058	3,058	—
		W66QKZ20596839	162,979	—	162,979	162,979	—
		W66QKZ23152774	124,851	—	124,851	124,851	—
		35-02-2-3034	2,332,786	—	2,332,786	2,332,786	—
		PSMFC 00-69	152	—	152	152	—
		W66QKZ23041764	179,502	—	179,502	179,502	—
		NWPOP-03-FH-02	3,711,668	—	3,711,668	3,711,668	—
		NWPOP-02FH-02	11,633	—	11,633	11,633	—
		NWPOP-00-FH-01	(1,879)	—	(1,879)	(1,879)	—
		FY 03	66,818	—	66,818	66,818	—
		OR6213820917	1,358,863	102,119	1,460,982	1,460,982	—
		35-03-2-1001	113,768	—	113,768	113,768	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		Contract number pending	356,861	—	356,861	356,861	—
		30011	2,777	—	2,777	2,777	—
		131252	841	—	841	841	—
		03-82	17,417	—	17,417	17,417	—
		02-82 444C.02	28,920	—	28,920	28,920	—
<b>12.XXX</b>	Total Other Department of Defense Programs		<u>10,083,820</u>	<u>103,162</u>	<u>10,186,982</u>	<u>10,186,982</u>	<u>—</u>
<b>Total Department of Defense</b>			<b><u>\$36,603,813</u></b>	<b><u>\$122,983</u></b>	<b><u>\$36,726,796</u></b>	<b><u>\$36,720,086</u></b>	<b><u>\$6,710</u></b>
<b>Department of Housing and Urban Development</b>							
<b>14.228</b>	Community Development Block Grants/State's Program		\$549,403	\$15,377,892	\$15,927,295	\$15,874,939	\$52,356
<b>14.231</b>	Emergency Shelter Grants Program		19,079	852,955	872,034	872,034	—
<b>14.235</b>	Supportive Housing Program		2,949	354,227	357,176	357,176	—
<b>14.239</b>	HOME Investment Partnerships Program		7,832,838	2,926,697	10,759,535	10,759,535	—
<b>14.241</b>	Housing Opportunities for Persons with AIDS		184,872	—	184,872	184,872	—
<b>14.246</b>	Community Development Block Grants/Brownfields Economic Development Initiative		299,340	81,477	380,817	380,817	—
<b>14.511</b>	Community Outreach Partnership Center Program		66,181	—	66,181	66,181	—
<b>Total Department of Housing and Urban Development</b>			<b><u>\$8,954,662</u></b>	<b><u>\$19,593,248</u></b>	<b><u>\$28,547,910</u></b>	<b><u>\$28,495,554</u></b>	<b><u>\$52,356</u></b>
<b>Department of the Interior</b>							
<b>15.020</b>	Aid to Tribal Governments		\$46,944	\$—	\$46,944	\$—	\$46,944
<b>15.039</b>	Fish, Wildlife, and Parks Programs on Indian Lands		14,710	—	14,710	14,710	—
<b>15.043</b>	Indian Child and Family Education		86,516	—	86,516	86,516	—
<b>15.214</b>	Non-Sale Disposals of Mineral Material		9	15,060	15,069	15,069	—
<b>15.224</b>	Cultural Resource Management		79,676	—	79,676	79,676	—
<b>15.225</b>	Recreation Resource Management		699,511	—	699,511	699,511	—
<b>15.227</b>	Distribution of Receipts to State and Local Governments		11	154,794	154,805	154,805	—
<b>15.228</b>	Wildland Urban Interface Community and Rural Fire Assistance		66,381	—	66,381	66,381	—
<b>15.504</b>	Water Reclamation and Reuse Program		850,889	23,451	874,340	874,340	—
<b>15.608</b>	Fish and Wildlife Management Assistance		150,430	—	150,430	150,430	—
<b>15.614</b>	Coastal Wetlands Planning, Protection and Restoration Act		16,727	260,515	277,242	277,242	—
<b>15.615</b>	Cooperative Endangered Species Conservation Fund		332,108	7,597	339,705	339,705	—
<b>15.616</b>	Clean Vessel Act		50,073	328,185	378,258	378,258	—
<b>15.622</b>	Sportfishing and Boating Safety Act		5,631	926,701	932,332	932,332	—
<b>15.625</b>	Wildlife Conservation and Restoration		11,497	—	11,497	11,497	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
15.808	U.S. Geological Survey – Research and Data Acquisition		604,119	—	604,119	604,119	—
15.904	Historic Preservation Fund Grants-In-Aid		628,745	92,682	721,427	721,427	—
15.912	National Historic Landmark		10,000	—	10,000	10,000	—
15.915	Technical Preservation Services		95	—	95	95	—
15.916	Outdoor Recreation – Acquisition, Development and Planning		529,731	77,769	607,500	607,500	—
15.XXX	Other Department of the Interior Programs						
		1448-13570-01-M094	9,226	—	9,226	9,226	—
		Not Available	131,179	—	131,179	131,179	—
		HAA992002	12,900	—	12,900	12,900	—
		1425-4-FG-10-01090	8	—	8	8	—
		H9430010001	17,147	—	17,147	17,147	—
		1425-4-FG-10-01070	33,735	—	33,735	33,735	—
15.XXX	Total Other Department of the Interior Programs		204,195	—	204,195	204,195	—
<b>Total Department of the Interior</b>			<b>\$4,387,998</b>	<b>\$1,886,754</b>	<b>\$6,274,752</b>	<b>\$6,227,808</b>	<b>\$46,944</b>
<b>Department of Justice</b>							
16.004	Law Enforcement Assistance – Narcotics and Dangerous Drugs Training		\$37,388	\$—	\$37,388	\$37,388	\$—
16.109	Civil Rights Prosecution		3,442	—	3,442	3,442	—
16.202	Offender Reentry Program		17,170	235,400	252,570	252,570	—
16.307	Combined DNA Index System		69,167	—	69,167	69,167	—
16.523	Juvenile Accountability Incentive Block Grants		656,419	2,274,071	2,930,490	2,930,490	—
16.524	Legal Assistance for Victims		7,095	—	7,095	7,095	—
16.525	Grants to Reduce Violent Crimes Against Women on Campus		10,090	—	10,090	10,090	—
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States		160,865	950,715	1,111,580	1,111,580	—
16.541	Juvenile Justice and Delinquency Prevention – Special Emphasis		273,662	—	273,662	—	273,662
16.548	Title V – Delinquency Prevention Program		—	177,837	177,837	177,837	—
16.549	Part E – State Challenge Activities		144,260	49,992	194,252	128,254	65,998
16.550	State Justice Statistics Program for Statistical Analysis Centers		51,031	—	51,031	51,031	—
16.554	National Criminal History Improvement Program (NCHIP)		1,024,185	—	1,024,185	1,024,185	—
16.575	Crime Victim Assistance		192,390	4,097,817	4,290,207	4,290,207	—
16.576	Crime Victim Compensation		669,793	—	669,793	669,793	—
16.579	Byrne Formula Grant Program		2,854,675	4,330,066	7,184,741	7,110,329	74,412
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		63,427	415,996	479,423	452,863	26,560
16.582	Crime Victim Assistance/Discretionary Grants		97,626	—	97,626	97,626	—
16.585	Drug Court Discretionary Grant Program		815,632	—	815,632	488,372	327,260

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive		73,037	1,144,648	1,217,685	1,217,685	—
16.588	Violence Against Women Formula Grants		146,026	1,455,663	1,601,689	1,601,689	—
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program		61,429	154,433	215,862	215,862	—
16.592	Local Law Enforcement Block Grants Program		117,286	374,232	491,518	491,518	—
16.593	Residential Substance Abuse Treatment for State Prisoners		476,200	219,732	695,932	695,932	—
16.595	Executive Office for Weed and Seed		2,606	—	2,606	2,606	—
16.606	State Criminal Alien Assistance Program		5,734,921	—	5,734,921	5,734,921	—
16.607	Bulletproof Vest Partnership Program		2,664	—	2,664	2,664	—
16.710	Public Safety Partnership and Community Policing Grants		1,407,626	—	1,407,626	1,407,626	—
16.712	Police Corps		25,175	1,326,749	1,351,924	1,351,924	—
16.727	Enforcing Underage Drinking Laws Program		234,079	83,750	317,829	317,829	—
<b>Total Department of Justice</b>			<b>\$15,429,366</b>	<b>\$17,291,101</b>	<b>\$32,720,467</b>	<b>\$31,952,575</b>	<b>\$767,892</b>
<b>Department of Labor</b>							
17.002	Labor Force Statistics		\$1,373,073	\$—	\$1,373,073	\$1,373,073	\$—
17.225	Unemployment Insurance		1,334,152,189	—	1,334,152,189	1,334,152,189	—
17.235	Senior Community Service Employment Program		45,847	1,077,693	1,123,540	1,123,540	—
17.245	Trade Adjustment Assistance – Workers		5,580,979	—	5,580,979	5,580,979	—
17.261	Employment and Training Administration Pilots, Demonstrations, and Research Projects		(34,001)	19,152	(14,849)	(14,849)	—
17.503	Occupational Safety and Health – State Program		6,065,380	—	6,065,380	6,065,380	—
17.600	Mine Health and Safety Grants		66,906	—	66,906	66,906	—
17.802	Veterans' Employment Program		7,208	—	7,208	7,208	—
<b>Total Department of Labor</b>			<b>\$1,347,257,581</b>	<b>\$1,096,845</b>	<b>\$1,348,354,426</b>	<b>\$1,348,354,426</b>	<b>\$—</b>
<b>Department of State</b>							
19.202	Special Domestic Assignments		\$55,000	\$—	\$55,000	\$55,000	\$—
19.401	Educational Exchange – University Lecturers (Professors) and Research Scholars		105,765	—	105,765	105,765	—
19.402	International Visitors Program		30,760	—	30,760	30,760	—
19.404	Professional Development – International Educators/Administrators		9,500	—	9,500	—	9,500
19.405	Educational Partnerships Program		165,427	—	165,427	165,427	—
19.421	Exchange – English Language Fellow Program		(4,418)	—	(4,418)	—	(4,418)
19.XXX	Other Department of State Programs						

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		02-182-2044-000	10,994	—	10,994	10,994	—
		182-95-3093	3	—	3	3	—
		182-99-3052	20	—	20	20	—
		Not Available	20,046	—	20,046	20,046	—
<b>19.XXX</b>	Total Other Department of State Programs		<u>31,063</u>	—	<u>31,063</u>	<u>31,063</u>	—
<b>Total Department of State</b>			<b><u>\$393,097</u></b>	<b><u>\$—</u></b>	<b><u>\$393,097</u></b>	<b><u>\$388,015</u></b>	<b><u>\$5,082</u></b>
<b>Department of Transportation</b>							
<b>20.106</b>	Airport Improvement Program		\$2,738,811	\$281,002	\$3,019,813	\$3,019,813	\$—
<b>20.215</b>	Highway Training and Education		35,349	—	35,349	35,349	—
<b>20.218</b>	National Motor Carrier Safety		2,668,603	431,824	3,100,427	3,100,427	—
<b>20.219</b>	Recreational Trails Program		16,820	239,039	255,859	255,859	—
<b>20.312</b>	High Speed Ground Transportation – Next Generation High Speed Rail Program		956,528	892,813	1,849,341	1,849,341	—
<b>20.313</b>	Railroad Research and Development		83,369	—	83,369	83,369	—
<b>20.505</b>	Federal Transit – Metropolitan Planning Grants		62,056	424,979	487,035	484,035	3,000
<b>20.509</b>	Formula Grants for Other Than Urbanized Areas		1,213,152	3,556,774	4,769,926	4,769,926	—
<b>20.513</b>	Capital Assistance Program for Elderly Persons and Persons with Disabilities		243,236	2,682,543	2,925,779	2,925,779	—
<b>20.515</b>	State Planning and Research		39,764	—	39,764	—	39,764
<b>20.516</b>	Job Access – Reverse Commute		—	14,850	14,850	14,850	—
<b>20.606</b>	NHTSA Section 2003(B)		21,426	76,744	98,170	98,170	—
<b>20.700</b>	Pipeline Safety		115,062	—	115,062	115,062	—
<b>20.701</b>	University Transportation Centers Program		29,929	—	29,929	—	29,929
<b>Total Department of Transportation</b>			<b><u>\$8,224,105</u></b>	<b><u>\$8,600,568</u></b>	<b><u>\$16,824,673</u></b>	<b><u>\$16,751,980</u></b>	<b><u>\$72,693</u></b>
<b>Office of Personnel Management</b>							
<b>27.011</b>	Intergovernmental Personnel Act (IPA) Mobility Program		\$334,922	\$—	\$334,922	\$334,922	\$—
<b>Total Office of Personnel Management</b>			<b><u>\$334,922</u></b>	<b><u>\$—</u></b>	<b><u>\$334,922</u></b>	<b><u>\$334,922</u></b>	<b><u>\$—</u></b>

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

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
<b>Equal Opportunity Commission</b>							
30.002	Employment Discrimination – State and Local Fair Employment Practices Agency Contracts		\$340,591	\$—	\$340,591	\$340,591	\$—
<b>Total Equal Opportunity Commission</b>			<b>\$340,591</b>	<b>\$—</b>	<b>\$340,591</b>	<b>\$340,591</b>	<b>\$—</b>
<b>General Services Administration</b>							
39.002	Disposal of Federal Surplus Real Property		\$10	\$54,409	\$54,419	\$54,419	\$—
39.003	Donation of Federal Surplus Personal Property		—	291,381	291,381	291,381	—
39.011	Elections Reform Payment		95,666	—	95,666	95,666	—
<b>Total General Services Administration</b>			<b>\$95,676</b>	<b>\$345,790</b>	<b>\$441,466</b>	<b>\$441,466</b>	<b>\$—</b>
<b>National Aeronautics and Space Administration</b>							
43.001	Aerospace Education Services Program		\$48,183	\$—	\$48,183	\$48,208	\$(25)
<b>Total National Aeronautics and Space Administration</b>			<b>\$48,183</b>	<b>\$—</b>	<b>\$48,183</b>	<b>\$48,208</b>	<b>\$(25)</b>
<b>National Foundation on the Arts and the Humanities</b>							
45.024	Promotion of the Arts – Grants to Organizations and Individuals		\$23,147	\$—	\$23,147	\$19,570	\$3,577
45.025	Promotion of the Arts – Partnership Agreements		631,276	35,375	666,651	665,151	1,500
45.129	Promotion of the Humanities – Federal/State Partnership		3,724	—	3,724	—	3,724
45.130	Promotion of the Humanities – Challenge Grants		508,535	—	508,535	508,535	—
45.149	Promotion of the Humanities – Division of Preservation and Access		21,946	—	21,946	21,946	—
45.163	Promotion of the Humanities – Seminars and Institutes		78,144	—	78,144	78,144	—
45.301	Institute of Museum and Library Services		287,191	—	287,191	202,803	84,388
45.304	Conservation Assessment Program		6,370	—	6,370	6,370	—
45.310	State Library Program		452,197	1,266,037	1,718,234	1,718,234	—
<b>Total National Foundation on the Arts and the Humanities</b>			<b>\$2,012,530</b>	<b>\$1,301,412</b>	<b>\$3,313,942</b>	<b>\$3,220,753</b>	<b>\$93,189</b>
<b>National Science Foundation</b>							
47.041	Engineering Grants		\$361,580	\$—	\$361,580	\$345,974	\$15,606
47.049	Mathematical and Physical Sciences		104,227	—	104,227	92	104,135
47.050	Geosciences		116,293	—	116,293	32,485	83,808
47.070	Computer and Information Science and Engineering		211,752	—	211,752	198,080	13,672

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
47.074	Biological Sciences		28,533	—	28,533	28,533	—
47.075	Social, Behavioral, and Economic Sciences		5,244	—	5,244	5,244	—
47.076	Education and Human Resources		2,879,361	105,164	2,984,525	2,927,139	57,386
<b>Total National Science Foundation</b>			<b>\$3,706,990</b>	<b>\$105,164</b>	<b>\$3,812,154</b>	<b>\$3,537,547</b>	<b>\$274,607</b>
<b>Small Business Administration</b>							
59.005	Business Development Assistance to Small Business		\$44	\$—	\$44	\$44	\$—
59.037	Small Business Development Center		99,354	—	99,354	—	99,354
<b>Total Small Business Administration</b>			<b>\$99,398</b>	<b>\$—</b>	<b>\$99,398</b>	<b>\$44</b>	<b>\$99,354</b>
<b>Department of Veterans' Affairs</b>							
64.015	Veterans State Nursing Home Care		\$2,070,563	\$—	\$2,070,563	\$2,070,563	\$—
64.125	Vocational and Educational Counseling for Servicemembers and Veterans		10,509	—	10,509	10,509	—
64.XXX	Other Department of Veterans Affairs Program V101 (223B)P-43-49X		162,585	—	162,585	162,585	—
<b>Total Department of Veterans' Affairs</b>			<b>\$2,243,657</b>	<b>\$—</b>	<b>\$2,243,657</b>	<b>\$2,243,657</b>	<b>\$—</b>
<b>Environmental Protection Agency</b>							
66.001	Air Pollution Control Program Support		\$2,029,101	\$12,384	\$2,041,485	\$2,041,485	\$—
66.032	State Indoor Radon Grants		53,180	—	53,180	53,180	—
66.034	Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act		32,792	—	32,792	32,792	—
66.419	Water Pollution Control— State and Interstate Program Support		1,682,988	—	1,682,988	1,682,988	—
66.432	State Public Water System Supervision		1,122,618	185,071	1,307,689	1,307,689	—
66.433	State Underground Water Source Protection		111,851	—	111,851	111,851	—
66.438	Construction Management Assistance		34,843	—	34,843	34,843	—
66.454	Water Quality Management Planning		152,121	—	152,121	152,121	—
66.458	Capitalization Grants for Clean Water State Revolving Funds		792,357	8,408,954	9,201,311	9,201,311	—
66.460	Nonpoint Source Implementation Grants		1,201,114	1,435,240	2,636,354	2,636,354	—
66.461	Wetlands Program Development Grants		229,288	—	229,288	229,288	—
66.463	Water Quality Cooperative Agreements		279,792	23,310	303,102	303,102	—
66.468	Capitalization Grants for Drinking Water State Revolving Fund		22,272,189	375,579	22,647,768	22,647,768	—
66.471	State Grants to Reimburse Operators of Small Water		57,306	—	57,306	57,306	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
	Systems for Training and Certification Costs						
66.472	Beach Monitoring and Notification Program Implementation Grants		77,977	—	77,977	77,977	—
66.474	Water Protection Grants to the States		21,718	—	21,718	21,718	—
66.500	Environmental Protection -Consolidated Research		1,961,813	9,355	1,971,168	1,948,603	22,565
66.606	Surveys, Studies, Investigations and Special Purpose Grants		930,448	124,996	1,055,444	1,055,443	1
66.607	Training and Fellowships for the Environmental Protection Agency		28,747	—	28,747	28,747	—
66.608	State Information Grants		127,667	—	127,667	127,667	—
66.700	Consolidated Pesticide Enforcement Cooperative Agreements		769,395	—	769,395	769,395	—
66.707	TSCA Title IV State Lead Grants Certification of Lead- Based Paint Professionals		415,063	217	415,280	415,280	—
66.708	Pollution Prevention Grants Program		22,997	66,173	89,170	89,170	—
66.801	Hazardous Waste Management State Program Support		640,359	—	640,359	640,359	—
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		4,195,446	1,300	4,196,746	4,196,746	—
66.804	State and Tribal Underground Storage Tanks Program		82,354	—	82,354	82,354	—
66.805	Leaking Underground Storage Tank Trust Fund Program		829,906	—	829,906	829,906	—
66.807	Superfund Innovative Technology Evaluation Program		1,151,403	—	1,151,403	1,151,403	—
66.809	Superfund State and Indian Tribe Core Program Cooperative		713,929	—	713,929	713,929	—
66.810	Chemical Emergency Preparedness and Prevention (CEPP) Technical Assistance Grants Program		12,456	17,900	30,356	30,356	—
66.811	Brownfield Pilots Cooperative Agreements		56,844	—	56,844	56,844	—
66.951	Environmental Education Grants		18,637	—	18,637	18,637	—
<b>Total Environmental Protection Agency</b>			<b>\$42,108,699</b>	<b>\$10,660,479</b>	<b>\$52,769,178</b>	<b>\$52,746,612</b>	<b>\$22,566</b>
<b>Department of Energy</b>							
81.041	State Energy Program		\$615,527	\$—	\$615,527	\$615,527	\$—
81.042	Weatherization Assistance for Low-Income Persons		97,660	2,541,775	2,639,435	2,639,435	—
81.049	Office of Science Financial Assistance Program		1,022	—	1,022	22	1,000
81.079	Regional Biomass Energy Programs		32,205	—	32,205	32,205	—
81.087	Renewable Energy Research and Development		199,819	—	199,819	65,954	133,865
81.092	Environmental Restoration		686,222	—	686,222	686,222	—
81.104	Office of Technology Development and Deployment for Environmental Management		8,936	—	8,936	8,936	—
81.105	National Industrial Competitiveness through Energy, Environment, and Economics		2,625	—	2,625	2,625	—
81.114	University Nuclear Science and Reactor Support		6,780	—	6,780	6,780	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
<b>81.117</b>	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance		414,254	—	414,254	218,591	195,663
<b>81.119</b>	State Energy Program Special Projects		193,710	—	193,710	193,710	—
<b>81.XXX</b>	Other Department of Energy Programs						
		ODFW 001-2303C	7,552	—	7,552	7,552	—
		5896	15,810	—	15,810	15,810	—
		5896 1994-042-00	285,278	—	285,278	285,278	—
		646842	(41)	—	(41)	(41)	—
		98BII1646 98-016-00	(1,590)	—	(1,590)	(1,590)	—
		DE-FG51-00R021145	6,267	71,770	78,037	78,037	—
		E31001S	(2,680)	—	(2,680)	(2,680)	—
		Federal PO 1484 and 1710	(103)	—	(103)	(103)	—
		4033 3230	154,255	—	154,255	154,255	—
		No Agreement Number	80,651	—	80,651	80,651	—
		4001 1789	488,443	—	488,443	488,443	—
		4093 2219	52,836	—	52,836	52,836	—
		4028 2799	171,821	—	171,821	171,821	—
		4120 1844	801,498	—	801,498	801,498	—
		5896 00000220 94-42	(2,438)	—	(2,438)	(2,438)	—
		381-00001 1997	28,744	—	28,744	28,744	—
		3881 2474	5,083	—	5,083	5,083	—
		4023 2714	574,909	—	574,909	574,909	—
		4005 1734	1,005,113	339,517	1,344,630	1,344,630	—
		No Agreement	27,633	—	27,633	27,633	—
		4121 2134	532,167	7,235	539,402	539,402	—
		5122 2144	655,268	—	655,268	655,268	—
		5101 1749	322,528	—	322,528	322,528	—
		5101 00000144	3,581	—	3,581	3,581	—
		4933 3809	320,554	—	320,554	320,554	—
		4888 2044	85,799	—	85,799	85,799	—
		37709	43,732	—	43,732	43,732	—
		4786 3552	205,267	—	205,267	205,267	—
		4345 3265	202,788	—	202,788	202,788	—
		4656 3740	39,326	—	39,326	39,326	—
		4338 1714	317,899	—	317,899	317,899	—
		5885 2104	156,443	15,842	172,285	172,285	—
		4119 3076 1992-26-4	747,728	—	747,728	747,728	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		4101 2224	331,374	—	331,374	331,374	—
		5205 2001 -020-00	84,282	—	84,282	84,282	—
		5205 3862	8,165	—	8,165	8,165	—
		5261 2119 93-040	172,567	—	172,567	172,567	—
		5632 1709	262,739	132,942	395,681	395,681	—
		5683 2069	8,915	—	8,915	8,915	—
		5840 2744	133,206	—	133,206	133,206	—
		4340 1829	235,461	—	235,461	235,461	—
		31809	3,521	—	3,521	3,521	—
		03-58	11,839	—	11,839	11,839	—
		03-29	216,464	—	216,464	216,464	—
		02-87	15,110	—	15,110	15,110	—
		02-78	40,205	—	40,205	40,205	—
		02-71	147,845	—	147,845	147,845	—
		02-60	94,546	—	94,546	94,546	—
		02-59	40,704	—	40,704	40,704	—
		02-52	578,100	14,581	592,681	592,681	—
		02-36	75,896	—	75,896	75,896	—
		01-72	(16)	—	(16)	(16)	—
		03-62	259,794	—	259,794	259,794	—
		01-37	(5,503)	—	(5,503)	(5,503)	—
		01-47	(83)	—	(83)	(83)	—
		00004293 00003637	(1,036)	—	(1,036)	(1,036)	—
		00004121 00000193	(7,283)	—	(7,283)	(7,283)	—
		00004120	(830)	—	(830)	(830)	—
		00004028	(5,263)	—	(5,263)	(5,263)	—
		00004005	1,121	—	1,121	1,121	—
		00004001	2,801	—	2,801	2,801	—
		00003637 88-53-5	32,073	—	32,073	32,073	—
		00001159	42,535	832,538	875,073	875,073	—
		00000498-00001	52,992	—	52,992	52,992	—
		00 FG 17712	—	—	—	—	—
		4122 1904	520,818	—	520,818	520,818	—
		01-53	(1,686)	—	(1,686)	(1,686)	—
		141103J006	1,876,717	1,215	1,877,932	1,877,932	—
		03-74	34,023	—	34,023	34,023	—
		27454	10,636	—	10,636	10,636	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		27089	6,430	—	6,430	6,430	—
		25965	48,410	—	48,410	48,410	—
		22706	50,409	—	50,409	50,409	—
		21947	25,602	—	25,602	25,602	—
		21582	11,654	—	11,654	11,654	—
		21245	2,450	—	2,450	2,450	—
		204003	(3,573)	—	(3,573)	(3,573)	—
		19360	97	—	97	97	—
		19025	136,887	—	136,887	136,887	—
		17168	83	—	83	83	—
		01-23	(17,212)	—	(17,212)	(17,212)	—
		28522	9,368	—	9,368	9,368	—
		141102J007	826,966	—	826,966	826,966	—
		141101J049	392,325	—	392,325	392,325	—
		141101J043	(5,798)	—	(5,798)	(5,798)	—
		141101J009	27,128	—	27,128	27,128	—
		13349 1996-040-00	25,623	—	25,623	25,623	—
		13181	26,198	—	26,198	26,198	—
		11965 2002-055-00	71,917	—	71,917	71,917	—
		10622	9,958	—	9,958	9,958	—
		03-96	134,186	—	134,186	134,186	—
		03-75	74,244	—	74,244	74,244	—
		141103J050	149,661	—	149,661	149,661	—
<b>81.XXX</b>	Total Other Department of Energy Programs		<u>14,607,883</u>	<u>1,415,640</u>	<u>16,023,523</u>	<u>16,023,523</u>	<u>—</u>
<b>Total Department of Energy</b>			<b><u>\$16,866,643</u></b>	<b><u>\$3,957,415</u></b>	<b><u>\$20,824,058</u></b>	<b><u>\$20,493,530</u></b>	<b><u>\$330,528</u></b>
<b>United States Information Agency</b>							
<b>82.XXX</b>	Other United States Information Agency Program						
		IA-ASPS-G81190235	(10,139)	—	(10,139)	(10,139)	—
<b>Total United States Information Agency</b>			<b><u>\$(10,139)</u></b>	<b><u>\$—</u></b>	<b><u>\$(10,139)</u></b>	<b><u>\$(10,139)</u></b>	<b><u>\$—</u></b>
<b>Department of Education</b>							
<b>84.002</b>	Adult Education – State Grant Program		\$708,553	\$3,950,574	\$4,659,127	\$4,646,967	\$12,160
<b>84.010</b>	Title I Grants to Local Educational Agencies		1,020,405	84,736,980	85,757,385	85,757,385	—
<b>84.011</b>	Migrant Education – State Grant Program		95,783	13,720,665	13,816,448	13,816,448	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.013	Title I Program for Neglected and Delinquent Children		1,110,348	709,986	1,820,334	1,820,334	—
84.016	Undergraduate International Studies and Foreign Language Programs		58,261	—	58,261	58,261	—
84.029	Special Education-Personnel Development and Parent Training		(482)	—	(482)	(482)	—
84.031	Higher Education – Institution Aid		1,324,612	—	1,324,612	1,324,612	—
84.032	Federal Family Education Loans		\$151,352,406	\$—	\$151,352,406	\$151,352,406	\$—
84.037	Perkins Loan Cancellations		832,918	—	832,918	832,918	—
84.039	Library Research and Demonstration		(4)	—	(4)	(4)	—
84.048	Vocational Education – Basic Grants to States		1,915,543	7,134,674	9,050,217	9,034,697	15,520
84.069	Leveraging Educational Assistance Partnership		387,981	—	387,981	387,981	—
84.078	Special Education-Postsecondary Education Programs for Persons with Disabilities		1,683	—	1,683	(415)	2,098
84.086	Special Education-Programs for Disabled Children		78,954	—	78,954	—	78,954
84.116	Fund for the Improvement of Postsecondary Education		3,084,046	—	3,084,046	3,066,147	17,899
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States		28,012,711	2,014,668	30,027,379	29,925,062	102,317
84.129	Rehabilitation Long-Term Training		581,751	—	581,751	581,751	—
84.133	National Institute on Disability and Rehabilitation Research		23,473	—	23,473	—	23,473
84.141	Migrant Education – High School Equivalency Program		602,178	—	602,178	602,178	—
84.144	Migrant Education – Coordination Program		609,275	—	609,275	575,223	34,052
84.160	Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind		167,603	—	167,603	167,603	—
84.161	Rehabilitation Services – Client Assistance Program		6,893	115,437	122,330	122,330	—
84.162	Immigrant Education		10,281	442,342	452,623	452,623	—
84.169	Independent Living – State Grants		109,669	53,910	163,579	163,579	—
84.177	Rehabilitation Services – Independent Living Services for Older Individuals Who are Blind		317,028	—	317,028	317,028	—
84.181	Special Education – Grants for Infants and Families with Disabilities		6,045,895	4,006,173	10,052,068	4,143,274	5,908,794
84.184	Safe and Drug-Free Schools and Communities – National Programs		199,020	—	199,020	—	199,020
84.185	Byrd Honors Scholarships		447,250	—	447,250	447,250	—
84.186	Safe and Drug-Free Schools and Communities – State Grants		183,963	3,544,852	3,728,815	3,731,390	(2,575)
84.187	Supported Employment Services for Individuals with Severe Disabilities		212,199	—	212,199	212,199	—
84.194	Bilingual Education Support Services		34,177	6,602	40,779	40,779	—
84.195	Bilingual Education – Professional Development		1,250,606	37,302	1,287,908	1,287,908	—
84.196	Education for Homeless Children and Youth		111,726	272,848	384,574	384,574	—
84.200	Graduate Assistance in Areas of National Need		525,898	—	525,898	525,898	—
84.203	Star Schools		14,241	—	14,241	—	14,241
84.213	Even Start – State Educational Agencies		124,012	1,273,316	1,397,328	1,397,328	—
84.215	Fund for the Improvement of Education		87,530	150,961	238,491	227,515	10,976

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.224	Assistive Technology		63,163	300,606	363,769	328,824	34,945
84.229	Language Resource Centers		211,771	—	211,771	211,771	—
84.235	Rehabilitation Services Demonstration and Training Programs		304,233	133,419	437,652	437,652	—
84.243	Tech-Prep Education		65,130	1,164,519	1,229,649	1,229,649	—
84.252	Urban Community Service		(156)	—	(156)	(156)	—
84.265	Rehabilitation Training – State Vocational Rehabilitation Unit In-Service Training		120,780	—	120,780	120,780	—
84.276	Goals 2000-State and Local Education Systemic Improvement Grants		286,942	2,849,751	3,136,693	3,120,099	16,594
84.278	School to Work Opportunities		(919)	56,238	55,319	55,319	—
84.281	Eisenhower Professional Development State Grants		696,945	1,460,618	2,157,563	2,157,563	—
84.282	Charter Schools		256,928	4,430,786	4,687,714	4,687,714	—
84.283	Comprehensive Regional Assistance Centers		422,962	—	422,962	422,962	—
84.287	Twenty-First Century Community Learning Centers		112,857	40,245	153,102	76,404	76,698
84.298	Innovative Education Program Strategies		474,292	3,248,871	3,723,163	3,723,163	—
84.299	Indian Education Special Program		137,283	—	137,283	137,283	—
84.314	Even Start – Statewide Family Literacy Program		19,697	19,140	38,837	38,837	—
84.318	Education Technology State Grants		388,544	3,662,845	4,051,389	4,051,389	—
84.323	Special Education – State Program Improvement Grants for Children with Disabilities		708,939	42,146	751,085	645,487	105,598
84.324	Special Education – Research and Innovation to Improve Services and Results for Children with Disabilities		1,053,069	25,440	1,078,509	973,521	104,988
84.325	Special Education – Personnel Preparation to Improve Services and Results for Children with Disabilities		2,405,071	45,235	2,450,306	2,309,714	140,592
84.326	Special Education – Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		2,002,991	536,885	2,539,876	2,478,982	60,894
84.331	Grants to States for Incarcerated Youth Offenders		210,535	—	210,535	210,535	—
84.332	Comprehensive School Reform Demonstration		117,100	2,085,005	2,202,105	2,202,105	—
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs		1,370,077	25,578	1,395,655	1,396,122	(467)
84.335	Child Care Access Means Parents in School		199,934	—	199,934	199,934	—
84.336	Teacher Quality Enhancement Grants		916,288	119,855	1,036,143	1,036,143	—
84.338	Reading Excellence		35,211	1,429,481	1,464,692	1,464,692	—
84.339	Learning Anytime Anywhere Partnerships		234,926	23,570	258,496	258,496	—
84.340	Class Size Reduction		91,914	3,849,714	3,941,628	3,941,628	—
84.342	Preparing Tomorrow's Teachers to Use Technology		556,060	89,837	645,897	633,659	12,238
84.346	Vocational Education-Occupational and Employment Information State Grants		145,883	—	145,883	145,883	—
84.348	Title I Accountability Grants		—	843,531	843,531	843,531	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.350	Transition to Teaching		61,840	—	61,840	61,840	—
84.352	School Renovation Grants		51,627	4,168,498	4,220,125	4,220,125	—
84.357	Reading First State Grants		406,015	—	406,015	304,625	101,390
84.358	Rural Education		17,634	321,027	338,661	338,661	—
84.365	English Language Acquisition		140,953	1,646,603	1,787,556	1,787,556	—
84.367	Improving Teacher Quality State Grants		682,539	16,673,990	17,356,529	17,356,529	—
84.369	State Assessments		4,849,692	212	4,849,904	4,849,904	—
84.928	National Writing Project		104,995	—	104,995	—	104,995
84.989	Oregon Employment Initiative		469,924	—	469,924	469,924	—
84.XXX	Other Department of Education Programs						
		341A	109,491	—	109,491	109,491	—
		ED-99-CO0060	110,661	—	110,661	110,661	—
		SM93018002	3,222	—	3,222	3,222	—
84.XXX	Total Other Department of Education Programs		<u>223,374</u>	<u>—</u>	<u>223,374</u>	<u>223,374</u>	<u>—</u>
<b>Total Department of Education</b>			<b><u>\$222,265,429</u></b>	<b><u>\$171,464,935</u></b>	<b><u>\$393,730,364</u></b>	<b><u>\$386,554,970</u></b>	<b><u>\$7,175,394</u></b>
<b>United States Institute of Peace</b>							
91.001	Unsolicited Grant Program		\$13,983	\$—	\$13,983	\$13,983	\$—
<b>Total United States Institute of Peace</b>			<b><u>\$13,983</u></b>	<b><u>\$—</u></b>	<b><u>\$13,983</u></b>	<b><u>\$13,983</u></b>	<b><u>\$—</u></b>
<b>Department of Health and Human Services</b>							
93.003	Public Health and Social Services Emergency Fund		\$103,542	\$—	\$103,542	\$103,542	\$—
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program		51,529	42,356	93,885	93,885	—
93.041	Special Programs for the Aging – Title VII, Chapter 3 – Programs for Prevention of Elder Abuse, Neglect, and Exploitation		—	55,070	55,070	55,070	—
93.042	Special Programs for the Aging – Title VII, Chapter 2 – Long Term Care Ombudsman Services for Older Individuals		142,210	—	142,210	142,210	—
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services		(83,307)	216,262	132,955	132,955	—
93.048	Special Programs for the Aging – Title IV and Title II – Discretionary Projects		308,341	—	308,341	308,341	—
93.052	National Family Caregiver Support Program		—	1,636,272	1,636,272	1,636,272	—
93.053	Nutrition Services Incentive Program		—	318,230	318,230	318,230	—
93.103	Food and Drug Administration – Research		160,581	—	160,581	160,581	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.110	Maternal and Child Health Federal Consolidated Programs		233,065	18,025	251,090	251,090	—
93.113	Biological Response to Environmental Health Hazards		308,028	—	308,028	308,028	—
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		540,961	155,640	696,601	696,601	—
93.118	Acquired Immunodeficiency Syndrome (AIDS) Activity		1,540,196	1,384,308	2,924,504	2,924,504	—
93.127	Emergency Medical Services for Children		131,647	—	131,647	131,647	—
93.130	Primary Care Services – Resource Coordination and Development		214,996	1,386	216,382	216,382	—
93.136	Injury Prevention and Control Research and State and Community Based Programs		568,198	388,629	956,827	956,827	—
93.143	NIEHS Superfund Hazardous Substances – Basic Research and Education		3,878	—	3,878	—	3,878
93.150	Projects for Assistance in Transition from Homelessness (PATH)		8,000	300,000	308,000	308,000	—
93.161	Health Program for Toxic Substances and Disease Registry		92,262	2,044	94,306	94,306	—
93.184	Disabilities Prevention		342,280	—	342,280	342,280	—
93.189	Health Education and Training Centers		7,001	—	7,001	—	7,001
93.194	Community Prevention Coalitions Demonstration Grant		11	—	11	11	—
93.197	Childhood Lead Poisoning Prevention Projects – State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		300,126	15,531	315,657	315,657	—
93.206	Human Health Studies – Applied Research and Development		130,225	—	130,225	130,225	—
93.217	Family Planning – Services		498,808	1,863,942	2,362,750	2,362,750	—
93.229	Demonstration Cooperative Agreements for Development and Implementation of Criminal Justice Treatment Networks		13,944	—	13,944	—	13,944
93.230	Consolidated Knowledge Development and Application (KD&A)		149,325	—	149,325	107,959	41,366
93.234	Traumatic Brain Injury – State Demonstration Grant Program		(119,272)	—	(119,272)	(119,272)	—
93.235	Abstinence Education		437,799	—	437,799	437,799	—
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement		2,051	—	2,051	2,051	—
93.240	State Capacity Building		239,285	—	239,285	239,285	—
93.241	State Rural Hospital Flexibility Program		355	—	355	355	—
93.251	Universal Newborn Hearing Screening		226,837	—	226,837	226,837	—
93.256	State Planning Grant-Health Care Access for the Uninsured		295,383	—	295,383	295,383	—
93.262	Occupational Safety and Health Research Grants		575,539	3,067	578,606	298,737	279,869
93.263	Occupational Safety and Health – Training Grants		71,591	—	71,591	56,202	15,389
93.268	Immunization Grants		3,677,084	660,917	4,338,001	4,338,001	—
93.273	Alcohol Research Programs		106,390	—	106,390	103,386	3,004
93.279	Drug Abuse Research Programs		10,972	—	10,972	10,972	—
93.282	Mental Health National Research Service Awards for Research Training		9,774	—	9,774	9,774	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance		9,054,693	4,672,419	13,727,112	13,727,112	—
93.399	Cancer Control		7,535	—	7,535	7,535	—
93.554	Emergency Protection Grants		(19)	—	(19)	(19)	—
93.556	Promoting Safe and Stable Families		5,795,559	1,335,595	7,131,154	7,131,154	—
93.558	Temporary Assistance for Needy Families		167,106,415	2,188,088	169,294,503	169,294,503	—
93.563	Child Support Enforcement		24,925,813	6,264,790	31,190,603	31,190,603	—
93.566	Refugee and Entrant Assistance – State Administered Programs		3,492,671	—	3,492,671	3,492,671	—
93.568	Low-Income Home Energy Assistance		494,416	23,901,372	24,395,788	24,395,788	—
93.569	Community Services Block Grant		319,419	4,672,410	4,991,829	4,990,231	1,598
93.570	Community Services Block Grant – Discretionary Awards		68,609	9,033	77,642	20,421	57,221
93.571	Community Services Block Grant Discretionary Awards – Community Food and Nutrition		74,179	33,674	107,853	33,674	74,179
93.576	Refugee and Entrant Assistance – Discretionary Grants		563,085	225,592	788,677	788,677	—
93.584	Refugee and Entrant Assistance – Targeted Assistance		1,453,311	—	1,453,311	1,453,311	—
93.585	Empowerment Zones Program		1,673,455	—	1,673,455	1,673,455	—
93.586	State Court Improvement Program		154,361	—	154,361	154,361	—
93.590	Community-Based Family Resource and Support Grants		109,149	184,304	293,453	194,735	98,718
93.597	Grants to States for Access and Visitation Programs		103,620	—	103,620	103,620	—
93.600	Head Start		2,672,367	375,477	3,047,844	3,040,395	7,449
93.603	Adoption Incentive Payments		1,646,933	—	1,646,933	1,646,933	—
93.612	Native American Programs		40,524	—	40,524	—	40,524
93.623	Runaway and Homeless Youth		157,352	—	157,352	157,352	—
93.630	Developmental Disabilities Basic Support and Advocacy Grants		693,959	—	693,959	693,959	—
93.631	Developmental Disabilities Projects of National Significance		29,778	—	29,778	29,778	—
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service		(4)	—	(4)	(4)	—
93.643	Children's Justice Grants to States		249,747	—	249,747	249,747	—
93.645	Child Welfare Services – State Grants		4,761,107	—	4,761,107	4,761,107	—
93.647	Social Services Research and Demonstration		352,066	71,266	423,332	423,332	—
93.648	Child Welfare Services Training Grants		876,115	—	876,115	170,375	705,740
93.652	Adoption Opportunities		(19,615)	—	(19,615)	(19,615)	—
93.656	Temporary Child Care and Crisis Nurseries		1,000	—	1,000	1,000	—
93.658	Foster Care – Title IV-E		35,715,112	238,493	35,953,605	34,206,890	1,746,715
93.659	Adoption Assistance		20,048,277	—	20,048,277	20,048,277	—
93.667	Social Services Block Grant		17,694,700	4,961,820	22,656,520	22,656,520	—
93.669	Child Abuse and Neglect State Grants		241,565	—	241,565	177,709	63,856

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.670	Child Abuse and Neglect Discretionary Activities		10,060	—	10,060	10,060	—
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters – Grants to States and Indian Tribes		(41,827)	1,204,289	1,162,462	1,162,462	—
93.673	Grants to States for Planning and Development of Dependent Care		41,242	—	41,242	41,242	—
93.674	Chafee Foster Care Independent Living		1,565,771	—	1,565,771	1,565,771	—
93.767	State Children's Insurance Program		23,908,061	—	23,908,061	23,908,061	—
93.768	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities		318,884	—	318,884	318,884	—
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		415,273	—	415,273	415,273	—
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders		984	—	984	—	984
93.862	Genetics and Developmental Biology Research and Research Training		294,258	—	294,258	294,258	—
93.865	Center for Research for Mothers and Children		9,425	—	9,425	—	9,425
93.894	Resource and Manpower Development in the Environmental Health		443,370	—	443,370	398,935	44,435
93.917	HIV Care Formula Grants		3,330,403	1,064,486	4,394,889	4,379,416	15,473
93.919	Cancer Early Detection Programs		1,115,589	2,176,659	3,292,248	3,292,248	—
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems		828,061	46,123	874,184	874,184	—
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		269,887	85,908	355,795	355,795	—
93.945	Assistance Program for Chronic Disease Prevention and Control		695,624	—	695,624	695,624	—
93.951	Demonstration Grants to States with Respect to Alzheimer's Disease		(12,506)	—	(12,506)	(12,506)	—
93.952	Improving EMS/Trauma Care in Rural Areas		9,413	—	9,413	9,413	—
93.958	Block Grants for Community Mental Health Services		131,797	4,473,675	4,605,472	4,605,472	—
93.959	Block Grants for Prevention and Treatment of Substance Abuse		891,435	13,717,640	14,609,075	14,609,075	—
93.969	Geriatric Education Centers		95,126	—	95,126	—	95,126
93.977	Preventive Health Services – Sexually Transmitted Diseases Control		977,722	—	977,722	977,722	—
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		644,116	171,167	815,283	815,283	—
93.991	Preventative Health and Health Services Block Grant		1,112,355	83,783	1,196,138	1,196,138	—
93.994	Maternal and Child Health Services Block Grant to the States		1,774,333	4,863,261	6,637,594	6,637,594	—
93.XXX	Other Department of Human Services Program Not Available		958	—	958	958	—
<b>Total Department of Health and Human Services</b>			<b>\$350,686,703</b>	<b>\$84,083,003</b>	<b>\$434,769,706</b>	<b>\$431,443,812</b>	<b>\$3,325,894</b>

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

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
<b>Corporation For National and Community Service</b>							
94.003	State Commissions		\$273,262	\$—	\$273,262	\$135,353	\$137,909
94.004	Learn and Serve America – School and Community Based Programs		48,903	100,603	149,506	149,506	—
94.005	Learn and Serve America – Higher Education		293,097	—	293,097	209,287	83,810
94.006	AmeriCorps		669,146	1,292,262	1,961,408	1,961,408	—
94.007	Planning and Program Development Grants		24,946	4,136	29,082	29,082	—
94.009	Training and Technical Assistance		77,845	—	77,845	77,845	—
94.013	Volunteers in Service to America		9,445	—	9,445	9,445	—
94.XXX	Other Corporation for National and Community Service Programs						
		01-182-2042-000	570	—	570	570	—
		00-182-2052-000	741	—	741	741	—
		182-98-3068	417	—	417	417	—
		Not Available	268,196	—	268,196	268,196	—
		182-97-3107	171	—	171	171	—
94.XXX	Total Other Corporation for National and Community Service		<u>270,095</u>	<u>—</u>	<u>270,095</u>	<u>270,095</u>	<u>—</u>
<b>Total Corporation For National and Community Service</b>			<b><u>\$1,666,739</u></b>	<b><u>\$1,397,001</u></b>	<b><u>\$3,063,740</u></b>	<b><u>\$2,842,021</u></b>	<b><u>\$221,719</u></b>
<b>Department of Homeland Security</b>							
97.004	State Domestic Preparedness Equipment Support Program		\$183,298	\$176,645	\$359,943	\$359,943	\$—
97.012	Boating Safety Financial Assistance		96,370	1,488,264	1,584,634	1,584,634	—
97.018	National Fire Academy Training Assistance		13,467	—	13,467	13,467	—
97.020	Hazardous Materials Training Program		167,419	—	167,419	167,419	—
97.023	Community Assistance Program – State Support Services Element (CAP -SSSE)		117,876	—	117,876	117,876	—
97.029	Flood Mitigation Assistance		3,273	100,440	103,713	103,713	—
97.036	Public Assistance Grants		30,352	1,567,500	1,597,852	1,590,549	7,303
97.038	First Responder Counter-Terrorism Training Assistance		221,518	—	221,518	221,518	—
97.039	Hazard Mitigation Grant		397	7,618	8,015	8,015	—
97.040	Chemical Stockpile Emergency Preparedness Program		2,425,822	7,613,572	10,039,394	10,039,394	—
97.041	National Dam Safety Program		105,545	—	105,545	105,545	—
97.042	Emergency Management Performance Grants		718,403	1,176,891	1,895,294	1,895,294	—
97.046	Fire Management Assistance Grant		2,285,914	—	2,285,914	2,285,914	—
97.047	Pre-Disaster Mitigation		131,812	14,708	146,520	14,708	131,812
97.051	State and Local All Hazards Emergency Operations Planning		170,610	—	170,610	170,610	—
97.052	Emergency Operations Centers		46,563	—	46,563	46,563	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
<b>Total Department of Homeland Security</b>			<b>\$6,718,639</b>	<b>\$12,145,638</b>	<b>\$18,864,277</b>	<b>\$18,725,162</b>	<b>\$139,115</b>
<b>Presidential Program</b>							
99.XXX	HIDTA – Presidential Order	I3PORP501	1,465,951	895,230	2,361,181	2,361,181	—
<b>Total Presidential Program</b>			<b>\$1,465,951</b>	<b>\$895,230</b>	<b>\$2,361,181</b>	<b>\$2,361,181</b>	<b>\$-</b>
<b>Food Stamp Cluster</b>							
10.551	Food Stamps		\$364,079,955	\$—	\$364,079,955	\$363,757,911	\$322,044
10.561	State Administrative Matching Grants for Food Stamp Program		32,586,978	—	32,586,978	32,586,978	—
<b>Total Food Stamp Cluster</b>			<b>\$396,666,933</b>	<b>\$-</b>	<b>\$396,666,933</b>	<b>\$396,344,889</b>	<b>\$322,044</b>
<b>Child Nutrition Cluster</b>							
10.553	School Breakfast Program		\$638,504	\$20,673,102	\$21,311,606	\$21,311,606	\$—
10.555	National School Lunch Program		1,132,800	58,831,437	59,964,237	59,964,237	—
10.556	Special Milk Program for Children		—	153,535	153,535	153,535	—
10.559	Summer Food Service Program for Children		106,255	1,028,771	1,135,026	1,135,026	—
<b>Total Child Nutrition Cluster</b>			<b>\$1,877,559</b>	<b>\$80,686,845</b>	<b>\$82,564,404</b>	<b>\$82,564,404</b>	<b>\$-</b>
<b>Emergency Food Assistance Cluster</b>							
10.568	Emergency Food Assistance Program (Administrative Costs)		\$54,438	\$694,359	\$748,797	\$748,797	\$—
10.569	Emergency Food Assistance Program (Food Commodities)		—	6,036,115	6,036,115	6,036,115	—
<b>Total Emergency Food Assistance</b>			<b>\$54,438</b>	<b>\$6,730,474</b>	<b>\$6,784,912</b>	<b>\$6,784,912</b>	<b>\$-</b>
<b>Schools and Roads Cluster</b>							
10.665	Schools and Roads – Grants to States		\$19	\$141,007,590	\$141,007,609	\$141,007,609	\$—
<b>Total Schools and Roads Cluster</b>			<b>\$19</b>	<b>\$141,007,590</b>	<b>\$141,007,609</b>	<b>\$141,007,609</b>	<b>\$-</b>
<b>Public Works and Economic Development Cluster</b>							
11.307	Economic Adjustment Assistance		\$43,743	\$—	\$43,743	\$43,743	\$—
<b>Total Public Works and Economic Development Cluster</b>			<b>\$43,743</b>	<b>\$-</b>	<b>\$43,743</b>	<b>\$43,743</b>	<b>\$-</b>

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

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
<b>Section 8 Project-Based Cluster</b>							
14.195	Section 8 Housing Assistance Payments Program – Special Allocations		\$48,435,162	\$—	\$48,435,162	\$48,435,162	\$—
<b>Total Section 8 Project-Based Cluster</b>			<b>\$48,435,162</b>	<b>\$—</b>	<b>\$48,435,162</b>	<b>\$48,435,162</b>	<b>\$—</b>
<b>CDBG Entitlement and Small Cities Cluster</b>							
14.218	Community Development Block Grants/Entitlement Grants		\$99,775	\$—	\$99,775	\$—	\$99,775
<b>Total CDBG Entitlement and Small Cities Cluster</b>			<b>\$99,775</b>	<b>\$—</b>	<b>\$99,775</b>	<b>\$—</b>	<b>\$99,775</b>
<b>Fish and Wildlife Cluster</b>							
15.605	Sport Fish Restoration		\$5,253,080	\$802,039	\$6,055,119	\$6,055,119	\$—
15.611	Wildlife Restoration		4,639,770	32,657	4,672,427	4,672,427	—
<b>Total Fish and Wildlife Cluster</b>			<b>\$9,892,850</b>	<b>\$834,696</b>	<b>\$10,727,546</b>	<b>\$10,727,546</b>	<b>\$—</b>
<b>Employment Services Cluster</b>							
17.207	Employment Service		\$13,466,599	\$49,752	\$13,516,351	\$13,516,351	\$—
17.801	Disabled Veterans' Outreach Program (DVOP)		1,112,282	—	1,112,282	1,112,282	—
17.804	Local Veterans' Employment Representative Program		1,231,107	—	1,231,107	1,231,107	—
<b>Total Employment Services Cluster</b>			<b>\$15,809,988</b>	<b>\$49,752</b>	<b>\$15,859,740</b>	<b>\$15,859,740</b>	<b>\$—</b>
<b>WIA Cluster</b>							
17.258	WIA Adult Program		\$499,629	\$12,923,231	\$13,422,860	\$13,422,860	\$—
17.259	WIA Youth Activities		559,996	13,305,459	13,865,455	13,865,455	—
17.260	WIA Dislocated Workers		7,082,371	30,466,223	37,548,594	37,548,594	—
<b>Total WIA Cluster</b>			<b>\$8,141,996</b>	<b>\$56,694,913</b>	<b>\$64,836,909</b>	<b>\$64,836,909</b>	<b>\$—</b>
<b>Highway Planning and Construction Cluster</b>							
20.205	Highway Planning and Construction		\$346,588,730	\$14,550,661	\$361,139,391	\$361,139,391	\$—
<b>Total Highway Planning and Construction Cluster</b>			<b>\$346,588,730</b>	<b>\$14,550,661</b>	<b>\$361,139,391</b>	<b>\$361,139,391</b>	<b>\$—</b>

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

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
<b>Highway Safety Cluster</b>							
20.600	State and Community Highway Safety		\$2,073,708	\$690,566	\$2,764,274	\$2,764,274	\$—
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants		172,720	573,493	746,213	746,213	—
20.602	Occupant Protection		41,698	275,320	317,018	317,018	—
20.603	Federal Highway Safety Data Improvements Incentive Grants		90,633	4,280	94,913	94,913	—
20.604	Safety Incentive Grants for Use of Seatbelts		436,292	484,983	921,275	921,275	—
20.605	Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons		874,137	411,860	1,285,997	1,285,997	—
<b>Total Highway Safety Cluster</b>			<b>\$3,689,188</b>	<b>\$2,440,502</b>	<b>\$6,129,690</b>	<b>\$6,129,690</b>	<b>\$—</b>
<b>Special Education Cluster</b>							
84.027	Special Education – Grants to States		\$4,535,446	\$71,232,668	\$75,768,114	\$75,163,384	\$604,730
84.173	Special Education – Preschool Grants		344,878	5,165,325	5,510,203	5,510,203	—
<b>Total Special Education Cluster</b>			<b>\$4,880,324</b>	<b>\$76,397,993</b>	<b>\$81,278,317</b>	<b>\$80,673,587</b>	<b>\$604,730</b>
<b>Student Financial Assistance Cluster</b>							
84.007	Federal Supplemental Education Opportunity Grants		\$3,915,863	\$—	\$3,915,863	\$3,915,863	\$—
84.032	Federal Family Education Loans		22,472,739	—	22,472,739	22,472,739	—
84.033	Federal Work-Study Program		5,407,219	—	5,407,219	5,407,219	—
84.038	Federal Perkins Loan Program – Federal Capital Contributions		243,963	—	243,963	243,963	—
84.063	Federal Pell Grant Program		50,403,108	—	50,403,108	50,403,108	—
84.268	Federal Direct Student Loans		246,149,824	—	246,149,824	246,149,824	—
<b>Total Student Financial Assistance Cluster</b>			<b>\$328,592,716</b>	<b>\$—</b>	<b>\$328,592,716</b>	<b>\$328,592,716</b>	<b>\$—</b>
<b>Trio Cluster</b>							
84.042	TRIO – Student Support Services		\$1,757,150	\$—	\$1,757,150	\$1,757,150	\$—
84.044	TRIO – Talent Search		244,554	—	244,554	244,554	—
84.047	TRIO – Upward Bound		637,652	—	637,652	637,652	—
84.217	TRIO-McNair Post-Baccalaureate Achievement		430,775	—	430,775	430,775	—
<b>Total Trio Cluster</b>			<b>\$3,070,131</b>	<b>\$—</b>	<b>\$3,070,131</b>	<b>\$3,070,131</b>	<b>\$—</b>

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

**State of Oregon**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
<b>Aging Cluster</b>							
93.044	Special Programs for the Aging – Title III, Part B – Grants for Supportive Services and Senior Centers		\$(609,087)	\$4,134,978	\$3,525,891	\$3,525,891	\$—
93.045	Special Programs for the Aging – Title III, Part C - Nutrition Services		307,769	5,295,373	5,603,142	5,603,142	—
<b>Total Aging Cluster</b>			<b><u>\$(301,318)</u></b>	<b><u>\$9,430,351</u></b>	<b><u>\$9,129,033</u></b>	<b><u>\$9,129,033</u></b>	<b><u>\$—</u></b>
<b>Child Care Cluster</b>							
93.575	Child Care and Development Block Grant		\$19,552,051	\$6,928,539	\$26,480,590	\$25,781,735	\$698,855
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		38,622,497	—	38,622,497	38,497,940	124,557
<b>Total Child Care Cluster</b>			<b><u>\$58,174,548</u></b>	<b><u>\$6,928,539</u></b>	<b><u>\$65,103,087</u></b>	<b><u>\$64,279,675</u></b>	<b><u>\$823,412</u></b>
<b>Medicaid Cluster</b>							
93.775	State Medicaid Fraud Control Units		\$869,410	\$—	\$869,410	\$869,410	\$—
93.777	State Survey and Certification of Health Care Providers and Suppliers		4,655,474	—	4,655,474	4,655,474	—
93.778	Medical Assistance Program		1,820,474,907	1,861,222	1,822,336,129	1,822,336,129	—
<b>Total Medicaid Cluster</b>			<b><u>\$1,825,999,791</u></b>	<b><u>\$1,861,222</u></b>	<b><u>\$1,827,861,013</u></b>	<b><u>\$1,827,861,013</u></b>	<b><u>\$—</u></b>
<b>Foster Grandparents/Senior Companion Cluster</b>							
94.011	Foster Grandparent Program		\$224,940	\$—	\$224,940	\$224,940	\$—
<b>Total Foster Grandparents/Senior Companion Cluster</b>			<b><u>\$224,940</u></b>	<b><u>\$—</u></b>	<b><u>\$224,940</u></b>	<b><u>\$224,940</u></b>	<b><u>\$—</u></b>
<b>Disability Insurance/SSI Cluster</b>							
96.001	Social Security – Disability Insurance		\$21,684,631	\$—	\$21,684,631	\$21,684,631	\$—
96.006	Supplemental Security Income		188,267	—	188,267	188,267	—
<b>Total Disability Insurance/SSI Cluster</b>			<b><u>\$21,872,898</u></b>	<b><u>\$—</u></b>	<b><u>\$21,872,898</u></b>	<b><u>\$21,872,898</u></b>	<b><u>\$—</u></b>
<b>Research and Development Cluster</b>							
10.001	Agricultural Research – Basic and Applied Research		\$1,493,443	\$6,499	\$1,499,942	\$1,350,603	\$149,339
10.200	Grants for Agricultural Research, Special Research Grants		3,305,257	659,455	3,964,712	3,027,496	937,216

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
10.202	Cooperative Forestry Research		749,353	—	749,353	749,353	—
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act		2,616,914	7,055	2,623,969	2,623,969	—
10.206	Grants for Agricultural Research – Competitive Research Grants		2,037,019	12,439	2,049,458	1,964,855	84,603
10.207	Animal Health and Disease Research		75,773	—	75,773	75,773	—
10.212	Small Business Innovation Research		6,500	—	6,500	—	6,500
10.215	Sustainable Agriculture Research and Education		183,500	—	183,500	—	183,500
10.217	Higher Education Challenge Grants		37,257	—	37,257	37,257	—
10.224	Fund for Rural America – Research, Education, and Extension Activities		103,472	49,150	152,622	137,731	14,891
10.250	Agricultural and Rural Economic Research		34,854	—	34,854	34,854	—
10.302	Initiative for Future Agriculture and Food Systems		1,281,694	259,274	1,540,968	685,025	855,943
10.303	Integrated Programs		504,791	19,573	524,364	344,179	180,185
10.350	Technical Assistance to Cooperatives		27,686	—	27,686	27,686	—
10.450	Crop Insurance		28,299	—	28,299	28,299	—
10.500	Cooperative Extension Service		247,245	82,053	329,298	235,728	93,570
10.551	Food Stamps		585,692	—	585,692	—	585,692
10.553	School Breakfast Program		4,935	—	4,935	—	4,935
10.558	Child and Adult Care Food Program		2,118	—	2,118	2,118	—
10.652	Forestry Research		1,600,481	7,065	1,607,546	1,575,110	32,436
10.664	Cooperative Forestry Assistance		3,105,949	9,997	3,115,946	3,066,858	49,088
10.665	Schools and Roads – Grants to States		122,050	—	122,050	—	122,050
10.672	Rural Development, Forestry, and Communities		9,949	—	9,949	9,949	—
10.773	Rural Business Opportunity Grants		11,535	—	11,535	—	11,535
10.901	Resource Conservation and Development		12,271	—	12,271	—	12,271
10.902	Soil and Water Conservation		158,847	—	158,847	158,847	—
10.912	Environmental Quality Incentives Program		17,501	—	17,501	17,501	—
10.961	Scientific Cooperation and Research		1,050,720	1,272,871	2,323,591	2,265,607	57,984
11.417	Sea Grant Support		1,789,151	105,865	1,895,016	1,870,848	24,168
11.419	Coastal Zone Management Administration Awards		7,660	—	7,660	—	7,660
11.420	Coastal Zone Management Estuarine Research Reserves		47,589	—	47,589	24,648	22,941
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program		71,066	—	71,066	71,066	—
11.430	Undersea Research		140,151	—	140,151	21,834	118,317
11.431	Climate and Atmospheric Research		286,139	16,200	302,339	302,339	—
11.432	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes		1,208,159	—	1,208,159	1,192,205	15,954
11.437	Pacific Fisheries Data Program		21,072	—	21,072	—	21,072
11.438	Pacific Coast Salmon Recovery – Pacific Salmon Treaty Program		28,931	—	28,931	—	28,931

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
11.439	Marine Mammal Data Program		168,328	—	168,328	168,328	—
11.440	Environmental Sciences, Applications, Data, and Education		7,062	—	7,062	7,062	—
11.452	Unallied Industry Projects		138,322	—	138,322	—	138,322
11.454	Unallied Management Projects		4,523	—	4,523	—	4,523
11.455	Cooperative Science and Education Program		1,696,549	—	1,696,549	1,568,440	128,109
11.460	Special Oceanic and Atmospheric Projects		49,710	—	49,710	49,710	—
11.462	Hydrologic Research		40,189	—	40,189	40,189	—
11.472	Unallied Science Program		5,981	—	5,981	—	5,981
11.473	Coastal Services Center		1,646	—	1,646	1,646	—
11.478	Center for Sponsored Coastal Ocean Research – Coastal Ocean Program		29,621	—	29,621	—	29,621
11.612	Advanced Technology Program		99,793	—	99,793	—	99,793
12.101	Beach Erosion Control Projects		4,267	—	4,267	—	4,267
12.104	Flood Plain Management Services		22,930	—	22,930	22,930	—
12.106	Flood Control Projects		7,814	—	7,814	7,814	—
12.109	Protection, Clearing and Straightening Channels		20,000	—	20,000	20,000	—
12.110	Planning Assistance to States		127,383	—	127,383	127,383	—
12.114	Collaborative Research and Development		859,625	—	859,625	859,625	—
12.300	Basic and Applied Scientific Research		5,863,715	59,235	5,922,950	5,360,147	562,803
12.401	National Guard Military Operations and Maintenance (O&M) Projects		42,780	—	42,780	—	42,780
12.420	Military Medical Research and Development		1,266,289	—	1,266,289	1,139,102	127,187
12.431	Basic Scientific Research		763,092	235,519	998,611	683,673	314,938
12.800	Air Force Defense Research Sciences Program		1,277,672	88,383	1,366,055	779,034	587,021
12.910	Research and Technology Development		1,089,865	—	1,089,865	785,197	304,668
12.XXX	Other Department of Defense Programs						
		Not Available	8,654	—	8,654	(54,487)	63,141
		57795	63,142	—	63,142	—	63,142
		DASW01-03-2-0002	45,075	—	45,075	45,075	—
		GS10F0195J	3,043	—	3,043	3,043	—
12.XXX	Total Other Department of Defense Programs		119,914	—	119,914	(6,369)	126,283
15.222	Cooperative Inspection Agreements with States and Tribes		15,918	—	15,918	15,918	—
15.224	Cultural Resource Management		30,493	—	30,493	30,980	(487)
15.225	Recreation Resource Management		399,960	23,621	423,581	407,234	16,347
15.504	Water Reclamation and Reuse Program		2,569	—	2,569	2,569	—
15.605	Sport Fish Restoration		37,035	—	37,035	—	37,035
15.608	Fish and Wildlife Management Assistance		784,521	—	784,521	146,257	638,264
15.611	Wildlife Restoration		27,240	—	27,240	—	27,240
15.615	Cooperative Endangered Species Conservation Fund		24,551	—	24,551	1,425	23,126

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
15.617	Wildlife Conservation and Appreciation		28,659	—	28,659	28,659	—
15.618	Administrative Grants for Federal Aid-Sport Fish		25,103	—	25,103	—	25,103
15.805	Assistance to State Water Resources Research Institutes		107,074	9,408	116,482	116,565	(83)
15.807	Earthquake Hazards Reduction Program		240,310	—	240,310	203,039	37,271
15.808	U.S. Geological Survey – Research and Data Acquisition		2,442,814	—	2,442,814	2,442,567	247
15.810	National Cooperative Geologic Mapping Program		742	—	742	742	—
15.904	Historic Preservation Fund Grants-In-Aid		5,022	—	5,022	—	5,022
15.910	National Natural Landmarks Program		1,202	—	1,202	1,202	—
15.915	Technical Preservation Services		252,050	—	252,050	252,050	—
15.916	Outdoor Recreation – Acquisition, Development and Planning		96,696	—	96,696	97,390	(694)
15.976	Migratory Bird Banding and Data Analysis		279,583	28,685	308,268	308,268	—
15.XXX	Other Department of the Interior Programs						
		101810M483	335	—	335	335	—
		P1580020742	10,321	—	10,321	10,321	—
		101810M658	4,050	—	4,050	4,050	—
		11450-2-J504	29,616	—	29,616	29,616	—
		14160	3,145	—	3,145	—	3,145
		1434-CA-02-SA-0037	5,582	—	5,582	5,582	—
		1443-CA9000-99-003	1,628	—	1,628	1,628	—
		1-Feb	75,937	—	75,937	—	75,937
		HAP024129	19,015	—	19,015	19,015	—
		P1580010818	39	—	39	39	—
		OOFG200085	3,409	—	3,409	3,409	—
		01WRSA0310	1,098	—	1,098	1,098	—
15.XXX	Total Other Department of the Interior Programs		<u>154,175</u>	—	<u>154,175</u>	<u>75,093</u>	<u>79,082</u>
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States		43,788	—	43,788	—	43,788
16.579	Byrne Formula Grant Program		39,473	—	39,473	—	39,473
16.585	Drug Court Discretionary Grant Program		29,836	—	29,836	—	29,836
16.588	Violence Against Women Formula Grants		27,442	—	27,442	—	27,442
16.589	Rural Domestic Violence and Child Victimization Enforcement Grant Program		30,796	—	30,796	—	30,796
16.595	Executive Office for Weed and Seed		17,683	—	17,683	—	17,683
16.609	Community Prosecution and Project Safe Neighborhoods		22,214	—	22,214	21,845	369
16.727	Enforcing Underage Drinking Laws Program		23,108	—	23,108	—	23,108
17.247	Migrant and Seasonal Farm Workers		734	—	734	—	734
17.502	Occupational Safety and Health – Susan Harwood Training Grants		12,105	—	12,105	—	12,105
17.XXX	Other Department of Labor Programs						

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		FP-766 PROJ 2202	10,451	—	10,451	—	10,451
		S-6010-PSU/FP11126	2,506	—	2,506	2,506	—
		FP-909	7,630	—	7,630	—	7,630
		NAWS PSU-072001	23,919	—	23,919	—	23,919
<b>17.XXX</b>	Total Other Department of Labor Programs		<u>44,506</u>	<u>—</u>	<u>44,506</u>	<u>2,506</u>	<u>42,000</u>
<b>19.405</b>	Educational Partnerships Program		61,776	—	61,776	61,776	—
<b>19.409</b>	Creative Arts Grants		12,460	—	12,460	12,460	—
<b>19.414</b>	Cultural Exchange (Visual Arts)		112,098	—	112,098	112,098	—
<b>19.421</b>	Exchange – English Language Fellow Program		366,777	—	366,777	—	366,777
<b>20.108</b>	Aviation Research Grants		69,508	—	69,508	—	69,508
<b>20.205</b>	Highway Planning and Construction		786,935	29,673	816,608	6,797	809,811
<b>20.215</b>	Highway Training and Education		342,014	42,870	384,884	84,360	300,524
<b>20.218</b>	National Motor Carrier Safety		13,115	—	13,115	—	13,115
<b>20.515</b>	State Planning and Research		375,524	84,203	459,727	—	459,727
<b>20.600</b>	State and Community Highway Safety		87,448	—	87,448	—	87,448
<b>20.701</b>	University Transportation Centers Program		137,316	—	137,316	—	137,316
<b>20.XXX</b>	Other Department of Transportation Programs						
		DTCG32-02-C-R0000	1,612	3,712	5,324	5,324	—
		0000306706WC	30,532	—	30,532	—	30,532
<b>20.XXX</b>	Total Other Department of Transportation Programs		<u>32,144</u>	<u>3,712</u>	<u>35,856</u>	<u>5,324</u>	<u>30,532</u>
<b>43.001</b>	Aerospace Education Services Program		1,146,835	1,488,406	2,635,241	2,598,511	36,730
<b>43.002</b>	Technology Transfer		4,266,026	49,236	4,315,262	3,260,197	1,055,065
<b>43.XXX</b>	Other NASA programs						
		NAG5-12856	12,823	—	12,823	12,823	—
		#PSU 02-01	75,380	—	75,380	75,380	—
		#PSU 02-02	17,579	—	17,579	17,579	—
		1236629 MOD 01	8,372	—	8,372	—	8,372
		213011-NASA011	36,700	—	36,700	36,700	—
		98-513B-PSU	2,420	—	2,420	—	2,420
		L-17041	9,485	—	9,485	9,485	—
		NAG-13044	2,086	—	2,086	2,086	—
		NAG3-2741	85,712	—	85,712	85,712	—
		NAG5-11309	13,834	—	13,834	13,834	—
		NAG5-11441	43,028	—	43,028	43,028	—
		NAG5-12736	20,807	—	20,807	20,807	—
		NAG5-13503	9,198	—	9,198	9,198	—
		NCC 2-1381	46,186	—	46,186	46,186	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		Not Available	6,108	—	6,108	—	6,108
		NAG5-11442	43,438	—	43,438	43,438	—
<b>43.XXX</b>	Total Other NASA programs		433,156	—	433,156	416,256	16,900
<b>45.149</b>	Promotion of the Humanities – Division of Preservation and Access		25,071	36,230	61,301	61,301	—
<b>45.160</b>	Promotion of the Humanities – Fellowships and Stipends		74,281	—	74,281	74,281	—
<b>45.161</b>	Promotion of the Humanities – Research		30,021	—	30,021	—	30,021
<b>45.301</b>	Institute of Museum and Library Services		12,470	—	12,470	12,470	—
<b>45.310</b>	State Library Program		37,001	—	37,001	—	37,001
<b>47.041</b>	Engineering Grants		3,502,270	44,726	3,546,996	3,243,005	303,991
<b>47.049</b>	Mathematical and Physical Sciences		5,395,053	38,353	5,433,406	5,296,861	136,545
<b>47.050</b>	Geosciences		15,565,030	375,650	15,940,680	15,369,320	571,360
<b>47.070</b>	Computer and Information Science and Engineering		3,101,511	344,780	3,446,291	3,122,653	323,638
<b>47.074</b>	Biological Sciences		7,549,610	668,504	8,218,114	7,449,926	768,188
<b>47.075</b>	Social, Behavioral, and Economic Sciences		1,037,534	32,541	1,070,075	991,127	78,948
<b>47.076</b>	Education and Human Resources		1,266,997	198,264	1,465,261	1,102,343	362,918
<b>47.077</b>	Academic Research Infrastructure		173,742	—	173,742	173,742	—
<b>47.078</b>	Polar Programs		1,309,825	—	1,309,825	1,277,861	31,964
<b>58.001</b>	Securities – Investigation of Complaints and SEC Information		129,684	—	129,684	129,684	—
<b>66.460</b>	Nonpoint Source Implementation Grants		185,197	—	185,197	—	185,197
<b>66.463</b>	Water Quality Cooperative Agreements		74,158	—	74,158	—	74,158
<b>66.500</b>	Environmental Protection-Consolidated Research		2,806,379	310,343	3,116,722	2,711,366	405,356
<b>66.509</b>	Science to Achieve Results (STAR) Program		19,894	—	19,894	19,894	—
<b>66.511</b>	Office of Research and Development Consolidated Research		2,055	—	2,055	2,055	—
<b>66.600</b>	Environmental Protection Consolidated Grants – Program Support		62	—	62	—	62
<b>66.606</b>	Surveys, Studies, Investigations and Special Purpose Grants		103,622	—	103,622	42,775	60,847
<b>66.607</b>	Training and Fellowships for the Environmental Protection Agency		264,892	—	264,892	264,892	—
<b>66.714</b>	Pesticide Environmental Stewardship Regional Grants		61,118	—	61,118	38,218	22,900
<b>66.802</b>	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		24,601	—	24,601	—	24,601
<b>77.001</b>	Radiation Control – Training Assistance and Advisory Counseling		433,644	—	433,644	259,432	174,212
<b>81.004</b>	University-Laboratory Cooperative Program		81,132	—	81,132	81,113	19
<b>81.036</b>	Inventions and Innovations		26,427	—	26,427	—	26,427
<b>81.049</b>	Office of Science Financial Assistance Program		6,585,253	696,520	7,281,773	6,245,491	1,036,282
<b>81.064</b>	Office of Scientific and Technical Information		75,570	—	75,570	10,098	65,472
<b>81.079</b>	Regional Biomass Energy Programs		951	—	951	—	951
<b>81.086</b>	Conservation Research and Development		735,491	37,217	772,708	530,970	241,738
<b>81.087</b>	Renewable Energy Research and Development		396,441	—	396,441	142,114	254,327

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
81.089	Fossil Energy Research and Development		35,830	—	35,830	—	35,830
81.114	University Nuclear Science and Reactor Support		478,159	266,662	744,821	744,821	—
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance		4,315	—	4,315	—	4,315
81.XXX	Other Department of Energy Programs						
		00012839 00001	6,041	—	6,041	6,041	—
		K01-183637	(812)	—	(812)	—	(812)
		Not Available	19,319	—	19,319	19,319	—
		OOAP23301	399	—	399	399	—
		407488-A-N3	22,908	—	22,908	—	22,908
		B524838	57,813	—	57,813	57,813	—
		6624	9,999	—	9,999	9,999	—
81.XXX	Total Other Department of Energy Programs		<u>115,667</u>	<u>—</u>	<u>115,667</u>	<u>93,571</u>	<u>22,096</u>
84.002	Adult Education – State Grant Program		274,949	—	274,949	—	274,949
84.017	International Research and Studies		4,623	—	4,623	—	4,623
84.019	Overseas-Faculty Research Abroad		15,941	—	15,941	15,941	—
84.022	Overseas-Doctoral Dissertation		14,418	—	14,418	14,418	—
84.023	Special Education-Innovation and Development		65,884	—	65,884	67,047	(1,163)
84.025	Services for Children with Deaf-Blindness		121,620	—	121,620	121,620	—
84.027	Special Education – Grants to States		205,226	—	205,226	—	205,226
84.042	TRIO – Student Support Services		41,591	—	41,591	41,591	—
84.051	Vocational Education-National Center for Career and Technical		73,569	—	73,569	—	73,569
84.116	Fund for the Improvement of Postsecondary Education		131,369	20,344	151,713	76,414	75,299
84.133	National Institute on Disability and Rehabilitation Research		1,402,060	28,614	1,430,674	1,275,879	154,795
84.180	Technology Applications for Individuals with Disabilities		6,189	—	6,189	6,189	—
84.184	Safe and Drug-Free Schools and Communities – National Programs		16,756	—	16,756	—	16,756
84.215	Fund for the Improvement of Education		19,156	30,280	49,436	49,436	—
84.234	Projects with Industry		142,199	—	142,199	142,199	—
84.237	Special Education – Programs for Children with Serious Emotional Disturbance		12,807	—	12,807	12,807	—
84.276	Goals 2000-State and Local Education Systemic Improvement Grants		15,436	—	15,436	—	15,436
84.305	Education Research, Development and Dissemination		305,184	—	305,184	279,228	25,956
84.309	National Institute on Postsecondary Education, Libraries, and Lifelong Learning		873,106	—	873,106	—	873,106
84.314	Even Start – Statewide Family Literacy Program – State Program Improvement Grants for Children with Disabilities		69,286	—	69,286	—	69,286
84.324	Special Education – Research and Innovation to Improve		56,094	—	56,094	—	56,094
			3,310,932	412,762	3,723,694	3,351,422	372,272

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.325	Services and Results for Children with Disabilities Special Education – Personnel Preparation to Improve Services and Results for Children with Disabilities		517,741	—	517,741	523,613	(5,872)
84.326	Special Education – Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		1,264,741	937,898	2,202,639	2,161,829	40,810
84.327	Special Education – Technology and Media Services for Individuals with Disabilities		280,824	—	280,824	280,824	—
84.336	Teacher Quality Enhancement Grants		66,757	—	66,757	66,757	—
84.342	Preparing Tomorrow's Teachers to Use Technology		418,734	—	418,734	418,734	—
84.349	Early Childhood Educator Professional Development		250,447	—	250,447	209,468	40,979
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program		4,233	—	4,233	—	4,233
93.042	Special Programs for the Aging – Title VII, Chapter 2 – Long Term Care Ombudsman Services for Older Individuals		52,548	—	52,548	—	52,548
93.043	Special Programs for the Aging – Title III, Part D – Disease Prevention and Health Promotion Services		3,366	—	3,366	—	3,366
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		338,973	—	338,973	—	338,973
93.113	Biological Response to Environmental Health Hazards		1,973,334	—	1,973,334	1,952,486	20,848
93.114	Applied Toxicological Research and Testing		254,801	—	254,801	254,801	—
93.121	Oral Diseases and Disorders Research		233,128	—	233,128	233,128	—
93.136	Injury Prevention and Control Research and State and Community Based Programs		227,936	99,178	327,114	308,776	18,338
93.143	NIEHS Superfund Hazardous Substances – Basic Research and Education		302,117	—	302,117	—	302,117
93.172	Human Genome Research		264,986	—	264,986	264,986	—
93.173	Research Related to Deafness and Communication Disorders		1,549,366	60,064	1,609,430	1,553,441	55,989
93.206	Human Health Studies – Applied Research and Development		786	—	786	786	—
93.213	Research and Training in Complementary and Alternative Medicine		293,185	—	293,185	182,709	110,476
93.226	Research on Healthcare Costs, Quality and Outcomes		302,859	—	302,859	302,859	—
93.230	Consolidated Knowledge Development and Application (KD&A)		392,364	45,118	437,482	83,890	353,592
93.238	Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement		(108,083)	—	(108,083)	—	(108,083)
93.239	Policy Research and Evaluation Grants		81,804	—	81,804	—	81,804
93.242	Mental Health Research Grants		1,572,367	176,163	1,748,530	1,652,952	95,578
93.243	Substance Abuse and Mental Health Services: Projects of Regional and National Significance		54,316	—	54,316	—	54,316
93.262	Occupational Safety and Health Research Grants		17,264	—	17,264	—	17,264

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.263	Occupational Safety and Health – Training Grants		29,579	—	29,579	27,975	1,604
93.273	Alcohol Research Programs		115,305	—	115,305	86,914	28,391
93.279	Drug Abuse Research Programs		2,178,421	92,406	2,270,827	2,270,827	—
93.281	Mental Health Research Career/Scientist Development Awards		5,014	—	5,014	5,014	—
93.282	Mental Health National Research Service Awards for Research Training		192,801	—	192,801	192,801	—
93.283	Centers for Disease Control and Prevention – Investigations and Technical Assistance		241,612	—	241,612	46,568	195,044
93.306	Comparative Medicine		2,520,274	20,000	2,540,274	2,423,909	116,365
93.333	Clinical Research		180,615	30,057	210,672	—	210,672
93.361	Nursing Research		58,676	—	58,676	58,676	—
93.371	Biomedical Technology		580,449	—	580,449	580,449	—
93.390	Academic Research Enhancement Award		1,947	—	1,947	1,947	—
93.393	Cancer Cause and Prevention Research		582,875	—	582,875	579,616	3,259
93.395	Cancer Treatment Research		545,188	—	545,188	—	545,188
93.396	Cancer Biology Research		22,284	—	22,284	22,284	—
93.399	Cancer Control		303,443	—	303,443	303,443	—
93.575	Child Care and Development Block Grant		165,918	—	165,918	—	165,918
93.600	Head Start		429,943	—	429,943	429,943	—
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service		416,154	—	416,154	416,154	—
93.643	Children's Justice Grants to States		27,004	—	27,004	—	27,004
93.645	Child Welfare Services – State Grants		774,564	—	774,564	—	774,564
93.647	Social Services Research and Demonstration		3,359	—	3,359	—	3,359
93.648	Child Welfare Services Training Grants		51,655	—	51,655	51,655	—
93.652	Adoption Opportunities		(101)	—	(101)	—	(101)
93.658	Foster Care – Title IV-E		196,613	—	196,613	—	196,613
93.669	Child Abuse and Neglect State Grants		(57)	—	(57)	—	(57)
93.670	Child Abuse and Neglect Discretionary Activities		35,590	—	35,590	35,590	—
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		31,912	33,124	65,036	—	65,036
93.821	Cell Biology and Biophysics Research		4,576,729	—	4,576,729	4,576,729	—
93.837	Heart and Vascular Diseases Research		1,441,871	—	1,441,871	1,234,989	206,882
93.838	Lung Diseases Research		339,819	—	339,819	286,693	53,126
93.839	Blood Diseases and Resources Research		2,890	—	2,890	2,890	—
93.846	Arthritis, Musculoskeletal and Skin Diseases Research		1,161,233	63,152	1,224,385	1,224,385	—
93.847	Diabetes, Endocrinology and Metabolism Research		240,217	—	240,217	289,908	(49,691)
93.848	Digestive Diseases and Nutrition Research		402,077	48,058	450,135	450,135	—

*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, 2003 (continued)**

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders		1,744,699	—	1,744,699	1,669,051	75,648
93.856	Microbiology and Infectious Diseases Research		2,065,386	290,165	2,355,551	2,344,838	10,713
93.859	Pharmacology, Physiology, and Biological Chemistry Research		1,134,946	128,206	1,263,152	1,219,971	43,181
93.862	Genetics and Developmental Biology Research and Research Training		2,916,670	—	2,916,670	2,806,902	109,768
93.864	Population Research		388,119	30,796	418,915	418,915	—
93.865	Center for Research for Mothers and Children		2,928,378	—	2,928,378	2,826,537	101,841
93.866	Aging Research		429,449	—	429,449	314,063	115,386
93.867	Vision Research		5,136	—	5,136	—	5,136
93.891	Alcohol Research Center Grants		73,294	—	73,294	—	73,294
93.894	Resource and Manpower Development in the Environmental Health		1,845,502	—	1,845,502	1,791,754	53,748
93.929	Center for Medical Rehabilitation Research		24,542	—	24,542	7,753	16,789
93.933	Demonstration Projects for Indian Health		22,469	—	22,469	22,469	—
93.934	Fogarty International Research Collaboration Award		14,956	—	14,956	14,956	—
93.945	Assistance Program for Chronic Disease Prevention and Control		192,940	—	192,940	—	192,940
93.956	Agricultural Health and Safety Programs		16,687	—	16,687	—	16,687
93.957	Occupational Health and Surveillance Fatality Assessment and Control Evaluation		6,247	—	6,247	—	6,247
93.959	Block Grants for Prevention and Treatment of Substance Abuse		94,574	—	94,574	—	94,574
93.969	Geriatric Education Centers		33,306	—	33,306	—	33,306
93.989	Senior International Fellowships		13,205	—	13,205	13,205	—
93.XXX	Other Department of Human Services Programs						
		01T06128301D	41,495	3,702	45,197	45,197	—
		158224	10,460	—	10,460	—	10,460
93.XXX	Total Other Department of Human Services Programs		51,955	3,702	55,657	45,197	10,460
94.XXX	Other Corporation for National and Community Service Program						
		FP-699	134	—	134	—	134
97.029	Flood Mitigation Assistance		20,000	—	20,000	—	20,000
<b>Total Research and Development Cluster</b>			<b>\$151,601,341</b>	<b>\$10,250,324</b>	<b>\$161,851,665</b>	<b>\$138,720,456</b>	<b>\$23,131,209</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$5,381,476,037</b>	<b>\$794,145,841</b>	<b>\$6,175,621,878</b>	<b>\$6,137,171,137</b>	<b>\$38,450,741</b>

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



**Notes to the Schedule of  
Expenditures of Federal Awards  
For the Year Ended June 30, 2003**

**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, 2003, 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	\$ 8,614,735
10.565	Commodity Supplemental Food Program	Commodities	175,832
10.567	Food Distribution Program on Indian Reservations	Commodities	92,217
10.569	Emergency Food Assistance Program	Commodities	6,036,115
39.003	Donation of Federal Surplus Personal Property	Donated surplus property	310,784
93.268	Immunization Grants	Vaccines	<u>5,070,746</u>
	Total		<u><u>\$20,300,429</u></u>

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

---

**Note 4. Loans and Loan Guarantees**

Loans outstanding and new loans made during the year ended June 30, 2003 are as follows:

CFDA Number	Title	Outstanding Balance as of June 30, 2003	New Loans Made During the Year Ended June 30, 2003
11.307	Economic Adjustment Assistance	\$ 5,724,852	\$ 461,960
14.239	HOME Investment Partnerships Program	1,464,653	168,958
66.458	Capitalization Grants for State Revolving Funds	48,870,640	8,408,954
84.032	Federal Family Education Loans	764,528,713	149,394,636
84.038	Federal Perkins Loan Program-Federal Capital Contributions	71,757,264	11,830,249
	Total	\$892,346,122	\$170,264,757

**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 \$1,334,152,189 reported as expenditures for the Unemployment Insurance program (CFDA 17.225), \$887,871,918 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	\$126,147	93-004-ETX
10.001	University of Connecticut	30,988	FRS #521163
10.001	Washington State University	17,509	G001304
10.200	American Distance Education Consortium	19,141	2.11/98
10.200	Kansas State University	1,830	S01062
10.200	Malheur County Potato Growers Association	62,400	Not Available
10.200	Montana State University	5,000	Z0558-428621
10.200	North Carolina State University	9,860	2001-1515-01
10.200	Pacific Surimi JV	5,940	Not Available
10.200	South Dakota State University	89,073	SDSU 483933
10.200	University of California	29,602	Various
10.200	University of California/Davis	5,000	02-00499
10.200	University of Idaho	246,893	Various
10.200	University of Missouri	15,944	C-5-36997-5559
10.200	University of Washington	25,278	Various
10.200	Utah State University	36,874	C023682
10.200	Utah State University	66,897	Various
10.200	Washington State University	352,553	Various

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

CFDA			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.206	Montana State University	386	GC177-02-Z2329
10.206	University of Minnesota	59,117	E3976064101
10.206	University of Utah	40,965	PO 0000019605
10.206	Washington State University	15,664	G001007
10.212	International Pollination Systems, U.S.A.	1,062	2002-08
10.215	University of California	3,454	SA6397
10.215	Utah State University	14,002	C023084
10.224	University of Missouri	26,394	C-5-34454
10.302	University of California/Davis	334,170	Various
10.302	University of Florida	46,192	SC-010376-1-2
10.302	University of Idaho	133,770	PO P0010038
10.302	University of Nevada - Reno	81,829	PO 12GC0000061
10.302	University of Wisconsin	49,933	P572235
10.302	Washington State University	243,059	Various
10.303	University of California	71,446	SA3261 / 1-0000442624
10.303	University of California/Davis	92,646	00RA2416-OR
10.303	University of Idaho	104,221	BJK748OSU
10.500	National 4-H Council	4,375	Not Available
10.500	Utah State University	3,000	C024330
10.500	Utah State University	26,036	Various
10.500	Washington State University	13,954	G001178
10.652	Pinchot Institute for Conservation	13,179	14-22-02 AMEND. 1
10.652	University of Maine	7,102	UM-S402
10.664	Eastern Sierra Institute for Collaborative Education	42,867	Not Available
10.664	National Fish and Wildlife Foundation	19,966	2002-0260-000
10.665	Jackson County Board of Commissioners	119,978	Not Available
10.901	West Central Highlands Resource Conservation	10,134	Not Available
10.961	American Council on Education	78,937	Not Available
10.961	Michigan State University	43,103	Various
10.961	US Agency for International Development	33,608	NBCHP010027-00
10.961	Washington State University	35,105	G000488
11.417	Pacific Shellfish Institute	8,253	Not Available
11.417	University of Alaska	42,120	PO FP102303
11.430	Caribbean Marine Research Center	12,021	CMRC-01-NRMH-04-02A
11.430	University of North Carolina-Wilmington	14,544	SEGM -2002-12A
11.432	University of Miami	10,668	668488 / P727129
11.437	Pacific States Marine Fisheries Commission	15,122	Various
11.438	Hood River Soil & Water Conservation District	4,230	Not Available
11.454	Pacific States Marine Fisheries Commission	16,297	33270
11.455	North Pacific Marine Science Foundation	126,442	Various
11.472	University of New Hampshire	80,775	02-558
11.478	Louisiana State University	8,197	R126388
11.478	University of Washington	26,789	410224
11.478	University of Washington	48,886	Various

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

---

<u>CFDA</u> <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
11.612	Amtek International	95,723	2001-7
12.000	University of Southern California	63,142	57795
12.300	Anadac, Inc.	48,814	Not Available
12.300	On Time System Inc	85,052	OTS-STTR-PHASE II-A AMEND. 2
12.300	The David-Nelson Company	46,666	Not Available
12.300	University of California / San Diego	11,195	PO 10208668
12.300	University of Delaware	267,318	Various
12.300	University of Michigan	6,421	F006922
12.300	University of Rhode Island	88,457	Various
12.300	University of Washington	28,472	615554
12.420	Providence Health System of Oregon	106,328	OMLC-02-10
12.431	Academy of Applied Science	6,431	DAAG55 98 1 0468
12.431	Academy of Applied Science	7,500	Various
12.431	Bend Research Inc	2,270	485-001 AMEND. 1
12.431	Georgia Institute of Technology	257,653	E-18-677-G3
12.431	High Performance Technology, Inc	155,115	Various
12.431	Sam Houston State University	12,538	S02-9382-1
12.800	Cytec Corporation	320,037	CYG-02-0001
12.800	Stanford University	96,196	PY-1440
12.800	US Air Force	2,924	Not Available
12.800	Washington State University	80,090	G001383
12.910	California Institute of Technology	103,853	1036234
12.910	Purdue University	141,208	530-1436-1
12.910	Washington State University	139,498	G001243
14.218	City of Portland/HUD	99,775	34404
15.000	Bureau of Land Management	3,145	14160
15.000	Pacific States Marine Fisheries Commission	75,937	37653
15.020	Columbia River Inter-Tribal Fish Commission	46,944	Not Available
15.224	Montana State University	12,000	GC172-02-Z1138
15.225	Native Seed Network	12,497	Not Available
15.225	NatureServe	4,182	02-LLH-OR-USFS-USGS
15.608	Ducks Unlimited	98,562	Various
15.608	Montana State University	83,963	Various
15.608	Pacific States Marine Fisheries Commission	25,493	Various
15.608	Texas A&M Research Foundation	275,803	S020058
15.618	Pacific States Marine Fisheries Commission	27,712	Various
15.805	University of Alabama	(83)	Y501776
15.807	University of Southern California	37,507	Various
15.808	University of Alaska	27,120	PO FP003539
15.808	Washington State Department of Transportation	849	GCA3116
16.540	Juvenile Rights Project, Inc.	43,788	Not Available
16.541	George Washington University	193,973	97-S22 MOD. 12
16.579	Catholic Charities	14,130	Not Available

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

---

<u>CFDA</u> <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
16.579	Clackamas County DA Office	11,131	Not Available
16.579	Contact Inc- Youth Arts & Cultural Development	14,213	Not Available
16.580	Lane County Legal Aid Inc	14,980	Not Available
16.585	Clark County Washington	29,836	Various
16.585	Drug Court Discretionary Grant Program	327,260	05I0201-03
16.588	Multnomah County	(16,404)	4600000583
16.595	Southeast Uplift Neighborhood Program	17,683	Not Available
16.609	Clackamas County DA Office	369	Not Available
17.000	AGUIRRE	23,919	NAWS PSU-072001
17.502	Center to Protect Worker's Rights	5,000	01-2-PS
19.404	National Association of Foreign Student Advisors	9,500	Not Available
19.416	American-Mideast Educational & Training Services	70,522	Not Available
19.416	American-Mideast Educational & Training Services	346,483	Not Available
20.000	Oregon Health and Science University	7,111	0000306706WC
20.108	Research Integrations, Inc.	77,761	0005-01
20.205	METRO	1,279	921786
20.205	Multnomah County	15,000	4600003360
20.505	Metropolitan Service District	3,000	924475
20.515	National Academy of Sciences	36,195	HR 25-20(01)
20.701	University of Alabama	63,295	Not Available
20.701	University of Washington	36,516	Various
20.701	University of Washington	66,533	Various
43.000	Geo Eco Arc Research	6,108	Not Available
43.000	Jet Propulsion Lab	8,372	1236629 MOD 01
43.000	West Virginia University	(229)	98-513B-PSU
43.001	Central Washington University	346	Not Available
43.001	Jet Propulsion Laboratory	12,500	1242923
43.001	University of Alabama	(25)	00-073
43.001	University of Washington	19,404	478805
43.002	International Pollination Systems, U.S.A.	31,081	AG181-2
43.002	Jet Propulsion Lab/CA Inst. of Technology	657,237	Various
43.002	The Woods Hole Research Center	29,418	Not Available
43.002	Umpqua Research Company	44,051	AG181-1
43.002	Universities Space Research Association	55,954	07600-85
43.002	University of California Santa Barbara	14,019	KK0130
43.002	University of Maine	36,562	UM-S324
43.002	University of Maryland	30,245	CG 0327
43.002	University of Rhode Island	20,231	022001/535816
45.129	Center for Columbia River History	3,124	Not Available
45.129	Oregon Council for the Humanities	600	39510
45.161	Omohundro Institute of Early American History	30,000	Not Available
47.041	Consortium of Universities for Research in Earthquake Engineering	79,603	Subcontract No. 1
47.041	Cornell University	48,479	39915-6703

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

---

CFDA <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
47.041	Droplet Measurement Technologies, Inc.	53,176	322426 NSF2
47.041	Massachusetts Institute of Technology	10,652	5710001191
47.041	Montana State University	27,023	612141
47.041	Umpqua Research Company	24,000	AG195-1
47.041	Washington State University	97,157	Various
47.041	West Virginia University	6,887	99-454-PSU
47.049	American Physical Society	19,701	PHY-0108787
47.049	California Institute of Technology	73,416	1023432
47.049	Dickinson College	9,315	Not Available
47.050	College of William and Mary	10,139	Various
47.050	Columbia University/Lamont-Doherty	58,758	Letter Agreement No. 1
47.050	Joint Oceanographic Inst Inc	75,511	Various
47.050	Joint Oceanographic Inst Inc	3,556	Various
47.050	Ohio State University	118,723	RF #739204/PO #848490
47.050	Rutgers, The State University of New Jersey	744	1175
47.050	Texas A&M Research Foundation	374,275	Various
47.050	University of California, Irvine	50,816	L00OCE0085607
47.050	University of Hawaii	12,976	PO Z565333
47.050	University of Idaho	8,854	PO P0008232
47.050	University of Montana	12	Various
47.050	Woods Hole Oceanographic Institute	54,919	Various
47.070	Computer Research Association	13,673	Not Available
47.070	Georgia Institute of Technology	12,107	C-36-A10-G2
47.070	Massachusetts Institute of Technology	91,082	5710001197
47.070	Oregon Health and Science University	13,500	MODIFICATION #1
47.070	University of California/San Diego	156,395	PO 10152761
47.070	University of Illinois, Urbana-Champaign	81,821	Various
47.074	Arizona State University	67,359	Various
47.074	Colorado State University	95,902	G-3596-2 , P301687
47.074	Indiana University	5,791	Not Available
47.074	Michigan State University	270,407	612135OREGONSU
47.074	Montana State University	10,611	GC205-03-Z2903
47.074	Northern Illinois University	66,529	300032379
47.074	Rutgers, The State University of New Jersey	18,780	PO S116810 / 1464
47.074	The Marie Selby Botanical Gardens	15,097	Not Available
47.074	University of California Berkeley	98,272	SA3538-22347 / PO 537485
47.074	University of Georgia	3,553	RR551-080/2401954
47.074	University of Miami	5,685	667380
47.074	University of New Mexico	307	3-22831-7810
47.074	University of Tennessee	8,512	OR878-001.04
47.075	American Association for the Advancement of Science	3,492	Not Available
47.075	National Research Council	8,055	Not Available
47.075	University of Colorado	90,589	20597
47.076	Association of American Colleges and Universities	3,340	Not Available

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

---

<u>CFDA</u> <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
47.076	Hampshire College	29,312	Not Available
47.076	Mathematical Association of America	18,613	Not Available
47.076	Montana State University	322,728	Various
47.076	Portland Community College	7,538	Not Available
47.076	Research Foundation – City University NY	9,621	40257-00-01J AMEND. 1
47.076	University of Colorado	9,228	34465
47.076	University of North Colorado	3,338	GKA # 02-0036
47.078	Woods Hole Oceanographic Institute	19	A100189
59.037	Lane Community College	99,368	Not Available
66.460	Coos Watershed Association	(1,681)	Not Available
66.460	Lower Columbia River Watershed Council	(2,042)	98-214
66.460	Middle Fork Irrigation District	7,500	Not Available
66.463	Pacific States Marine Fisheries Commission	38,724	Various
66.500	American Farmland Trust	61,825	Various
66.500	Colorado State University	113,059	G-5817-1
66.500	Montana State University	49,961	GC117-02-Z2664
66.500	Oregon Graduate Institute	28,958	G19007
66.500	Stanford University	213,487	Various
66.500	University of Colorado	12,417	20596
66.500	University of Maryland	1,861	98-10
66.500	University of Nebraska	(161)	Not Available
66.500	Utah State University	8,001	C027420
66.500	Washington University	22,510	WUHT-03-05
66.600	University of New Orleans	25,354	99-0335-S2
66.606	Iowa State University	27,830	429-46-03
66.606	Oregon Health and Science University	14,008	GESEN0023
66.606	University of New Hampshire	9,454	03-737
66.714	Confederated Tribes of Warm Springs	13,005	I-8928-02 TC-000001918-000
77.001	Purdue University	214,687	640-0812-4
81.000	Battelle Memorial Institute	22,908	407488-A-N3
81.000	Bechtel BWXT Idaho, LLC	(812)	K01-183637
81.004	Pacific States Marine Fisheries Commission	2,402	98-037
81.049	Argonne National Laboratory	12,999	3F-00301
81.049	Battelle Pacific Northwest Laboratory	146,066	Various
81.049	Education, Research & Develop Assoc of Georgia	9,021	GA0076 / KH08127-O
81.049	Florida State University	146,382	Various
81.049	Idaho National Environmental and Energy Lab	3,161	0000064-00004
81.049	Krell Institute	1,000	Not Available
81.049	Lockheed Martin Energy Research Corporation	(7,461)	4500002419
81.049	National Renewable Energy Laboratory	9,755	XCX-9-29204-05
81.049	Sandia National Laboratories	148,731	Various
81.049	Texas Engineering Experiment Station	31,116	58901 NE
81.049	University of California/Davis	442,281	Various
81.049	UT-Battelle, LLC	41,056	4000012356

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

---

<u>CFDA</u> <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
81.049	Western Environmental Consultants, Inc	74,677	99-0259
81.064	University of Utah-LLNL	90,634	9703051 AMEND. 2
81.086	CORRIM	35,760	102
81.086	UC-Lawrence Livermore National Laboratory	150,000	Various
81.087	Consortium for Plant Biotech Research	86,431	Various
81.087	MRI National Renewable Energy Laboratory	165,641	Various
81.087	Oregon Graduate Institute	(1,271)	G11004 MODIFICATION #2
81.087	University City Science Center	223,954	Not Available
81.087	University of Florida	18,152	Various
81.089	UT-Battelle, LLC	44,369	4000014546
81.117	Midwest Research Institute	204,937	TAA-2-31490-01
84.017	American Council on the Teaching of Foreign Language	4,623	Not Available
84.023	Institute for Career and Leisure Development	(1,163)	PSU #991103
84.027	American Samoa Government	244,455	Not Available
84.027	Federated States of Micronesia	17,500	Not Available
84.027	Nebraska Department of Education	10,081	99-9405-248-4B18-02
84.027	Omaha Public School District	4,371	Not Available
84.027	Republic of Palau	90,508	Various
84.051	Ohio State University Research Foundation	22,953	PO RF00921862
84.051	University of Minnesota	158,613	Various
84.078	California State University Northridge	2,098	Not Available
84.086	University of Colorado-Denver	95,593	0797.10.016D-002 MOD. #5
84.116	Great Cities University Foundations	4,596	Not Available
84.116	Montana State University	5,837	GC03799-Z1016
84.116	Portland Public Schools	22,540	Not Available
84.116	State University of NY	14,094	R83503 MOD. 1
84.116	Tufts University	31,623	ED1070
84.133	Oregon Health and Science University	8,072	F473D
84.133	Oregon Health and Science University	29,120	Various
84.133	University of South Florida	27,900	5830-461-L0-A
84.144	Willamette Education Service District	114,268	Not Available
84.181	Lane Education Service District	6,351,978	Various
84.184	Crook Deschutes Education Service District	12,652	Not Available
84.184	Gresham-Barlow School District	49,624	Not Available
84.184	Lane Education Service District	59,526	Not Available
84.184	Lincoln County School District	20,165	Not Available
84.184	Portland Public Schools	16,756	Not Available
84.186	Portland Public Schools	2,017	Various
84.203	Star Schools	19,560	PO9543SS
84.215	Portland Public Schools	10,922	Not Available
84.224	Access Technologies Inc.	34,945	Not Available
84.276	Douglas County School District #77	15,000	Not Available
84.276	Lamar County Board of Education, Inc.	20,000	Not Available
84.287	Lane Education Service District	34,044	Not Available

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

---

<u>CFDA</u> <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
84.287	Portland Public Schools	74,506	Various
84.309	Harvard University	873,106	Not Available
84.323	California Institute on Human Services-Sonoma	74,989	Not Available
84.323	Nebraska Department of Education	4,050	99-9405-248-SIG11-02
84.324	Lane County School District 4J	76,794	Not Available
84.324	Portland Public Schools	103,482	1051-02
84.324	University of Colorado-Denver	24,163	1101.10.063D-01
84.324	University of Kansas Center for Research	103,605	FY2000-008 MOD. 4
84.324	University of Kentucky Research Foundation	20,761	466320-03-234
84.324	University of Montana-Missoula	6,200	Not Available
84.325	California State University Northridge	141,095	H324A010001
84.325	Wayne State University	(5,872)	WSU0055
84.326	Alaska State Department of Education	16,000	523070
84.326	Direction Services, Inc.	28,183	H326D98002
84.326	Idaho State Department of Education	10,400	32115
84.334	Portland Community College	(330)	Not Available
84.342	Chemeketa Community College	(1,329)	302 00
84.349	Sonoma State University	19,693	Not Available
84.928	National Writing Project	122,088	Not Available
93.000	National Institute for Occupational Safety & Health	10,460	158224
93.042	American Inst for Research	26,755	SC-02-1825-03
93.104	Clackamas County Oregon	67,356	Not Available
93.104	Clark County Washington Ctr for Mental Health Services	269,304	Various
93.113	Oregon Health and Science University	4,424	Various
93.136	Oregon Health and Science University	18,338	J528
93.143	Oregon Health and Science University	6,055	Various
93.143	Oregon Health and Science University	328,045	8409441C
93.173	University of Iowa	64,150	4000076502
93.189	Oregon Health and Science University	7,001	GALHE0008A B
93.213	Oregon Health and Science University	105,912	Various
93.229	Lane County Public Safety	16,409	Not Available
93.230	Clark County Washington Center for Mental Health Services	110,951	Various
93.230	Legacy Emanuel Hospital & Health Center	154,249	Not Available
93.230	Mental Health and Developmental Disability Services	(2,438)	82800
93.230	Multnomah County	34,798	4600003906
93.230	Oregon Health and Science University	56,032	J525A AMENDMENT #1
93.239	University of Missouri	53,224	CG005179-1/C0000008922
93.242	University of California - Berkeley	30,999	SA3344
93.242	University of Pittsburgh	80,937	103876-2
93.243	African American Health Coalition	54,316	Not Available
93.262	Eastern Washington University	30,000	5388
93.262	The Center to Protect Workers Rights	303,539	1020-07-A6
93.263	American Psychological Association/NIOSH	15,390	Not Available
93.263	Association of Environmental Health Academic Programs	(3,371)	Not Available

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

---

CFDA <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
93.273	Education Development Center, Inc	6,859	Not Available
93.273	Pacific Institute for Research/Evaluation	28,391	710828
93.273	Alcohol Research Programs	130,405	OS0101-05
93.283	Multnomah County	46,022	Not Available
93.283	Public Health Institute	72,819	1004124 AMEND. 2
93.306	Oregon Health and Science University	130,504	8409901
93.333	Duke University	354,212	GCID #100528, SITE 07
93.393	Washington State University	5,554	G001271
93.395	Burnham Institute	12,021	7 P01 CA51993-09
93.395	Georgia Institute of Technology	12,903	G-33-A29-G2
93.395	University of California	301,878	S0116021
93.395	University of Minnesota	248,866	PO F6286155052
93.570	National Youth Sports Program/NCAA	57,221	Various
93.571	National Youth Sports Program/NCAA	74,179	Not Available
93.575	Lane County	13,262	205238
93.575	Oregon Child Care Resource and Referral Network	899	Not Available
93.575	Oregon Child Care Resource and Referral Network	65,706	02-RR04
93.596	Deschutes County Commission on Children and Families	15,442	SUBGRANT 7
93.600	National Center for Family Literacy	10,352	Not Available
93.612	Confederated Tribes of Warm Springs	40,524	1-9267-02
93.647	University of Georgia	5,407	RR580-319/4182837
93.779	Ketchum Public Relations	89,454	UOR-CMS-01-0002
93.837	Boston University	173,790	MC-401532-D-JW
93.838	Oregon Health and Science University	53,126	GMMED0018C
93.847	Stanford University	157,829	PY-0018 AMEND. 2
93.854	Medical College of Wisconsin	47,557	562460-000
93.854	University of Pittsburgh	984	REFERENCE#104409
93.859	Bend Research Inc	5,029	496-002
93.859	Wake Forest University	56,593	Various
93.862	Indiana University	6,282	PO #10207-0328
93.862	Stanford University	92,851	PR-0744
93.862	Texas A&M University	15,035	570140 AMEND. 1
93.865	Georgia State University	33,179	12-ALA17-01
93.865	Pennsylvania State University	59,518	2252-UO-DHHS-8075 AMEND. 1
93.866	Pennsylvania State University	50,918	1925-UO-DHHS-7004 AMEND. 2
93.866	Regents of the University of California	79,407	DB98-AG14130-PSU
93.867	Oregon Health and Science University	12,120	8401265
93.891	Oregon Health and Science University	29,789	8410186 AMEND 2
93.891	Oregon Health and Science University	43,505	8410186 AMEND 1
93.894	University of Medicine & Dentistry of New Jersey	31,338	1 R25 RR15621 / P010057
93.894	University of Texas	88	Not Available
93.929	Oregon Health and Science University	16,789	GCDRC0106A
93.945	African American Health Coalition	192,940	Not Available

**State of Oregon**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2003**

---

CFDA			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
93.959	TELESIS Corporation	60,462	Not Available
93.969	Oregon Health and Science University	103,944	GSONO0091A A
93.969	Oregon Health and Science University	22,027	GSONO0091A B
94.003	Office of Community College Services	137,909	Not Available
94.005	Hawaii Campus Compact	65,806	Not Available
94.005	Oregon Campus Compact	3,708	Not Available
94.005	Pacific University/Oregon Campus Compact	8,534	00LHEH1059
94.005	Quest International	568	Not Available
94.005	University of North Carolina at Chapel Hill	5,762	UNC-CH ACCT 5-55585
	Total	<u>\$28,946,824</u>	

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

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

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

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

Noncompliance material to financial statements noted?  yes  no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified?  yes  no

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

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

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

Qualified – Medicaid Cluster  
Qualified – Social Services Block Grant

Unqualified – All Other Major Programs

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

**Identification of major programs:**

<b><u>CFDA Number</u></b>	<b><u>Name of Federal Program or Cluster</u></b>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
17.225	Unemployment Insurance
66.468	Capitalization Grants for Drinking Water State Revolving Fund
84.010	Title I Grants to Local Educational Agencies
84.032	Federal Family Education Loan Program
84.181	Special Education – Grants for Infants and Families with Disabilities
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.600	Head Start
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	State Children’s Insurance Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
N/A	Child Nutrition Cluster
N/A	Section 8 Project Based Cluster
N/A	Workforce Investment Act Cluster
N/A	TRIO Cluster
N/A	Medicaid Cluster
N/A	Research and Development Cluster

Dollar threshold used to distinguish  
between type A and type B programs: \$18,526,866

Auditee qualified as low-risk auditee?  yes  no

**State of Oregon  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003**

---

**Section II – Financial Statement Findings**

**03-1**

**Oregon Department of Human Services**

**General Accounting and Internal Control Weaknesses**

**(Material Weakness)**

During our prior year's audit, we reported that internal controls within the Oregon Department of Human Services (department) were insufficient to ensure that transactions posted to the financial statements were valid, accurate, and made in accordance with federal regulations. Although the department generally disagreed with the finding, significant internal control weaknesses continue to exist. The following issues are of most concern:

- Supporting or source documentation was often missing or insufficient to determine the validity of financial transactions or ascertain compliance with Federal requirements.
- Management has not committed sufficient resources to address information technology security risks.
- Control activities were not sufficient to effectively prevent and detect accounting errors introduced during manual processes.

**We recommend** that department management 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 requirements. Department management also should ensure that sufficient resources are allocated to timely address information technology security risks.

***AGENCY'S RESPONSE:***

*The department generally agrees with part of this finding. To address weaknesses and ensure consistency, the department's Office of Financial Services is partnering with internal audit staff to provide training on sufficient/reliable documentation for transactions. This training is currently scheduled and is expected to be completed by April 1, 2004. In addition, over the past year, Financial Services made changes in staff assignments and responsibilities to better align the department's accounting functions and management oversight.*

*The department disagrees with the statement that management has not committed sufficient resources to address information technology security risks. As reported in the Statewide Single Audit for the year ended June 30, 2002, management has developed and implemented significant initiatives to address information security risks for the department. During the past year, the department continued efforts to implement the Information Security Program. The Program includes several initiatives, department-wide staff involvement, and the full support of the department's executive staff.*

*The department's Information Security Office has three complex projects underway: Role-Based Access Control, Medicaid Management Information System Security, and Security Compliance. Recent actions include the implementation of policies for creating and protecting*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*unique user identifications and "strong" passwords. The change in password requirements was a crucial step in ensuring that confidential client and personnel information stored in DHS information systems is safe and protected. The department recognizes the importance of information technology security and continues to provide resources to identify risks and implement strategies to address those risks.*

**03-2**

**Oregon Department of Corrections**  
**Classification of Expenditures**

To satisfy Generally Accepted Accounting Principles (GAAP), financial transactions must be complete, accurate, valid and consistently allocated to the appropriate accounts. The Oregon Department of Corrections (department) management is required to establish and maintain internal controls to safeguard assets and ensure that financial information is appropriately recorded in the state's centralized accounting systems. The accuracy and adequacy of financial information is necessary to ensure accountability over assets and compliance with funding requirements. In addition, good financial information is necessary to support effective and efficient operations.

The department maintains its own financial accounting system. This system automatically provides summary level accounting information into the Department of Administrative Services' Statewide Financial Management Application (SFMA) for statewide financial reporting purposes. To ensure consistency in financial reporting, the State Controller's office has established a uniform chart of accounts for SFMA describing financial information to be reported in each account. State agencies providing data into SFMA are required to follow the chart of accounts.

During our audit, we selected a sample of expenditures to determine whether they were classified into the appropriate accounts. Of the sample that we tested, the majority were not classified consistently with the state's chart of accounts. For example, we identified a \$300,000 sewer surcharge that was improperly posted to the "Professional Services over \$75,000" account rather than in the "Fuels and Utilities" account. In addition, several "Medical Services" expenditures were inappropriately classified as "Professional Services over \$75,000". Furthermore, because of errors in recording interfund reimbursements, the "Agency Program Related Services" account was misstated by approximately \$5.7 million, resulting in a negative expenditure balance.

The department's chart of accounts for its internal accounting system did not provide sufficient description to ensure consistent classification of expenditures or to ensure that expenditures would be ultimately posted to the appropriate SFMA accounts. In addition, procedures for reviewing and approving expenditures prior to input were not sufficient to effectively prevent account classification and posting errors before they occurred. Furthermore, the department has not developed or implemented controls designed to detect posting errors so that they may be corrected in a timely manner.

**We recommend** that the department develop a more descriptive chart of accounts for its internal accounting system. The chart of accounts should provide clear guidance to accounting

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

staff regarding which accounts should be used to ensure that their balances are recorded into appropriate SFMA accounts. We also recommend that department management design and implement controls to ensure more effective transaction error prevention and detection.

***AGENCY'S RESPONSE:***

*The department agrees with the finding. The department concurs that improvement is needed in the area of classifying expenditures to ensure consistency of data represented in each object and to ensure objects selected appropriately describe the expenditures charged to those objects.*

*The recommendation offered by the Secretary of State, Audits Division would provide only a partial improvement for this finding. Improving the chart of accounts and descriptions will provide better guidance in the coding of expenditures. The inconsistencies in expenditure classification are more difficult to manage under a decentralized cost center structure that enables non-accounting staff to code expenditures as part of the initial purchase request process.*

*Corrective action planned:*

- *Improve the Automated Financial Accounting Manufacturing Inventory System (AFAMIS) chart of accounts and provide description for each object.*
- *Implement accounting review of all expenditures incurred through purchasing or contracting processes.*
- *Establishment of a Statewide Business Coordinator in September 2003 will provide technical assistance to field staff on coding issues, moving the department toward greater consistency in coding.*

*Anticipated completion dates:*

- *Complete a more descriptive chart of accounts by July 1, 2004.*
- *Implement accounting review of expenditures as part of pre-closing review process performed in May/June of each year working from April reports. Follow up review for all material sums as part of year-end accounting.*
- *Technical assistance will be ongoing.*

**03-3**

**Oregon Department of Corrections**  
**Expenditure Decision Authority**

Agency directors having delegated commitment and expenditure authority are responsible for approving the use of state resources for their agencies. The *Oregon Accounting Manual* sets accountability standards for agency heads who have such authority. The manual indicates that agency heads may delegate, in writing, the authority to approve expenditures to their subordinates to facilitate operations. It also requires agency heads to maintain written documentation of the expenditure approval authority they have delegated to specific individuals. Employees authorizing expenditures must ensure that expenditures constitute an

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

appropriate use of state funds. Expenditure approvals should be evidenced by the approving officer's signature.

The Oregon Department of Corrections (department) keeps an electronic file of the expenditure authority delegated to specific individuals. This file specifies the authorization limits given to each approver including assigned cost centers and transaction threshold amounts. We selected a sample of 87 expenditures to determine whether they were appropriately approved prior to payment. Of the transactions tested:

- 15 were appropriately approved.
- 18 either had no evidence of an approval or were approved by an individual with insufficient authority.
- 50 approvals were signed by individuals who were not included in the department's authority listing.
- 4 lacked documentation to determine whether they were properly approved.

Ensuring that purchases are appropriately approved prior to payment is an important aspect of internal control. Inadequate approval processes significantly increase the risk that invalid, inappropriate, erroneous or fraudulent invoices may be paid. The above exceptions occurred because the department did not have sufficient procedures to ensure that formal delegation of expenditure authority was appropriately documented, validated, monitored and enforced.

**We recommend** that the department develop and implement policies and procedures to ensure that a more accurate and complete record of formal delegation of expenditure authority is maintained. In addition, department management should reevaluate the delegated authority it has given to subordinates to ensure that it is justified and adequate. Furthermore, department management should ensure that these controls are periodically monitored to promote or validate compliance.

***AGENCY'S RESPONSE:***

*The department agrees with the finding. The department concurs that improvement is needed in the area of maintaining system approval authorities for expenditures. This includes maintaining electronic records of authorized approvers, maintaining audit trail of authorizations and changes to authorizations, and ensuring that approval authorities are periodically reviewed and updated.*

*The department is upgrading the Automated Financial Accounting Manufacturing Inventory System (AFAMIS) in three stages. The Purchasing module, which includes these electronic authorities, is planned for late 2004. The upgrade will provide the opportunity to review how the system records these electronic authorities and will enhance security controls.*

*Corrective action planned:*

- *Review electronic authorization processing in AFAMIS as part of the upgrade.*
- *Begin the review and update of authorizations already established in AFAMIS, based on available resources. Monthly personnel action reports will provide additional information in this review.*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

- *The department will review the resources available for the development of policies and procedures and, if necessary, request additional resources in the 2005-07 budget development process.*

*Anticipated completion dates:*

- *Completion of the upgrade, including review and improvement of authorization processing, is targeted for June 2005.*
- *It is not anticipated that the department can fully address these issues until the 2005-07 biennium.*

**03-4**

**Oregon Department of Corrections**

**Payroll**

The Oregon Department of Corrections (department) processes payroll expenditures through the Oregon State Payroll Application (OSPA) hosted by the Department of Administrative Services (DAS). Specific internal control requirements and procedures for processing payroll expenditures are outlined in the *Oregon Accounting Manual (OAM)*. These internal controls are designed to ensure that important payroll functions are appropriately separated and that payroll expenditures are authorized, complete and accurate prior to payment. They also are designed to lessen the risk that errors or fraudulent transactions will be introduced into the system and go undetected.

The department has not fully complied with *OAM* requirements for providing sufficient internal controls over payroll transactions. Specific areas needing attention include the following:

- Individuals who have the ability to enter transactions into the automated payroll system sometimes distribute payroll checks and stubs.
- Payroll unit employees were responsible for reviewing gross pay adjustment reports.
- Gross pay adjustment reports were not retained for the complete audit cycle.
- Monthly payroll reconciliations between the statewide accounting system, the agency's internal accounting system, and the OSPA were not always performed in a timely manner.
- The agency was unable to provide authorization forms for all voluntary deductions from employee pay.

In addition to the above compliance issues, we noted the following other internal control weakness regarding payroll:

- The department did not have formal procedures to ensure that payroll data files were completely and successfully transferred to the agency's internal accounting system and the statewide accounting system.
- The payroll expenditure accrual entry did not have supporting documentation.
- Employees did not sign approximately 25 percent of payroll timesheets.

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

**We recommend** that the department fully comply with internal controls over payroll as outlined in the *OAM*. Specifically, department management should ensure that important payroll functions are appropriately separated; gross pay adjustment reports are timely reviewed by managers outside of the payroll unit and are retained as required; reconciliations are performed timely; and authorization forms for voluntary payroll deductions are completed and retained. We also recommend that the department develop and implement formal procedures to ensure payroll data is completely and successfully transferred to internal and external accounting systems. In addition, department management should ensure supporting documentation is available for all payroll transactions and employees sign timesheets as required.

**AGENCY'S RESPONSE:**

*The department agrees with the finding. The department concurs that improvement is needed in the area of internal controls pertaining to payroll transactions.*

*Payroll areas under Human Resources:*

- *Separation of duties pertaining to payroll systems use and distribution of checks and stubs.*
- *Review of gross pay adjustment reports by Payroll employees.*
- *Issues with records retention.*
- *Authorization for voluntary deductions.*
- *Failure to obtain signed timesheets from 25 percent of sample.*

*Corrective action:*

- *The Payroll Unit receives checks and pay stubs from the DAS Print Plant, alphabetizes them and forwards them to the work site to be handed out to employees. This process will be reviewed.*
- *The Payroll Manager was in the process of changing the gross pay adjustment review to another manager at the time of audit. This duty has been reassigned.*
- *The department is compliant with records retention. Records are retained for one year on-site and three years in storage. Payroll will investigate and correct any problems found with the storage of these records.*
- *The Payroll Unit's procedure is to only enter voluntary deductions to the payroll system, which are authorized in writing by the employee. The Payroll Manager will follow up on the possibility of misfiled authorization forms.*
- *This is an ongoing problem occurring in the security units that are staffed 24 hours per day. Timekeepers for these units have to send many unsigned copies of timesheets to the payroll unit to meet data entry deadlines. The timekeepers are required to obtain the missing signatures on the original timesheets and send them to the Payroll Unit as soon as possible. Some security units do not follow up timely. The department concurs with the need to establish an agency policy on unsigned timesheets.*

*Anticipated completion dates:*

*Payroll will address item 1 through 4 above during the 2003-05 biennium, with the exception of item 2, which has been resolved. The last finding, related to signing timesheets, will be addressed through development of a department policy or procedure.*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*Payroll areas under Fiscal Services:*

- *Monthly reconciliations between the statewide accounting system, the department's internal accounting system, and the OSPA not performed in a timely manner.*
- *Lack of formal procedures to ensure that payroll data files were completely and successfully transferred to the agency's internal accounting system and the statewide accounting system.*
- *Lack of supporting documentation for the payroll expenditure accrual entry recorded during month 13 of fiscal year ending June 30, 2002.*

*Corrective action:*

- *Staff shortages during the period covered by this audit did not allow for timely completion of all tasks. Fiscal Services has recently completed an extensive reorganization effort to best utilize existing resources. An Accountant 2 position in an out-stationed business office will be reassigned to Central Accounting to provide support with various reconciliations.*
- *Formal procedures were developed during fiscal year 2002 that cover processing of the payroll file. Note: the payroll file is processed and payment transmitted to DAS in advance of the availability of reports and Datamart extracts that could be used to verify the total of this file. If the file were held until verification could be established the result would be a delay of several days in transmitting the payroll payment to DAS. As this transmittal settles DAS' A/R entry, a delay would not be considered acceptable.*
- *The accrual mentioned in this finding was not an accrual of the period being audited; it was the auto-reversing entry to an accrual made in fiscal year 2002. Backup documentation was not found for this 2002 entry and due to time and resource constraints, a full-fledged effort to reconstruct the accrual from 2002 accounting records has not been made.*

*Completion dates:*

- *The Accountant 2 position will be moved to Central Accounting following the retirement of the individual currently in this position. This is expected to take place by July 2004.*
- *Formal procedures have been provided to the Fiscal Analyst responsible for processing the payroll file as of February 3, 2004.*
- *The Accounting Manager and Controller have provided a control environment effective in fiscal year 2003 in which all journal entries are required to have full explanations and backup documentation. Effective with fiscal year 2004, no accrual entries will be input without Controller approval.*

**03-5**

**Oregon Department of Corrections**

**Segregation of Duties and Logical Access to Accounting Systems**

The Oregon Department of Corrections (department) maintains its own automated financial accounting system that provides summary level account information into the state's centralized accounting system. Thus, department management is responsible to ensure that access to the system is limited based on an individual's demonstrated need to view, add, change or delete data. Appropriate logical access controls for financial accounting systems supports and

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

enforces segregation of duties by limiting the resources that any one individual has the ability to view, alter or control.

To ensure appropriate segregation of duties, persons having the ability to alter users' logical access should not have the ability to enter transactions into those systems. In addition, financial system users should not be assigned duties, nor provided logical access to systems, that may compromise segregation of duties principles. Furthermore, individuals independent of the security function should periodically confirm and validate the access granted to users to ensure that access privileges are valid, authorized and reasonable.

Department management has assigned various financial system users responsibilities that should be performed by others to provide appropriate segregation of duties. For example, the accounting manager and one fiscal analyst have extensive access to the system including the ability to establish or modify users' access, enter contracts, modify contract dollar limits, input payments, and approve and release payments. Furthermore, the accounting staff has the ability to perform functions contrary to good separation of duties practices. We also noted that the fiscal analyst, mentioned above, was responsible for monitoring and validating the logical access provided to system users, thus, that function was not being performed independently.

Although various managers authorize access to the financial system, few individuals at the department understand how the financial system's security works or which access privileges would violate segregation of duties principles if combined. In addition, the department has not sufficiently developed nor documented policies and procedures to ensure that responsibilities are appropriately separated and access granted to achieve appropriate separation of important accounting and security functions. See prior year finding at 02-1.

**We recommend** that department management develop, document and implement policies and procedures to ensure accounting responsibilities are appropriately segregated. Specifically, management should ensure adequate separation of authorization for the execution of transactions, recording of transactions, custody of assets, and periodic reconciliation of existing assets to recorded amounts. In addition, management should ensure that individuals performing financial system security functions do not have conflicting accounting duties or responsibilities for monitoring and validating logical access, to ensure those functions are independently performed.

**We also recommend** that the department review and adjust logical access to its financial system on a case-by-case basis to ensure that users' access is based on a demonstrated need to view, add, change or delete data.

**AGENCY'S RESPONSE:**

*The department agrees with the finding. The department concurs that segregation of duties pertaining to the Automated Financial Accounting Manufacturing Inventory System (AFAMIS) access and support and logical access to AFAMIS are areas that require improvement.*

*The department has made progress in segregating duties within Central Accounting as part of the One World A/P module that was implemented in October 2003. Continuing the upgrade through the remaining modules will enable revision to the security codes in use in the World*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*version of AFAMIS to a roles-based model that will enable managers to periodically review security access given to their employees and determine if such access is appropriate. A procedure for review and update will need to be developed.*

*The department has attempted to solve many of the segregation of duties issues through procedural changes and reassignment of duties to other staff. The remaining issues can only be resolved with additional staff and the department will bring this request forward in the 2005-07 budget development process.*

*Corrective action planned:*

- *Distribute a general guideline for segregation of duties and security access based on OAM policies on internal controls to appropriate staff.*
- *Continue to review and revise security for each module of the upgrade.*

*Anticipated completion dates:*

- *Defining business requirements is a critical part of the upgrade project and the review and enhancement for segregation and security will be done at that time.*

**03-6**

**Oregon Parks and Recreation Department**  
**Fee Accruals for Fiscal Years 2003 and 2002**

Park user fee revenue was improperly accrued resulting in the following three conditions.

- The Oregon Parks and Recreation Department (department) used incorrect transaction codes to accrue park user fee revenues totaling \$2,139,421. As a result, the amount attributable to 2002 was recorded as fiscal year 2003 revenues.
- Fiscal year 2003 park user fee revenues totaling \$1,350,522 were incorrectly posted to the 2004 fiscal year. Although the error was due to a system problem, it was not detected or corrected during year-end closing procedures.
- An entry to accrue park user fee revenue for fiscal year 2003 included amounts that should have been accrued to other revenue accounts. The amount of the error was \$108,853.

Generally accepted accounting principles require that revenues, such as park user fees, be recognized as soon as the exchange has occurred and the related amounts become available. In addition, the *Oregon Accounting Manual* indicates that management must establish and maintain adequate internal controls to ensure that revenue is recognized in the proper period and entered appropriately into the accounting system.

**We recommend** that the department establish and implement procedures that assign responsibility for performing the revenue accruals at year-end. These procedures should also assign responsibility for reviewing the accrual calculations to ensure that they are properly prepared and posted to the agency's accounting system and to the Statewide Financial Management Application.

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

**AGENCY'S RESPONSE:**

*Oregon Park's and Recreation Department (OPRD) agrees with the finding. OPRD experienced two significant accounting changes. The first major accounting change has been the conversion from the Oregon Department of Transportation's Transportation Environment Accounting and Management System (TEAMS) to the Statewide Financial Management Application (SFMA) in June 2003. Our financial transactions are now recorded in SFMA through a daily, detailed interface from our own Financial Management System. Our TEAMS accounting procedures were fraught with reconciling issues that do not exist with our new system.*

*In a related second change, we switched from a suspense account for deposits to using a receipted account. This is an important change because, in the past, cash recorded in the suspense account needed to be reclassified and posted to the proper revenue accounts. The revenue transactions were only posted to SFMA at a summary level on a monthly basis. Now, the deposit and posting occur in the same transaction within the receipted account.*

*Audit adjustment forms were submitted to the Department of Administrative Services' Statewide Accounting and Reporting Services section so that the 2003 Oregon Comprehensive Annual Financial Report could be corrected for these items. OPRD will establish and implement revised procedures that clearly define and assign responsibility for the year-end process. The completion date for the revised procedures is April 30, 2004.*

- *As a result of the changes described above, we do not expect the conditions that created this error to occur again, so we feel no further corrective actions are necessary.*
- *This error occurred because final TEAMS transactions related to May 2003 revenues were unable to post to SFMA due to the change in systems. Transactions like the TEAMS transaction that failed will not be needed with the new system. We do not anticipate that an error of this type will occur again in the new system, so we feel no further corrective actions are necessary.*
- *This was a data entry error. To guard against future errors of this nature, guidelines will be developed and documented. A standard data entry form will be developed so that the details remain consistent from year to year.*

**03-7**

**Oregon Department of Revenue**  
**Controls Over Cigarette Tax Program**

The Oregon Department of Revenue (department) should improve its system of internal controls over the cigarette tax program. 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 operation, and compliance with applicable laws and regulations. Our audit found that the department has significant weaknesses in its system of internal controls relating to the cigarette tax program. Specifically, the department has not:

- Appropriately segregated key duties relating to the maintenance and record keeping of cigarette tax stamps;

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

- Adequately limited physical access to the tax stamps;
- Maintained adequate documentation of inventory records and records of destroyed tax stamps;
- Developed sufficient policies and procedures to ensure compliance with Oregon Administrative Rules relating to bonding levels for purchasers of cigarette tax stamps;
- Ensured that cigarette tax order forms contain all of the necessary information; and
- Maintained supporting documentation for the sale of all cigarette tax stamps.

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 that materially impact the financial statements), as well as increases the risk of lost revenue for the state. During the course of our audit, we provided department management with a detailed list of recommendations addressing the above weaknesses.

**We recommend** that department management further evaluate and revise its system of controls over the cigarette tax program as previously recommended. The department's controls should ensure, at a minimum, that tax stamps are physically secure; key duties are separated; documentation is completed and retained regarding tax stamp purchases and destruction; staff perform a periodic inventory of the cigarette tax stamps; and bonding requirements meet administrative rule requirements and are periodically validated.

***AGENCY'S RESPONSE:***

*The department agrees with the finding. The department's internal auditor recently completed a thorough review of internal controls over the cigarette tax program. Program management is implementing recommendations from both the internal audit and your audit as it re-engineers processes for the cigarette tax program to strengthen internal controls and security. The department has limited physical access to the stamps; segregated key duties; and instructed staff to properly complete and retain cigarette tax order forms and destruction forms. Inventory count procedures have been documented. Counts are performed quarterly by a trained inventory count team. Action to ensure that bonding practices meet administrative rule requirements, to further segregate duties and to further improve system and stamp security are now underway and will be completed by June 30, 2004.*

**03-8**

**Oregon Department of Fish and Wildlife**  
**Headquarters Point of Sale Reconciliation**

The Oregon Department of Fish and Wildlife (department) licensing office located at the Salem headquarters, does not reconcile the point of sale (POS) licensing system and the cash register system for fax/mail order license sales. To account for licensing sales, the department 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, reconciliation is not completed between the POS licensing system and the cash register system for fax and mail

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

sales. Therefore, the department is not comparing the value of total licenses sold to the value of cash received. The absence of this control increases the risk of misappropriation. See prior year finding at 02-3

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

**AGENCY'S RESPONSE:**

*The department agrees with the finding. The department has separated the use of two cash registers within the Licensing Division located at the Salem headquarters office. The first register is exclusively used for walk-in customers and cash transactions. This will provide for regular reconciliation between this register and the POS system. The second register will be used for mail orders and faxes being received. At issue with mail and faxes is that at times there will be five hundred plus documents arriving within twenty-four hours and it takes up to a week for staff to process receivables, and return mail license and tags. The daily revenue of this register is balanced on a daily basis. Due to the timing of the receipt of monies and the processing and distribution of the actual document, reconciliation between the register and the POS licensing system is extremely difficult. The department has assigned an accountant of which reconciling the POS licensing system is one of their primary duties. This individual is currently working with our Information Services Division to review the current system and improve accountability between license and tag documents and amount of receivables within a specific time frame. A July 2004 completion date has been set for the fiscal impact and proposal recommendations for the reprogramming of the current cash register and POS system.*

**03-9**

**Oregon Department of Fish and Wildlife**  
**Point of Sale Canceled Document Process**

The Oregon Department of Fish and Wildlife (department) does not have a process to review voided or canceled transactions from the point of sale (POS) licensing system. In fiscal year 2002 testing, we noted that agents were not submitting all required documentation for voided and canceled transactions. Even though the department has not implemented our prior recommendation, management stated that they are developing a solution to adequately track these documents. See prior year finding at 02-2

**We recommend** that the department develop a comprehensive system of reviewing voided/canceled documents received from POS licensing system agents.

**AGENCY'S RESPONSE:**

*The department agrees with the finding. The department has met all objectives and timelines outlined by the 2002 audit response. The agency has issued 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*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*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 has developed and implemented, as of the December 2003 program update release, an interface program to account for cancelled documents by agent and to record that the originals have been received.*

**03-10**

**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, the department's documented policies and procedures governing financial activities are either out of date or non-existent; assignment of duties at the district or program level has not been fully established, described, and delegated; position descriptions have not been updated to support current positions; the department has not established a risk assessment process; internal controls at the district level are not being monitored; desk manuals are incomplete or non-existent; the department is not in compliance with Oregon Accounting Manual (OAM) guidelines for cash receipting; department management is not reviewing certain accounting functions; and the department has not yet filled its internal audit position. This is a repeat finding from fiscal year 2002 (02-4).

**We recommend** that department management:

- Fully develop, document and implement policies and procedures over financial reporting.
- Establish a delegation of duties at the program and district level.
- Update position descriptions to reflect current staffing.
- Establish and implement risk assessment process to identify, analyze and manage risks.
- Monitor internal controls at the district level.
- Update or develop desk manuals.
- Modify the cash receipting process and establish controls to ensure compliance with OAM regarding cash receipting.
- Fully document evidence of the reconciliation process, including preparer and reviewer initials and the date prepared and reviewed.
- Consider filling the internal audit position or developing compensating controls.

***AGENCY'S RESPONSE:***

- *We agree with this recommendation. We are in the process of updating all of our fiscal policies and procedures. Some have been updated and issued. Others are in rough draft and are going through the approval process. We also will be introducing new policies that will increase our internal controls over the processes for federal grant monitoring and*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*reimbursement. We will also be introducing a new policy relative to the acceptance of credit cards for payments.*

- *We agree with this recommendation. As part of the update and development of our fiscal related policies and procedures, our directives contain responsibility and duties sections that will outline the delegation of duties.*
- *We agree with this recommendation. This project was completed during this fiscal year 2004 for employees within the Business Services Program. All employees are on the new PD form and the duties are updated at each employee's yearly evaluation. The agency as a whole has instructed all managers to update position descriptions for all employees during this fiscal year, and to prepare them on the new updated PD form provided by Department of Administrative Services.*
- *We agree in part with this finding and recommendation. Although the department may not have had an "official" risk assessment process, we have had a number of risk management and assessment activities underway over the past two fiscal years. Prior to the 2003 audit, we identified, and shared with the auditors, those areas where we found a need for change and/or improvement, and our plans for implementing those changes. Our Internal Auditor position is scheduled to be filled this spring. Once this position is in place, we plan to move forward in an aggressive manner establishing a formal risk assessment strategy and processes, and developing a risk management/audit committee.*
- *As part of the fiscal year 2004 update of policies and procedures we have and will continue to train our field districts on responsibilities and procedures. As part of our 03-05 Business Services Program Work Plan we are in the process of implementing a formal review or audit of district compliance with procedures, and will be conducting regular on-site district audits. We are monitoring compliance with the Small Purchase Order Transaction System training that is to be done biannually.*
- *We disagree with this finding and believe adequate desk manuals have been and are in place in this program. Every position in the Business Services Program has a desk manual that is available and was available at the time of this audit. These desk manuals will be reviewed and updated on an annual basis. Any additions or changes to duties will be reflected in updated manuals. We have three new positions in Fiscal Services that will have desk manuals in place by June 30, 2004. The Business Services Program will do a review and audit of desk manual information during its regularly scheduled district visits. When appropriate, instructions will be given to improve or develop desk manuals for all department employees engaged in fiscal activities on a regular basis.*
- *We agree that there have been a very limited number of isolated cases where cash management processes were not followed. These violations occurred in districts with campground fees and related to the collection and deposit of some of those fees. Due to the distances traveled to collect these fees, the department does not have the resources to ensure that at all times, and in all instances, campground fees can be collected from the donation boxes on a daily basis or that those collections can be deposited the same day collections are made. The procedures for cash receipting have been in place for nearly two years now, more formal directive instructions have been updated and are in the final stages of review. When the review has been completed, directives will be in place, and*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*non-complying locations will be counseled if violations occur. The anticipated completion date for the bulleted items above is fiscal year 2004.*

- *We disagree with this portion of the finding and the recommendation. This reconciliation has been prepared and reviewed by our office for the entire term of the audit and before.*
- *The internal auditor position is scheduled to be filled within the next few months. The anticipated completion date is fiscal year 2004.*

**03-11**

**Oregon Department of Forestry**  
**Contracting**

The Oregon Department of Forestry (department) should improve its contracting processes. During the audit, professional service contracts, which included fire-related contracts, were tested to ensure appropriate authorization, sufficient documentation and accuracy of payment amounts. Our audit found that the department's contracting processes have significant weaknesses.

Specifically, the department lacks sufficient policies and procedures; some staff responsible for contract administration may not be properly trained; contract payments were not reviewed and approved by authorized persons; some payments were not fully supported, contained calculation errors, were not made timely, and were not posted to the accounting records correctly; department management is not monitoring internal controls to ensure compliance with department guidelines and state statute; and use of some state funds were questionable. To date, the total funds that department has yet to recover is \$25,565. This is a repeat finding from fiscal year 2002 (02-5).

**We recommend** that department management:

- Establish policies and procedures for the preparation and approval of payment documentation, monitoring activities, and overall contract administration responsibilities.
- Provide training to staff assigned with contract administration responsibilities addressing basic principles of state contracting rules and responsibilities of contract administrators.
- Ensure payments are made timely, calculated correctly, have adequate supporting documentation, and are posted to the accounting records correctly.
- Monitor internal controls to ensure compliance with department guidelines and state statute.
- Ensure that state funds are used appropriately.

***AGENCY'S RESPONSE:***

*We agree with the finding and recommendations:*

- *Procurement staff is currently revising department contracting directives and administrative manuals. Revisions will include recommendations from audits, as well as the ongoing major rewrite of ORS 279 mandates as a result of the 2003 legislative session, the procurement statutes (and changes to it mandated by HB 2341 that will become effective in March 2005). Procurement staff has already completed desk manuals for its*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*procurement specialists and updated the procurement web site outlining basic contracting concepts and processes. These will be revised as necessary as the revisions to ORS 279 progress.*

- *Department procurement staff will be providing training to field and staff personnel on the new contracting policies and procedures outlined in the revised procurement directive, the rewrite to ORS 279, and the new e-procurement web site instituted by Department of Administrative Services (DAS). Training will include department sponsored sessions located around the state, DAS sponsored procurement classes, and the new DAS on-line training courses. Department procurement staff will ensure that training session schedules and class information are made available to staff involved in contracting and procurement.*
- *It is our understanding that the majority of these contract related payment violations were associated with our emergency fire program during the unprecedented 2002 and 2003 fire seasons where record-setting levels of fire suppression contracts and expenditures were experienced. The department is currently involved in a major review of its fire business practices as a whole. Once that review has been completed during this biennium and final recommendations made, we are confident that new business systems and processes will be put in place that will make for more efficient and effective processes. This review and analysis is expected to take a year to complete.*

*As for contract payments in general, our own internal risk assessment of this area, which was shared with the auditors, revealed the department's computerized Purchase Order system needs updating and modification. Part of the department's action plan this biennium is to conduct an intensive Information Technology needs assessment for business systems. Once this assessment is completed the department plans to implement global systems changes, including a new purchasing and ordering system, which of course will be contingent upon receiving budget resources and authorization in the 2005-07 biennium. In the interim a Purchase Order (PO) tracking system has been instituted by Fiscal Services that allows procurement personnel to monitor the timeliness of purchase orders and their payments. Types of supporting documentation needed for payments are being addressed in the revision of the procurement directives and administrative manuals. This will also be addressed in upcoming training sessions. Forms to assist in procurement documentation in general have already been posted on the department's procurement web site.*

- *Procurement staff has been conducting an ongoing review and risk assessment of its internal controls for purchasing and contracting. Initial findings from this review were shared with the auditors during the audit. The ongoing review will be looking at department controls in relation to the new DAS e-procurement web site scheduled to go on line in March 2004 and the re-write of ORS 279 scheduled to take effect in March 2005. Monitoring for compliance will be part of the department's procurement directive, currently under revision, and included in the upcoming training sessions.*
- *It is the department's policy to ensure that state funds are used appropriately by all department personnel. Department procurement staff will re-enforce this concept by providing guidelines on the appropriate use of funds in its procurement web site. Additional internal controls will be included in the update of the department's internal purchase order system. In addition, the appropriate use of funds will be incorporated in the upcoming training sessions. This portion of the training will target personnel that have purchasing and contract administration duties as well as managers that have approval*

**State of Oregon  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003**

---

*authority. Periodic spot audits of this area will begin once the Internal Auditor position is filled this spring.*

**03-12**

**Oregon Department of Forestry**

**Payroll**

The Oregon Department of Forestry (department) should improve its payroll process. During the audit, payroll for administratively determined (AD), seasonal and regular employees were tested to ensure payroll transactions are complete, accurate, supported, and in compliance with laws and regulations.

Our audit found that some department managers were found to have intentionally overridden internal controls and the department has not developed an adequate system of controls governing payroll processing. Specifically, functional responsibilities were not separated according to the Oregon Accounting Manual (OAM), department management did not provide adequate oversight of controls in the payroll department and department payroll staff did not perform a sufficient review of payroll systems to ensure that errors were detected and corrected prior to processing. Furthermore, payroll processing weaknesses were noted such as lack of policies and procedures to support compliance with the OAM and state statute, miscalculation of hours and overtime, missing timecards, unauthorized deductions, reimbursable hours were not billed to the Federal Emergency Management Agency, and employees continuing to earn 6 percent retirement differential after qualifying and receiving Public Employees Retirement System contributions. Specific detail regarding payroll errors was previously provided to department management.

**We recommend** that department management improve controls over payroll including:

- Providing sufficient oversight and adequately segregating payroll responsibilities.
- Performing a thorough review and approval throughout the payroll process.
- Developing and implementing policies and procedures in compliance with OAM and *Oregon Revised Statutes (ORS)*.

**We also recommend** that executive management take appropriate action regarding department managers intentional override of controls.

***AGENCY'S RESPONSE:***

*We agree with the findings and recommendations. This was an area we specifically discussed with the Audits Division during our initial briefing for this audit. As part of our own internal audits and risk management activities, we had already identified payroll as an area that needed significant attention, and have been working with Oregon State Payroll Application (OSPA) staff to address our identified concerns. We requested the Auditors give this area specific attention, and provide us with detailed information along with its findings.*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

- *In order to ensure that each payroll unit is provided sufficient oversight and complying with the proper segregation of duties and approvals, the department has begun to conduct regular onsite visits to field offices. During the visit, the following items are reviewed:*
  - a. *Training level of the staff*
  - b. *How duties are distributed among the staff (segregation of duties)*
  - c. *Security of the confidential files and computer system access*
  - d. *The internal approval process*
  - e. *The need for documentation and follow through*
  - f. *Managerial oversight*

*As a result of our own internal audits, and feedback from the Audits Division, an action plan has been created which includes development of standards for items a through f above; revision and development of payroll related policies; and an update of our Administrative Manuals (processes) for payroll related activities.*

*The Department has repeatedly attempted to enroll its payroll personnel in the Department of Administrative Services (DAS) Payroll Management training series, but these classes have been significantly reduced due to budgetary and workload concerns at OSPA. We are in discussions with OSPA aimed at developing in-house training standards as well as on-site training programs. Once the necessary training tools are in place, the department will enforce minimum training standards, and conduct a series of training sessions to ensure that all employees with access to payroll systems have been adequately trained. The anticipated completion date is October 2004 – Complete implementation of the Training Plan most likely will not be completed until some time in 2005, given the lack of training resources available through DAS/OSPA, and the potential need to develop an entire program in-house.*

- *The agency is in the process of incorporating the required review and oversights needed to maintain a clear flow of information and documentation. The department is working with its office managers in the field to train them in the proper approval process (as described above). The department is creating new forms and oversight processes aimed at reducing/eliminating risks in this area. The department has reviewed and created new processes and forms for the following payments:*
  - a. *The granting of discretionary leave.*
  - b. *The payment of vacation time, when the employee is at risk of losing time.*
  - c. *The use of the P050 screen on the OSPA system.*
  - d. *The payment of AD employees.*
  - e. *The use of Miscellaneous Paid Leave within the agency, and the necessary documentation.*
- *As described in our response to bullet #1 above, the department is currently in the process of updating its payroll policies and procedures. Once the updated manuals are in place, the department will be designing an ongoing training model to present to the employees. This will allow the department to standardize the material, deliver a consistent product, and maintain the necessary standards to ensure that all of the OAM and ORS mandates are being followed.*
- *We have addressed the one instance of override that was brought to our attention. The agency is in the process of streamlining the payroll process, both internally and externally. This effort is aimed at maintaining the ability to be as flexible and manageable as the*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*agency requires due to the nature of the emergency firefighting services we provide; while still allowing the department to add additional internal controls, oversights and audits, to eliminate the potential for bypassing processes or mandates.*

*To this end, the department is in the process of redesigning the current payroll process, streamlining some of the current manual systems, and developing additional controls. This will allow the department to continue to provide the necessary timeliness of services, while allowing the necessary controls to ensure that all of the required steps and documentation is are place.*

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

#### 03-13

#### Oregon Department of Human Services

#### Social Services Block Grant, CFDA 93.667

#### Insufficient Documentation of Expenditures

#### Questioned Costs Total \$8,617,513

Allowable costs for Social Services Block Grant (SSBG) expenditures must follow state cost principles. The Oregon Accounting Manual requires departments to maintain documentary proof that goods or services have been received and expenditures qualified for federal funding.

Of the 49 SSBG expenditures tested, 22 did not have adequate documentation to determine whether they qualified for SSBG reimbursement. For example, cost allocation transactions did not agree to the supporting documentation and a number of transactions were supported only by journal entries. Based on the results of our sample tests of expenditures, we estimated that \$8,617,513 of the \$17,853,674 fiscal year 2003 SSBG expenditures reported by the Oregon Department of Human Services (department) lacked sufficient support. Thus, we question those costs.

Adequate documentation for those expenditures did not exist because the department had not complied with *Oregon Accounting Manual* requirements to ensure documentation for expenditures existed and was readily accessible to state and federal auditors.

**We recommend** that department management implement procedures that ensure SSBG cost allocation transactions agree to supporting documentation and ensure that all transactions are supported by documents indicating when expenditures occurred, the specific goods or services provided, amounts expended for those services and other information necessary to determine compliance with federal funding requirements.

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

*The department disagrees in part with this finding. We agree some types of our transactions need clearer documentation and we are taking steps to address those instances. We disagree with the documentation conclusion for our cost allocation transactions (9 of the 22 transactions listed). Cost allocation is based on statistical information that is entered into the state accounting system and individual transactions are automatically generated based on this information. In accordance with the cost allocation plan, we have identified numerous indirect pools and cost allocation bases throughout the department. Statistics are calculated using the cost allocation bases identified. Cost allocation in the state accounting system automatically generates thousands of transactions, including detailed cost centers and expenditure objects. The department provided the statistical information used to produce these automated transactions as well as documentation for manual cost allocation entries.*

*The department's Office of Financial Services has scheduled documentation standards training to be provided by internal audit staff. We will also implement controls to better document the statistics that are used for each indirect cost pool for the cost allocation transactions. During the next audit, we will provide that documentation to the auditors and work with them to clarify*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*the cost allocation process and support for those transactions. Training is scheduled and will be completed by April 1, 2004. We will also have cost allocation documentation available both in hard copy and electronic form at this time.*

**03-14**

**Oregon Department of Human Services**  
**Social Services Block Grant, CFDA 93.667**  
**Cash Management**

Office of Management and Budget (OMB) circular A-133 requires that programs funded on a reimbursement basis must be paid for by entity funds before federal reimbursement is requested. In addition, reimbursement requests must be traceable to supporting documentation.

During fiscal year 2003, the state received Social Services Block Grant (SSBG) Federal funds totaling \$38,585,773. Of this amount, \$22,212,946 represented reimbursement for expenditures paid during fiscal year 2003. However, the Oregon Department of Human Services (department) could not provide sufficient documentation to determine the validity of the remaining \$16,372,827 amount drawn.

**We recommend** that the department ensure that all SSBG draws for Federal reimbursement are traceable to supporting documentation. Supporting information should be readily available, fully documented, and verifiable for compliance purposes.

***AGENCY'S RESPONSE:***

*The department disagrees with this finding. The Social Services Block Grant program awards the department funds for each federal fiscal year. The awarded dollar amount must be claimed within two years after the calendar quarter in which the state agency made the expenditure (45 CFR 95.7). This grant is a reimbursement grant and revenues are drawn from the federal government after the expenditure is made. There is no time limit to when the amounts are drawn as long as they are expended within the time limit explained above, and drawn while the grant is still available on the Division of Payment Management, SmartLink Payment Request System. In September 2002, the department identified amounts expended for SSBG but not drawn for the federal fiscal years ending 1999, 2001, and 2002. The department took a draw in the amount of \$15.4 million to match revenue to those prior period expenditures. The federal reports filed for SSBG for federal fiscal years ending 9/30/01 and 9/30/02 support the amount of expenditures. SSBG did not require reports prior to federal fiscal year ending 9/30/00.*

*The audit analysis compared federal draws with expenditures for state fiscal year ending June 30, 2003. The above referenced draws were made during the state fiscal year ending June 30, 2003 but are tied to prior state year expenditures. We have detailed analysis on SSBG revenue and expenditures for those prior fiscal years that fully support the increased draw amount.*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

**03-15**

**Oregon Department of Human Services**

**Medicaid Cluster**

**Expenditure Allowability**

**Questioned Costs total \$45,560,309 for payments made during state fiscal year 2003**

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 in federal fiscal years 2001 and 2002. A phase down period provides for reduced payments in federal fiscal years 2003 through 2005.

On April 3, 2003, the Centers for Medicare and Medicaid Services (CMS) questioned \$45,560,309 of fiscal year 2003 expenditures and issued a deferral of Federal Financial Participation (FFP) for that amount effective April 1, 2003. In the deferral letter, CMS officials indicated that the deferral amount was the portion of the claimed supplemental payments that exceeded the allowable amount for the 2003 federal fiscal year. During 2003, CMS began an audit to resolve the above issue as well as other related questioned costs. See prior year finding 02-12.

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

***AGENCY'S RESPONSE:***

*The department is currently in discussion with the Centers for Medicare and Medicaid Services around issues relating to the deferral.*

**03-16**

**Oregon Department of Human Services**

**Medicaid Cluster**

**Cash Management**

Expenditures for Medicaid must be paid for by the state before reimbursement is requested from the Federal government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds. The state of Oregon has entered into a formal agreement with the U.S. Treasury outlining requirements for drawing down Federal funds. Federal regulations also indicate that records must be retained to allow for calculations, outlined in the Treasury-State agreements, to be reviewed and replicated for compliance purposes. States must ensure that these records are readily available, fully documented, and verifiable.

The Oregon Department of Human Services (department) relies on its financial accounting system to track expenditures and federal reimbursements. On a daily basis, department employees use on-line cumulative expenditure totals to determine the amounts to be drawn. However, personnel performing this procedure did not retain documentation that later could be

**State of Oregon  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003**

---

verified. Thus, compliance with the Treasury-State Cash Management Agreement could not be ascertained as required. Although monthly totals could be confirmed using financial system inquiries, department staff could not provide verifiable documentation of the daily expenditures it used to support the daily draw amounts.

On April 3, 2003, the U.S. Department of Health and Human Services deferred approximately \$45.5 million from Federal Financial Participation in the state's Medicaid grant award. As a result, department management decided to proactively fund federally qualifying Medicaid expenditures using the state's General funds. On June 30, 2003, the department reclassified approximately \$45.5 million in Federal Medicaid expenditures to the General fund. However, the department had already drawn Federal reimbursements for those expenditures. As a result, Medicaid draws exceeded expenditures by approximately the amount of the adjustment. As of January 20, 2004, agency accounting staff indicated that corrections to remedy the above overdraws had not been made.

**We recommend** that department management develop and implement procedures or methods for documenting its daily draw process to ensure that supporting records are readily available, fully documented, and verifiable for compliance purposes. In addition, we recommend that the department make arrangements with the U.S. Department of Health and Human Services to address the amount overdrawn.

**AGENCY'S RESPONSE:**

*The department generally agrees with this finding. Due to a deferral in the Medicaid Program and a transfer of expenditures from federal to general funds, we agree an overdraw of approximately \$25 million occurred. The Centers for Medicare and Medicaid Services (CMS) reduced the Medical Assistance Program funding by approximately \$25 million on October 16, 2003. As of December 31, 2003, we had approximately \$15.3 million in federal authorization available for the Medical Assistance Program for which we had not requested federal funds. Our overdraw was automatically reduced by the Federal Medicaid Program at that date and the department will not be able to draw federal funds in excess of that total grant award. To date, we have not redrawn any funds to cover the deferred expenditures.*

*The department retains expenditure information for federal draws in the form of a worksheet prepared for each grant. The auditors' recommendation to retain screen prints (screen 66 from the state accounting system) of each day's activities would generate a magnitude of paper without providing support for the changes in the expenditures over a period of time. We believe that accounting system reports or adhoc reports available in the state accounting system provides appropriate and detailed information of the grant expenditures to support the federal draws.*

*The department will continue to monitor cash draw procedures, but at this time we believe changes to the draw procedures are not necessary. For the period ending June 30, 2003, the state liability was \$92,135 for the Medicaid program. This was included in the Interest Liability Report the department submitted to the Department of Administrative Services in December 2003.*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

**03-17**

**Oregon Department of Human Services**

**Medicaid Cluster**

**Reporting**

Office of Management and Budget (OMB) Circular A-133 requires that amounts reported on the CMS-64 and its attachments must be actual expenditures for which all supporting documentation, in readily reviewable form, has been compiled and is available immediately at the time the claim is filed.

The Oregon Department of Human Services (department) did not report actual total expenditures on its CMS-64 for fiscal year 2003. During our audit, we reviewed the report for the quarter ended December 31, 2002. Total Medicaid expenditures for that quarter were overstated by approximately \$3.2 million.

In addition, other tests indicated that Federal Medicaid expenditures reported on the department's CMS-64 for the quarter ended June 30, 2003, were overstated by \$21,212,635.

**We recommend** that the department implement procedures to ensure that actual total expenditure amounts are reported on the quarterly CMS-64 reports as required by Federal regulations. In addition, the department should correct and resubmit CMS-64 reports submitted in error.

***AGENCY'S RESPONSE:***

*The department disagrees with this finding. On April 3, 2003, the U.S. Department of Health and Human Services (DHHS) deferred approximately \$45.5 million from Federal Financial Participation in the State's Medicaid grant award. The Oregon State Legislature appropriated \$45.5 million from the State General Fund to ensure the department could make Medicaid expenditures until the deferral was resolved. On June 30, 2003, the department reclassified \$24,337,673.65 of Federal Medicaid expenditures to the General Fund in the state accounting system. In December 2003, the remaining balance of the \$45.5 million (\$21,212,635) was reclassified to the General Fund in the state accounting system.*

*The department reports actual expenditures on its CMS-64 as required by federal regulations. Actual expenditures in the state accounting system are reconciled to what is reported on the CMS-64. The \$45.5 million deferral reference above is not a disallowance, and is therefore not reported on the CMS-64 report. If a disallowance is received from DHHS, we will report that amount on the CMS-64 as a prior period adjustment for the quarter the disallowed expenditures occurred.*

*The process for making a correction or adjustment to a CMS-64 report is to note a prior period adjustment on the subsequent quarterly report(s) as necessary rather than resubmitting them. As noted above, we will not adjust the CMS-64 report unless a disallowance is determined.*

*We were unable to identify any Medicaid expenditures overstated by approximately \$3.2 million for the quarter ended December 31, 2002. Not all Medicaid expenditures are reported*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*directly in the Medicaid grants as of the quarter ended. Amounts taken from the state accounting system using just Medicaid grant numbers would not include all the relevant expenditures.*

**03-18**

**Oregon Department of Human Services**

**Medicaid Cluster**

**Matching**

**Questioned Costs Total \$1,314,071**

The state is required to pay part of the cost of providing health care to the poor and part of the cost for administering the program. Different state participation rates apply to medical assistance payments. These rates are specified in the formal state plan.

For the quarter ended December 31, 2002, the Oregon Department of Human Services' (department) federal draws exceeded the allowed federal participation by approximately \$1.3 million. Because the department did not meet its matching requirements, we questioned the above amount. The department's internal controls were not sufficient to detect the above error so that it could be timely corrected.

**We recommend** that the department evaluate its procedures for ensuring that federal participation rates are consistently applied to Medicaid expenditures.

***AGENCY'S RESPONSE:***

*The department disagrees with this finding. We did not identify any federal participation error as the total expenditures reported on the CMS-64 for quarter ended December 31, 2002 were accurate.*

*Because the department is operating as one agency (all accounting records for all programs are in one set of books) rather than under seven different agency numbers, preparation of the quarterly CMS-64 is assigned to one person. Procedures have been established and implemented that require reviewing expenditures to ensure the proper participation rate is used for each period reported. We are also working to ensure that all the necessary accounting system profiles and coding structures are set up to properly report expenditures. We expect to refine this process further with completion of the structures for the quarter ended March 31, 2004.*

**03-19**

**Oregon Housing and Community Services Department**

**Section 8 Housing Assistance Payments Program, CFDA 14.195**

**Cash Management**

The Oregon Housing and Community Services Department (department) is not in compliance with the Cash Management Improvement Act agreement that states funds are to be disbursed via electronic funds transfer on the business day following receipt of the funds by the Oregon

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

State Treasury. The department receives federal funds monthly from the U.S. Department of Housing and Urban Development for the Housing Program Management (HPM) section of the Section 8 Housing Assistance Payments Program. During testing, it was determined that as much as 40 percent of the monthly HPM section payments (approximately \$11 million) that were made to project owners on behalf of Section 8 tenants were not transferred by the next business day. As a result, project owners did not always receive timely payments needed to meet their operating needs. Since HPM is funded on a budgeted, rather than actual basis, the reconciliation process and subsequent disbursement of funds can be a complex process.

**We recommend** that management reevaluate its processes and make modifications as necessary to ensure funds are disbursed by the business day following receipt by the Oregon State Treasury.

**AGENCY'S RESPONSE:**

*The department agrees with the finding. Under the guidance of Housing and Urban Development (HUD), the disbursements of project subsidies must be made within three to five days after the receipt of funds. However, the Cash Management Improvement Act (CMIA) does not currently reflect HUD's allowance and states that funds must be disbursed electronically on the business day following receipt of funds by the Oregon State Treasury. It is the department's goal to meet the intent of the CMIA; however, due to a variety of problems related to HUD's payment processing system, it is often times difficult, if not impossible, to meet this requirement. This is the primary reason that HUD has been more liberal in terms of their disbursement requirements. To remedy these system problems, HUD is moving all agencies from the current payment system to the Tenant Rental Assistance Certification System (TRACS). TRACS is the same system currently utilized by the department's Housing Contract Administrative Section to process subsidy payments for all HUD financed projects. This system has allowed the department to consistently meet the requirements of the CMIA for these types of projects. The current plan is to begin system conversion in August 2004. The department will have additional discussions with the Secretary of State Audits Division regarding the applicability of the CMIA to these types of funds. If upon completion of this discussion it is determined that CMIA is still applicable, the department will work to amend the CMIA as soon as possible to reflect HUD's current requirements.*

**03-20**

**Oregon Department of Human Services**

**Special Supplemental Nutrition Program for Women, Infants, and Children,**

**CFDA 10.557**

**Subrecipient Monitoring**

Review of records at the Oregon Department of Human Services (department) Women, Infants, and Children (WIC) program office and the supporting fiscal services office indicated local agency program reviews were not being completed in a timely manner. Audit testing noted six operations reviews and three fiscal reviews either not completed by June 30, 2003 or through the testing date in early December 2003. According to federal regulations, the department should conduct monitoring reviews of each local agency at least once every two years. The department's WIC program had significant operational and procedural changes as a result of

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

implementing The WIC Information System Tracker (TWIST) and was in a state of transition during the audit period. Although the WIC Program Office had received approval from the United States Department of Agriculture (USDA) Food and Nutrition Service, Western Region, to conduct limited scope monitoring reviews during the TWIST conversion period, higher priority implementation tasks and staffing constraints caused the program reviews to have lower precedence. As a result, timely reviews were not performed. Lack of timely reviews of local agency activities creates the opportunity for noncompliance with program requirements. WIC program activities done by the local agencies, such as intake and establishment of eligibility, are key to the entire program.

**We recommend** the department:

- Develop a comprehensive and practical schedule for local agency program reviews for the next several years;
- Consider combining the operational and fiscal reviews for efficiency; and,
- Submit the proposed schedule to the USDA for approval, requesting an exception to established guidelines based upon the specific situation facing the Oregon WIC program.

***AGENCY'S RESPONSE:***

*The department generally agrees with the finding. Although six local WIC agencies were cited as noncompliant with the USDA requirement to conduct biennial program reviews, we would like to clarify that only one agency, Hood River WIC program, was out of compliance as of June 30, 2003.*

*The USDA waiver to use an abbreviated review tool during our data system design and rollout has expired. We have finalized development of a new in-depth WIC Program Biennial Review Tool that has been approved by USDA Western Regional Office. A WIC Biennial Review Schedule for 2004 through 2006 has been shared with USDA. We have developed a plan with Fiscal Services for combining the fiscal review with the program operational review in conjunction with implementation of the new review tool. All reviews cited in the audit will be in compliance by August 2004.*

**03-21**

**Oregon Department of Human Services**

**Temporary Assistance to Needy Families, CFDA 93.558**

**Cash Management**

Expenditures for Temporary Assistance to Needy Families (TANF) must be paid for by the state before reimbursement is requested from the Federal government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds. The state of Oregon has entered into a formal agreement with the U.S. Treasury outlining requirements for drawing down Federal funds. Federal regulations indicate that records must be retained to allow for calculations, outlined in the Treasury-State agreements, to be reviewed and replicated for compliance purposes. States must ensure that these records are readily available, fully documented, and verifiable.

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

The Oregon Department of Human Services (department) relies on its financial accounting system to track expenditures and federal reimbursements. On a daily basis, department employees use on-line cumulative expenditure totals to determine the amounts to be drawn. Because personnel performing this procedure did not retain documentation that later could be verified, compliance with the Treasury-State Cash Management Agreement could not be ascertained as required. Although monthly totals could be confirmed using financial system inquiries, department staff could not provide verifiable documentation of the daily expenditures it used to support the daily draw amounts.

The department's financial records also indicated that Federal TANF draws exceeded expenditures by approximately \$3.5 million, or 2 percent of the Federal portion of TANF expenditures during fiscal year 2003. Thus, the department did not comply with the Treasury-State agreement and was, therefore, subject to interest provisions.

**We recommend** that department management develop and implement procedures or methods to ensure compliance with documentation requirements for cash draws for TANF expenditures. The department's records should be readily available and verifiable for compliance purposes. We also recommend that the department take action to ensure that the \$3.5 million drawn in excess is resolved with the Federal agency and all requirements of the Treasury-State cash agreement satisfied.

**AGENCY'S RESPONSE:**

*The department disagrees with this finding. The department used the approved Pre-Issuance Funding technique (Section 6.1.4 of the State Cash Management Agreement) in order to be able to interface expenditures into the state accounting system when general funds were not sufficient to cover the total expenditures. When used, the state is liable for interest. We reported to the Department of Administrative Services on the Interest Liability Report DHS' liability of \$35,684 for the pre-issuance of the TANF federal funds for the period ending June 30, 2003.*

*The department retains expenditure information for federal draws in the form of a worksheet prepared for each grant. The auditors' recommendation to retain screen prints (screen 66 from the state accounting system) of each day's activities would generate a magnitude of paper without providing support for the changes in the expenditures over a period of time. We believe that accounting system reports or adhoc reports available in the state accounting system provide appropriate and detailed information of the grant expenditures to support the federal draws. The department will continue to monitor cash draw procedures and minimize the use of the Pre-Issuance Funding technique, but at this time we believe changes to the draw procedures are not necessary.*

**State of Oregon  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003**

---

**03-22**

**Oregon Department of Human Services**

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

**Level of Effort**

The Office of Management and Budget Circular A-133 states the state shall for each fiscal year maintain aggregate state expenditures for authorized activities as a level that is not less than the average expenditures maintained by the state for the preceding two fiscal years. In addition, the Code of Federal Regulations states that if a state has failed to maintain compliance, the allotment will be reduced for the state in the next fiscal year by an amount equal to the level of expenditures they were not in compliance for in the prior fiscal year.

The Oregon Department of Human Services (department) did not meet the Maintenance of Effort for state fiscal year 2003. The department was \$6,675,333 short of the required level of expenditures for state fiscal year 2003. The state could lose this amount of funding for the state fiscal year 2004 allotment.

**We recommend** that the department apply for a federal waiver, which would exempt them from the Maintenance of Effort requirement for state fiscal year 2003.

***AGENCY'S RESPONSE:***

*The department agrees with the finding. During the development of last year's department budget reduction plan, there were concerns regarding House Bill 5100 and Measure 28, and possible reduction implications to Maintenance of Effort (MOE). To achieve reduction targets for each cluster, the department was statutorily required to include reductions in programs that would affect the Substance Abuse Prevention and Treatment (SAPT) grant MOE. The department included these actions in the reduction plan with the explicit understanding that it would appeal for waiver of the MOE due to "extraordinary economic conditions" as provided in Regulations part 96.134 of the Code of Federal Regulations. In addition, the department included notification of intent to apply for a waiver of MOE to the Federal Substance Abuse and Mental Health Services Administration office (SAMHSA) with the 2004 SAPT grant request that was submitted on September 23, 2003.*

*The department completed the SAPT grant MOE waiver request and submitted it to the Oregon Governor's office for signature on January 16, 2004. SAMHSA has up to 120 days after the date the request is made to approve or deny once the waiver is received.*

**03-23**

**Department of Community Colleges and Workforce Development**

**Workforce Investment Act Cluster**

**Cash Management Authorizations**

Of the 40 items selected for testing, we found 7 items that did not have sufficient authorization and/or review signatures. According to the Office of Management and Budget Circular A-133, cash management activities should have an appropriate level of supervisory review prior to

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

disbursement of federal funds. Without proper authorization, payments may be paid on transactions containing errors or misappropriate expenditures.

**We recommend** that the Department of Community Colleges and Workforce Development (department) improve controls over transaction authorization and supervisory review.

***AGENCY'S RESPONSE***

*The department agrees with the finding. We concur with the auditors in their identification of transactions that lacked sufficient review or authorization. Of the items questioned by the auditors, we noted that the roles and responsibilities of staff assigned to the department's financial unit have been re-evaluated during the period reviewed and the circumstances that may have contributed to errors may no longer exist. Several of the items selected were cash draw requests from subrecipient entities that lacked a signature by the requestor. Prior to this audit, it was the department's policy that subrecipients submit their draws electronically and retain the signed copy at their location to be verified as the department carried out the annual on-sight Quality Assurance Monitoring. Subsequent to the audit, the department has changed that procedure and now requires that subrecipients follow up the electronic draw with a signed hard copy that we retain in the fiscal files.*

**03-24**

**Department of Community Colleges and Workforce Development**  
**Workforce Investment Act Cluster**  
**Earmarking\Reporting**

During our review, we could not verify that amounts reported for Statewide Activities and Emergency and Rapid Response were for the correct program period as reported on federal forms. We also noted that amounts recorded in the reports were not adequately supported by accounting records (Statewide Financial Management Application-SFMA).

According to the Office of Management and Budget Compliance Supplement, expenditures should be accurately reported on federal forms in order to meet the federal reporting requirements. In addition, expenditures should also be in compliance with the minimum earmarking requirements as established for the federal program.

The Department of Community Colleges and Workforce Development (department) does not have in place a system to accurately track federal expenditures and determine whether expenditures are being reported in the correct grant period. In addition, there is no reconciliation between amounts in the federal reports and the accounting system (SFMA). Even though the department has made efforts to properly track expenditures, they were not in compliance during our audit period.

**We recommend** that the department continue its efforts to correct the accounting system and revise federal reports to accurately reflect program expenditures. We also recommend that the department continue to work with subrecipients to correct errors in reported amounts.

**State of Oregon  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003**

---

***AGENCY'S RESPONSE***

*The department agrees with the finding. We concur with the observations concerning the seeming disparity between the federal reports and the State financial reports and appreciate the acknowledgement that we have initiated efforts to properly track and reconcile the expenditures. The department uses program/phase indicators in the Statewide Financial Management Application (SFMA) to account for the federal reporting requirements. With staff turnover, transactions were recorded to an incorrect grant phase. Upon discovery, the department immediately initiated a process to align the current period transactions with the appropriate program/phase. The prior period transactions, however, were assigned a lower priority as the federal reports were correct and sufficiently documented. The SFMA accounting needed to be aligned to reconcile to the federal reports and documentation. This project extended beyond on the Statewide Activities and Rapid Response transactions identified by the auditors. The reconciliation has been completed for the Title I Adult, Dislocated Worker, Youth, and Local Administration expenditures. The reconciliation is nearly complete for the remaining funding streams included in the federal reports. It is anticipated that the remaining transactions will be reconciled no later than June 30, 2004. Upon completion, the department is confident that the federal reports and the accounting system for all periods will reconcile.*

**03-25**

**Oregon Economic and Community Development Department  
Capitalization Grants for Drinking Water State Revolving Fund, CFDA 66.468  
Matching**

Federal regulations require states to deposit 20 percent matching funds from state monies into the Safe Drinking Water Revolving Loan Fund on or before the date that Federal funds are made available through grant payments. The Oregon Economic and Community Development Department (department) provided documentation illustrating that an additional \$2,491,760 in state monies needed to be deposited to comply with this requirement as of June 30, 2003.

**We recommend** that the department deposit funds into the revolving fund to meet the 20 percent match requirement and develop a match deposit schedule with documented procedures for updating the schedule upon receipt of each new grant agreement.

***AGENCY'S RESPONSE:***

*The department agrees with this finding. As of June 30, 2003, funds disbursed were \$7.4 million state match (18.6 percent) to \$32.3 million federal funds. At the inception of the Safe Drinking Water program in 1998, revenue bonds were issued to provide state match. Historically the state has over matched by disbursing bond funds, which are subject to arbitrage compliance, ahead of federal grant funds. During a recent Environmental Protection Agency (EPA) program review on June 30, 2003, EPA was aware that state funds were under-matched and recognized that this was a timing issue. EPA acknowledged that unmatched federal grant dollars have not actually been spent but are available to reimburse project construction costs.*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*The department has corrected the disbursement ratio and as of December 31, 2003, state match is 24.7 percent. The department will seek an allocation of up to \$8 million additional state matching funds from the Economic and Community Development Commission at its March 2004 meeting. Funds will be deposited into the revolving loan fund and project costs will be drawn proportionally at 20 percent match to 80 percent federal funds. Monitoring efforts for the federal grant, match requirements and disbursements levels between federal and state funds have been in place since the inception of the program. Procedures will be developed for updating a match deposit schedule for future grants. The anticipated completion date is March 15, 2004.*

**03-26**

**Oregon Economic and Community Development Department**

**Oregon Department of Human Services**

**Capitalization Grants for Drinking Water State Revolving Fund, CFDA 66.468**

**Environmental Review**

Federal regulations require states to adhere to an approved State Environmental Review Process (SERP). The Oregon Economic and Community Development Department's (department) SERP requires an environmental review be performed for Safe Drinking Water projects prior to being allowed to proceed with loan-funded project work. Upon our review of the three newly funded fiscal year 2003 projects subject to this requirement, we found that for one of these projects, a proper Environmental Review was not completed until six months after construction had already begun. Even though the state eventually assessed that there would be no significant impact from project activities, the Environmental Review was not met.

**We recommend** that the department strengthen policies and procedure to ensure that environmental reviews are completed prior to loan-funded project work beginning.

***AGENCY'S RESPONSE:***

*The departments [OECD and Oregon Department of Human Services] agree with the finding. The statewide single audit identified a project where the Environmental Review was not completed until six months after construction began. The auditors recommended that OECD strengthen policies and procedures to ensure that environmental reviews are completed prior to the beginning of loan-funded construction. OECD agrees with the auditors finding and recommendation and have addressed corrective action through staff training, improved communication and coordination between agencies, and added checkpoints through the application process.*

*OECD regional coordinators were reminded by e-mail on January 12, 2004, that the environmental review process must be completed and documented before construction-related costs are incurred. OECD will follow-up with training for regional coordinators and key Oregon Department of Human Services (DHS) Drinking Water Program personnel regarding the environmental review requirements. Training will explain the importance of using environmental review process milestones in the contract and how setting the milestones will remind coordinators that the environmental review process must be completed before construction-related costs are incurred for the project.*

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*DHS Drinking Water personnel will include a statement in the initial letter and application to the recipient, that the environmental review process must be completed before construction-related costs are incurred for the project. We anticipate that each of these corrective actions will be completed by Spring 2004. We are confident, with these actions in place, that the risk of this issue recurring is very low.*

*DHS will assure project files contain an appropriate check-box to identify that the environmental review process has taken place. OECDD will notify DHS when an applicant submits a Letter of Interest so that the DHS Drinking Water Program can schedule a capacity assessment and environmental review before loan dollars are disbursed.*

**03-27**

**Oregon Department of Education**

**Child Nutrition Cluster**

**Fiscal Action Plans**

The Department of Education (department) has not developed controls to ensure fiscal actions are enforced when providers are found to have submitted meal reimbursement claims that are not payable under federal regulations. We reviewed two instances where the department issued fiscal action plans. Although the department distributed letters indicating the need for fiscal action, in both instances we found that the department was unable to verify that fiscal action was enforced by reducing future meal reimbursement claims.

**We recommend** that the department implement procedures to ensure that fiscal action plans are enforced.

***AGENCY'S RESPONSE:***

*The department agrees with the finding. The department will change the fiscal action letter sequence so that a final letter follows the completion of the collection for the overpayment. The expected completion date is January 15, 2004.*

## **Section IV – Schedule of Prior Financial Statement Findings for the Years Ended June 30, 2002 and 2001**

This section includes the current status of all financial audit findings from fiscal year ended June 30, 2002. It also includes the current status of all financial audit findings from fiscal year ended June 30, 2001 that were uncorrected at June 30, 2002.

**Finding 02-1:            User Access Management**

**Recommendation:**    The Oregon Department of Corrections (department) should implement a process to periodically review and monitor users' access privileges and activity to ensure that it is appropriate.

**Status:**                    Partial corrective action was taken.  
The department has developed reports and a quarterly review process has been implemented whereby the (Automated Financial Accounting Manufacturing Inventory System) AFAMIS security administrator and the accounting manager or controller review and monitor security access to AFAMIS. Any issues discovered in these reviews are corrected. The reports are maintained on file for a period of six months following the close of the biennium in which they were run.

This year's audit team had brought to our attention a flaw in this process in that the security administrator has the ability to change user security and therefore, should not be involved in the review. Data shown on the security reports is too technical and vague to be interpreted easily by a layperson. A lack of resources prevents both the development of more useful security classes and reports and a process of review that would not rely on the security administrator's participation. The department will seek to resolve these issues in the current fiscal year by developing more understandable reports as part of the One World upgrade, and, as these reports become available, by attempting to implement a policy whereby cost center managers review the security of users under their supervision.

*See current year finding at 03-5.*

**Finding 02-2:            Point of Sale (POS) Canceled Document Process**

**Recommendation:**    The Oregon Department of Fish and Wildlife (department) should develop a comprehensive system of reviewing canceled documents and ensure that all required information is received from licensing agents.

**Status:**                    Partial corrective action was taken.  
The department has issued a notification to all agents reminding them of Oregon Administrative Rule 635-01-0085(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

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

cancel receipt to the department.” In addition to the notification, the department has also posted a reminder notice on the POS system. This reminder notice will periodically be posted throughout the year to assure that all agents are reviewing it. In conjunction with notifying the agents, the department has reviewed the current database with department programmers and modifications can be made to account for canceled documents by agent and to record that originals have been received. The modifications are scheduled to be completed and implemented in December 2003.

*See current year finding at 03-9.*

**Finding 02-3: Headquarters Point of Sale (POS) Reconciliation**

**Recommendation:** The Oregon Department of Fish and Wildlife (department) should 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.

**Status:** Partial corrective action was taken.  
The department has separated the use of the two cash registers within the Licensing Division located at the Salem headquarters office. The first register is currently being used exclusively for walk-in customers and is being reconciled to the Point of Sale (POS) on a regular basis. The second register is being used for mail orders and faxes being received. The Licensing Division is currently working with the department’s Information Services Division to document reprogramming options and identify workload, fiscal impact and time frames for review and implementation.  
*See current year finding at 03-8.*

**Finding 02-4: Controls over Financial Reporting**

**Recommendation:** The Oregon Department of Forestry (department) should: fully develop, document and implement policies and procedures over financial reporting, 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.

**Status:** Partial corrective action was taken.  
The department has outlined the fiscal policies and procedures that need to be updated and/or written. The department has completed a draft of position desk manuals for all positions within the Fiscal Services Unit. The manuals will be reviewed and updated on a yearly

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

basis as part of the evaluation process. Additionally, the department's Fiscal Services Unit position descriptions are being rewritten using a new form provided by the Department of Administrative Services, Human Resources Division. An initial list of risks or areas of concern has been developed. The department's Fiscal Services staff is prepared to review these items with the internal auditor once hired. Fiscal Services will work with the internal auditor to expand this list and prepare an action plan for addressing each area. Contracting signature authority and signature authority documents generally are currently being developed. These documents will be developed with input and assistance from the internal auditor scheduled to be hired during this biennium.

*See current year finding at 03-10.*

**Finding 02-5: Contracting**

**Recommendation:** The Oregon Department of Forestry (department) should 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.

**Status:** Partial corrective action was taken.

In the area of further developing and updating policies and procedures the following have been accomplished:

- A policy statement was issued to institute the procedure designating where the signature or primary copy of a contract will reside.
- The department's Personal Services Contract (PSK) Justification Selection form was updated and a policy reminder was issued to make sure the form was included in all PSK's.
- Based on the Department of Administrative Services review and input, the department's contracting web site was updated to provide the latest contracting guidelines and procedures.
- Procurement desk manuals have been developed and are currently being refined. The department's manuals have been reviewed by the audit team.

The master crew contract process has been revised to provide increased oversight and administration. The process is split with the procurement unit letting the contract and the Fire Protection Program providing the contract administration. This split in the process provides the improved coordination and administration of the contract by having the program that utilizes the contract provide the knowledgeable and experienced staff to administer the day to day working of the contract.

*See current year finding at 03-11.*

**State of Oregon  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003**

---

**Finding 02-6: Timber Sales and Transfers to Counties**

**Recommendation:** The Oregon Department of Forestry (department) should 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.

**Status:** Partial corrective action was taken.  
The department has been in constant negotiations with the counties involved in the Rehab Payback overpayment situation since it was brought to our attention in the 2002 audit. The department received a final audit of our analysis and corrections from the Secretary of State auditors on September 26, 2003. Once that review was completed, department staff began the process of entering into intergovernmental agreements for repayment. Draft agreements or proposals have been shared with the Department of Justice and Benton, Clackamas, Clatsop, Washington and Tillamook Counties. Final negotiations are expected to conclude and agreements signed during FY 2004.

**Finding 02-7: Logical Access Controls  
(Material Weakness)**

**Recommendation:** The Oregon Department of Human Services (department) should 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 Oregon 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.

**Status:** Partial corrective action was taken.  
The department implemented the following initiatives to begin to address the findings in the Oregon Secretary of State reports mentioned above:

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

Department management is in the process of developing plans to improve security controls over its computer applications and to meet the Health Insurance Portability and Accountability Act Security Rule regulations. A risk assessment was conducted and the department is addressing the issues identified. The department is drafting a Request for Proposal to develop a strategy and provide recommendations for implementing Role Based Access Control internally and externally for all users accessing department data. The department also has purchased and is installing Identity and Access Management software as an initial step in improving user authentication and authorization. The department is in the process of developing information security policies and procedures that will be implemented over the next several months. The department also is developing a security awareness program including a video and training materials for managers and staff, security messages/advisories, and awareness training presentations/workshops.

**Finding 02-8:                   General Accounting Internal Control Weaknesses**  
**(Material Weakness)**

**Recommendation:**       The Oregon Department of Human Services (department) should 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.

**Status:**                    No corrective action was taken.  
The department continues to disagree with this finding. As previously stated, the process for developing the proportionate share incentive adjustment involved an estimation of what Oregon could have paid using Medicare payment principles. Since our previous response, the Office of the Inspector General of the U.S. Department of Health and Human Services as well as the U.S. General Accounting Office have initiated reviews of the protocols used by several states in this program, including Oregon's process. Pending the outcome of those reviews, we have no new posture on this position.

**Finding 01-1:                   Accounting for Fixed Assets**

**Recommendation:**       The 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.

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

Status: Partial corrective action was taken.  
Property Control and Accounting have been provided with the Oregon Accounting Manual (OAM) detailed guidelines for Classification and Capitalization of Assets, OAM 15.60.10.PR. The department's Controller meets with both the Property Control Specialist and Fixed Asset Accountant periodically and as needed to provide guidance in interpretation and application of statewide policy and procedure covering asset capitalization. To ensure greater accuracy in the use of objects to report capital asset acquisitions, the Fixed Asset Accountant performs quarterly account reconciliation as required by OAM 15.60.10.PR. Department-wide user training and the development of quick reference materials concerning use of appropriate objects has been deferred for inclusion with One World upgrade training to be performed for each section of Fiscal Services. The reconciliation referenced above combined with a well-trained central receiving resource for all department purchases ensures correct objects are used and all assets that should be booked and/or controlled are accounted for.

Finding 01-2: **Segregation of Duties**

Recommendation: The 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, document accounting processes and procedures on how to use its system.

Status: Partial corrective action was taken.  
The department has continued to experience staff shortages in key areas through fiscal year 2003. These shortages have include a vacant Accounting Manager position, extended medical leave of the Trust Manager, and medical leave of various staff within the Accounting section. In spite of these challenges, progress in documenting and expanding the knowledge base of the AFAMIS financial operating system has been made

The Trust Fiscal Analyst II was reassigned half-time to AFAMIS support and brings a significant amount of experience in AFAMIS processes and functionality particularly in the areas of accounts payable, general ledger, security, and general AFAMIS support. The Controller has had a significant amount of exposure to AFAMIS processes and functionality, particularly in the areas of system integrity, data flows and processes, security, and interfaces. The One World Project Manager has had a significant amount of exposure to AFAMIS architecture, design, and infrastructure requirements.

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

As part of the development and testing of the One World upgrade, procedures have been documented for all processes in the first phase of the upgrade which includes: accounts payable and general ledger. These procedural documents are available online to all Central Accounting staff in a shared folder accessible to each of them.

*We agree that the department provided cross-training and back-up for key personnel who process transactions through its accounting system. The department has also begun documenting accounting processes and procedures on how to use its accounting system. However, some department accounting personnel continue to be assigned responsibilities or functions that should be segregated.*

**Finding 01-3: Independent Review**

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

**Status:** Partial corrective action was taken.  
To date, a formalized list of reconciliations or other documentation created by critical processes that can be formally reviewed has yet to be developed. The department filled the position of Controller during fiscal year 2003, and filled the Accounting Manager position in August 2003. Both these positions can perform independent reviews of critical accounting processes, however, both positions are faced with high demands in other areas that severely limit availability to perform these reviews. Resource constraints require that these two positions perform many tasks including: react to issues in the field, maintain a participative involvement with the One World upgrade and other projects or problems with the accounting system, provide supervision and/or support and training to lower level staff who frequently lack skills appropriate to their assignments, and address internal control issues as they emerge.

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

**Section V – Schedule of Prior Federal Awards Findings and Questioned  
Costs for the Years Ended June 30, 2002 and 2001**

This section includes the current status of all federal audit findings from fiscal year ended June 30, 2002. It also includes the current status of all federal audit findings from fiscal year ended June 30, 2001 that were uncorrected at June 30, 2002.

Finding 02-9:           **Child Nutrition Cluster**  
**Monitoring of School Food Authorities**

Recommendation:    The Oregon Department of Education (department) should require specific program information from all School Food Authorities that discloses or affirms that the required general fund transfer or other matching mechanism was made.

Status:                 Corrective action was taken.  
*During fiscal year 2003, the department provided Education Service Districts (ESD) and Public School Districts with written statements of their required match. The ESD and Public School Districts returned those forms noting how they obtained their match.*

Finding 02-10:       **Child Nutrition Cluster**  
**Monitoring of Food Service Program**

Recommendation:    The Oregon Department of Education (department) should require specific program information from all School Food Authorities that discloses or affirms that the school food service programs are promptly accounted for.

Status:                 Partial corrective action was taken.  
With the exception of private schools and Residential Child Care Institutions (RCCI), the department has required school food authorities to submit financial information to disclose that the nonprofit status of the school food service program is maintained. The department has required all school food authorities – public, private and RCC, to submit fiscal year 2003 financial information in fiscal year 2004 that discloses school food service program nonprofit status.

Finding 02-11:       **Medicaid Cluster**  
**Expenditure Reporting**

Recommendation:    The Oregon Department of Human Services (department) should correct the internal control weaknesses identified in 02-8 and submit revised reports to the federal government.

Status:                 Corrective action was taken.

**State of Oregon**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2003**

---

*The department made a prior period adjustment to the financial statements for the disproportionate share incentive adjustment amount attributed to state fiscal year 2001. The department submitted the Quarterly Medicaid Statement of Expenditures for Medical Assistance Programs Form CMS 64 with this correction.*

Finding 02-12:       **Medicaid Cluster**  
                          **Expenditure Documentation and Allowability**

Recommendation:   The Oregon Department of Human Services (department) should fully comply with 42 CFR 447.272.

Status:               No corrective action was taken.  
                          The department continues to disagree with this finding. Since our previous response, the Center for Medicare and Medicaid Services, the Office of Inspector General of the U.S. Department of Health and Human Services as well as the U.S. General Accounting Office have initiated reviews of the protocols used in several states to leverage proportionate share funds. Oregon is among the states under review. Pending outcomes of those reviews, we have no new posture on this position.  
*See current year finding 03-15.*

Finding 02-13:       **Medicaid Cluster**  
                          **Cash Management**

Recommendation:   The Oregon Department of Human Services (department) should 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.

Status:               *The auditee has reported corrective action taken. We do not concur. During fiscal year 2002, the department drew funds in advance of associated expenditures. We noted the same issue during fiscal year 2003. As a result, we are reporting the current year finding at 03-16.*

Finding 02-14:       **Medicaid Cluster**  
                          **ADP Risk Analysis and System Security Reviews**

Recommendation/Status:   Please refer to finding 02-7, Logical Access Controls, for the recommendation and status of this finding.

**State of Oregon  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2003**

---

**Finding 02-15: Student Financial Assistance Cluster  
Return of Title IV Funds for Unofficial Withdrawals**

**Recommendation:** Eastern Oregon University (EOU) should establish procedures to thoroughly investigate cases of identified possible unofficial withdrawals and follow up to determine the date of withdrawal and/or substantiation of attendance. As appropriate, EOU should calculate possible return of Title IV funds using the established date of withdrawal or the default 50 percent midpoint.

Oregon Institute of Technology (OIT) and Oregon State University (OSU) should 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, OIT and OSU should 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 percent midpoint.

**Status:** Corrective action was taken.  
Testing of corrective action was done at OIT, EOU and OSU in May, June and August 2003, respectively. At all three institutions, the auditors observed that policies had been developed and implemented to correctly identify cases of student unofficial withdrawal. Additionally, procedures were in place to perform the required Return of Title IV Funds calculations in a timely manner once the institution determined that an unofficial withdrawal had occurred.

Auditors tested a sample of cases of unofficial withdrawals at all three institutions. In all cases, we noted that the newly implemented procedures were followed and that, where required, Title IV funds were returned to the U.S. Department of Education in accordance with current requirements.

*APPENDIX A*

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

REPORT TITLE AND NUMBER	<b>Oregon Employment Department: Review of Oregon Benefit Information System Controls, 2003-12</b>
REPORT DATE	March 21, 2003
RESULTS IN BRIEF	The Oregon Employment Department's Oregon Benefit Information System processes unemployment assistance claims for qualified unemployed workers. The system produced reliable data. Unemployment benefits were calculated correctly and key data remained valid within the system during processing and update; however, the department's efforts to secure the system were insufficient. Security areas needing improvement included controls over screen-level access, and safeguards to protect production files and data. Security policies and procedures were also incomplete. Significant opportunities for improvement also exist regarding controls governing system maintenance and business continuity.
REPORT TITLE AND NUMBER	<b>Department of Human Services: Temporary Assistance for Needy Families Eligibility Review, 2003-16</b>
REPORT DATE	April 29, 2003
RESULTS IN BRIEF	We concluded that the rate of ineligible clients receiving Temporary Assistance for Needy Families cash benefits was within reasonable limits. Although we found instances in which benefits were paid in error, the types and extent of non-compliance were not significant to the program as a whole. The department, however, could improve its efforts to detect and prevent payments to ineligible clients by timely performing analytical reviews and further expediting investigations of suspected ineligible.

## Appendix A

---

REPORT TITLE AND NUMBER

**Department of Administrative Services:  
Information Resources Management Division  
Follow Up, 2003-20**

REPORT DATE

June 3, 2003

RESULTS IN BRIEF

The Department of Administrative Services' (department) computer archive center was not meeting its primary business objective of providing a significant off-site computer data backup and storage solution for the state's computer systems. This large investment needs to be reevaluated.

In following up on prior audit recommendation, we found that the department:

- Had made significant improvements to its strategic planning process.
- Had not yet developed or adopted statewide rules, policies, procedures and guidelines governing the state's use of Information Technology as directed by statute.
- Had not adopted industry standard System Development Life Cycle methodologies to reduce its system development risks.
- Needed to improve its rate setting process to ensure that its charges to other state agencies provide equitable and accurate cost allocation and recovery.

# **FACTS ABOUT THE SECRETARY OF STATE AUDITS DIVISION**

---

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

## **Directory of Key Officials**

STATE AUDITOR	Cathy Pollino, CGFM, MBA
<i>Deputy Director</i>	Charles A. Hibner, CPA
<i>Deputy Director</i>	Mary E. Wenger, CPA

**This report, which is a public record, is intended to promote the best possible management of public resources.**

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

Oregon Audits Division  
Public Service Building  
255 Capitol Street NE • Suite 500  
Salem, Oregon 97310

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

Ph. 503-986-2255  
Hotline: 800-336-8218  
Internet: [Audits.Hotline@state.or.us](mailto:Audits.Hotline@state.or.us)

<http://www.sos.state.or.us/audits/audit.htm>

