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Charles A. Hibner, Director, Audits Division

Bill Bradbury, Secretary of State

Secretary of State Audit Report

State of Oregon

Statewide Single Audit Report

For the Fiscal Year Ended June 30, 2007

State of Oregon
STATEWIDE SINGLE AUDIT REPORT

For the Year Ended June 30, 2007

Office of the Secretary of State

Bill Bradbury
Secretary of State

Jean Straight
Deputy Secretary of State



Audits Division

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The Honorable Theodore R. Kulongoski
Governor of Oregon

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, 2007, and is required for the State to continue receiving federal financial assistance, which, as shown in this report, totals approximately \$6 billion.

As required by the Single Audit Act, we issued a report dated December 21, 2007, 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, 2007.

This report contains the remaining components required by the Single Audit Act:

- *Report on Internal Control over Financial Reporting and on Compliance and Other Matters.* This component contains our report on the State of Oregon's internal control over financial reporting and compliance with laws, regulations, contracts and grant agreements that affect the financial statements. Part of the schedule of findings and questioned costs relates to this report.
- *Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.* This component contains our report on the State of Oregon's compliance with the requirements applicable to each of its major federal programs 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, 2007.
- *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 ended June 30, 2007, 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, unemployment insurance and the value of pass-through awards received by the State from non-federal entities.

- *Schedule of Findings and Questioned Costs.* This schedule lists 20 current audit findings regarding compliance and internal control related to financial reporting.

It also lists 30 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, 2006. In addition, it lists the status of prior year audit findings for the fiscal year ended June 30, 2005, 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, 2007. Management's responses and planned corrective actions are included in this schedule.

OREGON AUDITS DIVISION

A handwritten signature in black ink, appearing to read 'CHIBNER', with a long horizontal flourish extending to the right.

Charles A. Hibner, CPA
Director

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The Honorable Theodore R. Kulongoski
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS 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, 2007, which collectively comprise the State of Oregon's basic financial statements and have issued our report thereon dated December 21, 2007. Our report was modified to include a reference to other auditors. 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. Other auditors audited the financial statements of the following discretely presented component units: State Accident Insurance Fund Corporation, Oregon Health and Science University, and Oregon University System Foundations. The financial statements of the Oregon University System and the Veterans' Loan Fund, as described in our report on the State of Oregon's financial statements, were also audited by other auditors. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of the Oregon University System Foundations, a discretely presented component unit, were not audited in accordance with *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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Oregon's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Oregon's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination

of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider items 07-1 through 07-20 to be significant deficiencies in internal control over financial reporting, as described in the accompanying schedule of findings and questioned costs.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 07-1, 07-2 and 07-4 to be material weaknesses.

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the State of Oregon in separate letters.

The State of Oregon's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of Oregon's response and, accordingly, we express no opinion on it.

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

December 21, 2007

Office of the Secretary of State

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Jean Straight
Deputy Secretary of State



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**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 OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. 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. We did not audit the State of Oregon's compliance with the following major federal programs:

84.367 Improving Teacher Quality State Grants
93.268 Immunization Grants
93.563 Child Support (CS) Enforcement
93.658 Foster Care – Title IV-E
N/A Special Education Cluster (IDEA)
N/A Aging Cluster

Other auditors audited the State of Oregon's compliance with these programs' requirements and their reports thereon have been furnished to us. Our opinion, insofar as it relates to these programs, is based solely on the reports of the other auditors.

The State of Oregon's basic financial statements include the operations of the Oregon Health and Science University, which received approximately \$271 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, 2007. 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. To obtain a copy of that report, please refer to note disclosure 2 of the schedule of expenditures of federal awards.

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 and the reports of the other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Oregon's compliance with those requirements.

As described in items 07-21, 07-23 through 07-41 and 07-49 in the accompanying schedule of findings and questioned costs, the State of Oregon did not comply with requirements regarding Special Tests and Provisions (Environmental Review) that are applicable to its Capitalization Grants for Clean Water State Revolving Fund; Period of Availability of Federal Funds that are applicable to its Special Education Cluster; Allowable Costs, Equipment, Eligibility, Cash Management, Reporting, and Procurement, Suspension and Debarment that are applicable to its Vocational Rehabilitation; Eligibility and Procurement, Suspension, and Debarment that are applicable to its Temporary Assistance for Needy Families; Allowable Costs, Eligibility, Maintenance of Effort, and Procurement, Suspension and Debarment that are applicable to State Children's Health Insurance Program. Compliance with such requirements is necessary, in our opinion and based on the reports of other auditors, for the State of Oregon to comply with requirements applicable to those programs.

In our opinion, based on our audit and the reports of the other auditors, 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, 2007. The results of our auditing procedures also disclosed other 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 07-42, 07-43 and 07-46 through 07-48.

Internal Control Over Compliance

The management of the State of Oregon is responsible for establishing and maintaining effective internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Oregon's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of

findings and questioned costs as items 07-21 through 07-26, 07-28 through 07-40, 07-42, 07-44, 07-45 and 07-48 through 07-50 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination or significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider items 07-21, 07-24, 07-25, 07-28 through 07-31, 07-35, 07-36, 07-39 and 07-40 to be material weaknesses.

Schedule of Expenditures of Federal Awards

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, 2007, and have issued our report thereon dated December 21, 2007. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the State of Oregon's basic financial statements. Other auditors audited the financial statements of the following discretely presented component units: State Accident Insurance Fund Corporation, Oregon Health and Science University, and Oregon University System Foundations. The financial statements of the Oregon University System and the Veterans' Loan Fund, as described in our report on the State of Oregon's financial statements, were also audited by other auditors. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The State of Oregon's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of Oregon's response and, accordingly, we express no opinion on it.

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, others within the entity, 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

February 29, 2008 for all major programs except the Social Services Block Grant (CFDA 93.667), as to which the date is June 30, 2008 and except for the Schedule of Expenditures of Federal Awards, as to which the date is December 21, 2007

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Office of National Drug Control Policy							
07.XXX	High Intensity Drug Trafficking Area (HIDTA)						
		Not Available	\$ (106,959)	\$ (140,169)	\$ (247,128)	\$ (247,128)	\$ --
		17PORP501	75,760	300,119	375,879	375,879	--
		13PORP501Z	--	6,563	6,563	6,563	--
		I4PORP501Z	1,054	94,167	95,221	95,221	--
		I4PORP999Z	50,400	83,765	134,165	134,165	--
		15PORP501Z	19,058	333,025	352,083	352,083	--
		16PORP501Z	415,312	498,096	913,408	913,408	--
07.XXX	Total High Intensity Drug Trafficking Area (HIDTA)		\$ 454,625	\$ 1,175,566	\$ 1,630,191	\$ 1,630,191	\$ --
Total Office of National Drug Control Policy			\$ 454,625	\$ 1,175,566	\$ 1,630,191	\$ 1,630,191	\$ --
Department of Agriculture							
10.001	Agricultural Research_Basic and Applied Research		\$ 825,770	\$ --	\$ 825,770	\$ 825,770	\$ --
10.025	Plant and Animal Disease, Pest Control, and Animal Care		2,356,958	--	2,356,958	2,355,249	1,709
10.028	Wildlife Services		129,018	--	129,018	129,018	--
10.069	Conservation Reserve Program		112,491	--	112,491	112,491	--
10.163	Market Protection and Promotion		82,088	--	82,088	82,088	--
10.200	Grants for Agricultural Research, Special Research Grants		10,022	--	10,022	10,022	--
10.218	Buildings and Facilities Program		(6,290)	--	(6,290)	--	(6,290)
10.446	Rural Community Development Initiative		36,461	--	36,461	36,461	--
10.500	Cooperative Extension Service		4,147,233	--	4,147,233	4,127,718	19,515
10.550	Food Donation		137,569	9,107,069	9,244,638	9,244,638	--
10.557	Special Supplemental Nutrition Program for Women, Infants, and		46,244,753	13,465,410	59,710,163	59,710,163	--
10.558	Child and Adult Care Food Program		342,872	24,334,251	24,677,123	24,557,018	120,105
10.560	State Administrative Expenses for Child Nutrition		2,023,647	--	2,023,647	2,023,647	--
10.565	Commodity Supplemental Food Program		4,206	646,664	650,870	650,870	--
10.567	Food Distribution Program on Indian Reservations		12,412	83,095	95,507	95,507	--
10.574	Team Nutrition Grants		24,821	--	24,821	24,821	--
10.576	Senior Farmers Market Nutrition Program		558,522	--	558,522	558,522	--
Child 10.578	WIC Grants to States (WGS)		191,284	150,495	341,779	341,779	--
10.652	Forestry Research		91,567	--	91,567	91,567	--
10.664	Cooperative Forestry Assistance		4,144,937	723,022	4,867,959	4,867,959	--
10.670	National Forest_Dependent Rural Communities		13,198	--	13,198	13,198	--
10.676	Forest Legacy Program		15,747	--	15,747	15,747	--
10.677	Forest Land Enhancement Program		175,215	--	175,215	175,215	-

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
10.680	Forest Health Protection		1,143,513	--	1,143,513	1,143,513	--
10.773	Rural Business Opportunity Grants		6,186	--	6,186	--	6,186
10.905	Plant Materials for Conservation		46,171	--	46,171	46,171	--
10.XXX	Other Department of Agriculture Programs						
		06-06003	10,021	--	10,021	10,021	--
		9408	716	--	716	716	--
10.XXX	Total Other Department of Agriculture Programs		\$ 10,737	\$ --	\$ 10,737	\$ 10,737	\$ --
Total Department of Agriculture			\$ 62,881,108	\$ 48,510,006	\$ 111,391,114	\$ 111,249,889	\$ 141,225
Department of Commerce							
11.302	Economic Development_Support for Planning Organizations		\$ 48,266	\$ --	\$ 48,266	\$ 48,266	\$ --
11.303	Economic Development_Technical Assistance		145,840	--	145,840	145,840	--
11.405	Anadromous Fish Conservation Act Program		354,792	--	354,792	354,792	--
11.407	Interjurisdictional Fisheries Act of 1986		211,395	--	211,395	211,395	--
11.417	Sea Grant Support		119,531	--	119,531	119,531	--
11.419	Coastal Zone Management Administration Awards		2,053,959	710,970	2,764,929	2,764,929	--
11.420	Coastal Zone Management Estuarine Research Reserves		799,148	--	799,148	799,148	--
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program		515,630	--	515,630	515,630	--
11.433	Marine Fisheries Initiative		(866)	--	(866)	(866)	--
11.436	Columbia River Fisheries Development Program		6,462,156	71,321	6,533,477	6,533,477	--
11.437	Pacific Fisheries Data Program		602,070	--	602,070	602,070	--
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program		7,424,273	5,722,022	13,146,295	13,133,982	12,313
11.439	Marine Mammal Data Program		76,715	--	76,715	76,715	--
11.441	Regional Fishery Management Councils		451,551	--	451,551	451,551	--
11.454	Unallied Management Projects		29,602	--	29,602	29,602	--
11.463	Habitat Conservation		2,351	--	2,351	2,351	--
11.473	Coastal Services Center		2,996	--	2,996	2,997	(1)
11.477	Fisheries Disaster Relief		2,000	--	2,000	2,000	--
11.XXX	Other Department of Commerce Programs						
		FP5000/8L2B1P00	196	--	196	196	--
		NOAA 2005JEA	292,050	--	292,050	292,050	--
		PRELIM (was AB133F- 02-SE-1258)	(225)	--	(225)	(225)	--
11.XXX	Total Other Department of Commerce Programs		\$ 292,021	\$ --	\$ 292,021	\$ 292,021	\$ --
Total Department of Commerce			\$ 19,593,430	\$ 6,504,313	\$ 26,097,743	\$ 26,085,431	\$ 12,312

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Department of Defense							
12.106	Flood Control Projects		\$ 6,334,850	\$ 23,500	\$ 6,358,350	\$ 6,358,350	\$ --
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services		73,591	--	73,591	73,591	--
12.300	Basic and Applied Scientific Research		(283)	--	(283)	(283)	--
12.400	Military Construction, National Guard		1,755,576	--	1,755,576	1,755,576	--
12.401	National Guard Military Operations and Maintenance (O&M)		24,330,488	--	24,330,488	24,330,488	--
12.404	National Guard Civilian Youth Opportunities		2,713,600	--	2,713,600	2,713,600	--
12.431	Basic Scientific Research		15,842	--	15,842	--	15,842
12.551	National Security Education Program David L. Boren Fellowships		92,832	--	92,832	92,832	--
12.800	Air Force Defense Research Sciences Program		1,124	--	1,124	--	1,124
12.XXX	Other Department of Defense Programs						
		0000000000000001000	5,723,798	--	5,723,798	5,723,798	--
		OR6213820917	1,209,950	113,676	1,323,626	1,323,626	--
12.XXX	Total Other Department of Defense Programs		<u>\$ 6,933,748</u>	<u>\$ 113,676</u>	<u>\$ 7,047,424</u>	<u>\$ 7,047,424</u>	<u>\$ --</u>
Total Department of Defense			<u>\$ 42,251,368</u>	<u>\$ 137,176</u>	<u>\$ 42,388,544</u>	<u>\$ 42,371,578</u>	<u>\$ 16,966</u>
Department of Housing and Urban Development							
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		\$ 321,987	\$ 15,685,583	\$ 16,007,570	\$ 15,987,570	\$ 20,000
14.231	Emergency Shelter Grants Program		20,642	883,985	904,627	904,627	--
14.235	Supportive Housing Program		40,163	1,016,193	1,056,356	1,056,356	--
14.239	HOME Investment Partnerships Program		8,736,832	3,614,081	12,350,913	12,350,913	--
14.241	Housing Opportunities for Persons with AIDS		827,300	43,389	870,689	870,689	--
14.511	Community Outreach Partnership Center Program		138	--	138	--	138
14.512	Community Development Work-Study Program		54,600	--	54,600	54,600	--
Total Department of Housing and Urban Development			<u>\$ 10,001,662</u>	<u>\$ 21,243,231</u>	<u>\$ 31,244,893</u>	<u>\$ 31,224,755</u>	<u>\$ 20,138</u>
Department of the Interior							
15.039	Fish, Wildlife, and Parks Programs on Indian Lands		\$ 8,771	\$ --	\$ 8,771	\$ 8,771	\$ --
15.043	Indian Child and Family Education		21,760	--	21,760	21,760	--
15.114	Indian Education_Higher Education Grant Program		313,448	--	313,448	313,448	--
15.214	Non-Sale Disposals of Mineral Material		--	676,279	676,279	676,279	--
15.224	Cultural Resource Management		122,548	--	122,548	122,548	--
15.225	Recreation Resource Management		536,216	--	536,216	536,216	--
15.227	Distribution of Receipts to State and Local Governments		--	183,375	183,375	183,375	--
15.228	National Fire Plan - Wildland Urban Interface Community Fire		1,037,227	747,876	1,785,103	1,756,199	28,904

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
	Assistance						
15.231	Fish, Wildlife and Plant Conservation Resource Management		2,499	--	2,499	2,499	--
15.242	National Fire Plan - Rural Fire Assistance		822	14,864	15,686	15,686	--
15.504	Water Reclamation and Reuse Program		226,338	--	226,338	226,338	--
15.608	Fish and Wildlife Management Assistance		85,460	--	85,460	84,307	1,153
15.614	Coastal Wetlands Planning, Protection and Restoration Act		--	37,701	37,701	37,701	--
15.615	Cooperative Endangered Species Conservation Fund		1,195,737	1,262,016	2,457,753	2,457,753	--
15.616	Clean Vessel Act		87,219	249,626	336,845	336,845	--
15.622	Sportfishing and Boating Safety Act		5,853	280,402	286,255	286,255	--
15.625	Wildlife Conservation and Restoration		20,390	17,527	37,917	37,917	--
15.626	Hunter Education and Safety Program		434,584	--	434,584	434,584	--
15.630	Coastal Program		6,695	--	6,695	6,695	--
15.632	Conservation Grants Private Stewardship for Imperiled Species		(27,284)	38,627	11,343	11,343	--
15.633	Landowner Incentive Program		160,746	274,265	435,011	435,011	--
15.634	State Wildlife Grants		853,203	--	853,203	853,203	--
15.638	Tribal Landowner Incentive Program		3,260	--	3,260	3,260	--
15.647	Migratory Bird Conservation		135,694	--	135,694	135,694	--
15.807	Earthquake Hazards Reduction Program		(12,225)	--	(12,225)	(12,225)	--
15.808	U.S. Geological Survey_Research and Data Collection		369,333	--	369,333	369,333	--
15.810	National Cooperative Geologic Mapping Program		232,186	--	232,186	232,186	--
15.904	Historic Preservation Fund Grants-In-Aid		448,948	214,368	663,316	679,640	(16,324)
15.916	Outdoor Recreation_Acquisition, Development and Planning		1,051,568	914,595	1,966,163	1,966,163	--
15.921	Rivers, Trails and Conservation Assistance		97	--	97	97	--
15.923	National Center for Preservation Technology and Training		14,964	--	14,964	14,964	--
15.XXX	Other Department of the Interior Programs						
		07WRSS0010	170,477	--	170,477	170,477	--
		142504FG1L1055	2,830	--	2,830	2,830	--
		142505FG1L1141	73,500	--	73,500	73,500	--
		142505FG1L1150	52,088	--	52,088	52,088	--
		142506FC1L1228	94,704	--	94,704	94,704	--
		142506FG1S1249	9,983	--	9,983	9,983	--
		2006-0141-000	15,781	--	15,781	15,781	--
		H9430010001	(13,074)	--	(13,074)	(13,074)	--
		Not Available	4,798	--	4,798	--	4,798
		P9083040018	8,893	--	8,893	8,893	--
		TASK J9430050015	(5,031)	--	(5,031)	(5,031)	--
		TASK J9430050018	26,361	--	26,361	26,361	--
15.XXX	Total Other Department of the Interior Programs		\$ 441,310	\$ --	\$ 441,310	\$ 436,512	\$ 4,798

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Total Department of the Interior			\$ 7,777,367	\$ 4,911,521	\$ 12,688,888	\$ 12,670,357	\$ 18,531
Department of Justice							
16.200	Community Relations Service		\$ 477,631	\$ --	\$ 477,631	\$ 477,631	\$ --
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)		29,201	--	29,201	29,201	--
16.203	Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)		10,974	--	10,974	10,974	--
16.523	Juvenile Accountability Block Grants		178,830	588,001	766,831	766,831	--
16.524	Legal Assistance for Victims		2,571	35,076	37,647	37,647	--
16.525	Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus		83,131	--	83,131	83,131	--
16.526	OVW Technical Assistance Initiative		343	--	343	343	--
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States		465,867	811,145	1,277,012	1,277,012	--
16.541	Part E - Developing, Testing and Demonstrating Promising New Programs		5,656	--	5,656	--	5,656
16.548	Title V_Delinquency Prevention Program		--	268,782	268,782	268,782	--
16.549	Part E_State Challenge Activities		145	34,347	34,492	34,492	--
16.550	State Justice Statistics Program for Statistical Analysis Centers		68,102	--	68,102	68,102	--
16.554	National Criminal History Improvement Program (NCHIP)		450,168	--	450,168	450,168	--
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants		550,394	--	550,394	532,395	17,999
16.575	Crime Victim Assistance		229,965	4,090,915	4,320,880	4,320,880	--
16.576	Crime Victim Compensation		1,286,055	--	1,286,055	1,286,055	--
16.579	Edward Byrne Memorial Formula Grant Program		694,114	1,963,462	2,657,576	2,647,672	9,904
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program		1,803	404,760	406,563	406,563	--
16.582	Crime Victim Assistance/Discretionary Grants		129,547	--	129,547	129,547	--
16.585	Drug Court Discretionary Grant Program		211,210	--	211,210	211,210	--
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants		80,649	229,972	310,621	310,621	--
16.588	Violence Against Women Formula Grants		220,953	1,322,090	1,543,043	1,543,043	--
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Grant Program		72,096	--	72,096	--	72,096
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders		36,080	--	36,080	--	36,080
16.593	Residential Substance Abuse Treatment for State Prisoners		314,073	140,563	454,636	454,636	--
16.595	Community Capacity Development Office		1,165,987	--	1,165,987	1,165,987	--
16.606	State Criminal Alien Assistance Program		932,540	--	932,540	932,540	--
16.610	Regional Information Sharing Systems		481,610	--	481,610	--	481,610

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
16.710	Public Safety Partnership and Community Policing Grants		3,207	--	3,207	3,207	--
16.726	Juvenile Mentoring Program		26,072	--	26,072	26,072	--
16.727	Enforcing Underage Drinking Laws Program		320,200	409,657	729,857	729,857	--
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program		153,429	--	153,429	153,429	--
16.738	Edward Byrne Memorial Justice Assistance Grant Program		--	666,736	666,736	666,736	--
16.741	Forensic DNA Capacity Enhancement Program		28,034	--	28,034	28,034	--
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		70,078	--	70,078	70,078	--
16.XXX	Other Department of Justice Programs						
		2004PMBX0019	9,211	--	9,211	9,211	--
		MOU US DOJ	936,567	--	936,567	936,567	--
16.XXX	Total Other Department of Justice Programs		\$ 945,778	\$ --	\$ 945,778	\$ 945,778	\$ --
Total Department of Justice			\$ 9,726,493	\$ 10,965,506	\$ 20,691,999	\$ 20,068,654	\$ 623,345
Department of Labor							
17.002	Labor Force Statistics		\$ 1,389,965	\$ --	\$ 1,389,965	\$ 1,389,965	\$ --
17.005	Compensation and Working Conditions		112,706	--	112,706	112,706	--
17.225	Unemployment Insurance		576,263,237	--	576,263,237	576,263,237	--
17.235	Senior Community Service Employment Program		4,348	1,142,452	1,146,800	1,146,800	--
17.245	Trade Adjustment Assistance		6,803,806	--	6,803,806	6,803,806	--
17.261	WIA Pilots, Demonstrations, and Research Projects		482,835	215,081	697,916	697,916	--
17.266	Work Incentive Grants		38,078	660,233	698,311	698,311	--
17.267	Incentive Grants - WIA Section 503		115,055	903,612	1,018,667	1,018,667	--
17.503	Occupational Safety and Health_State Program		5,735,884	--	5,735,884	5,735,884	--
17.600	Mine Health and Safety Grants		104,774	--	104,774	104,774	--
Total Department of Labor			\$ 591,050,688	\$ 2,921,378	\$ 593,972,066	\$ 593,972,066	\$ --
Department of State							
19.414	Cultural Exchange (Visual Arts)		\$ 595	\$ --	\$ 595	\$ 595	\$ --
19.418	Educational Exchange, American Studies Institute		365,310	--	365,310	--	365,310
19.423	Exchange_English Language Specialist/Speaker Program		40,757	--	40,757	40,757	--
19.430	International Education Training and Research		17,012	--	17,012	17,012	--
19.XXX	Other Department of State Programs						
		PC-06-8-114	9,440	--	9,440	9,440	--
19.XXX	Total Other Department of State Programs		\$ 9,440	\$ --	\$ 9,440	\$ 9,440	\$ --
Total Department of State			\$ 433,114	\$ --	\$ 433,114	\$ 67,804	\$ 365,310

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Department of Transportation							
	Airport Improvement Program		\$ 1,019,990	\$ 499,619	\$ 1,519,609	\$ 1,519,609	\$ --
20.206 20.200	Highway Research and Development Program		93,008	--	93,008	--	93,008
20.215	Highway Training and Education		33,835	--	33,835	33,835	--
20.218	National Motor Carrier Safety		2,383,906	--	2,383,906	2,383,906	--
20.219	Recreational Trails Program		186,115	673,987	860,102	860,102	--
20.505	Federal Transit_Metropolitan Planning Grants		37,632	829,844	867,476	867,476	--
20.509	Formula Grants for Other Than Urbanized Areas		1,320,547	6,090,834	7,411,381	7,411,381	--
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities		194,948	8,705,489	8,900,437	8,900,437	--
20.514	Public Transportation Research		3,500	29,040	32,540	32,540	--
20.515	State Planning and Research		241,915	--	241,915	241,915	--
20.516	Job Access_Reverse Commute		13,609	323,455	337,064	337,064	--
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		580,763	634,032	1,214,795	1,214,795	--
20.609	Safety Belt Performance Grants		248,021	351,711	599,732	599,732	--
20.612	Incentive Grant Program to Increase Motorcyclist Safety		69,919	--	69,919	69,919	--
20.700	Pipeline Safety		227,357	--	227,357	227,357	--
20.701	University Transportation Centers Program		9,261	--	9,261	8,010	1,251
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		68,073	17,635	85,708	82,708	3,000
Total Department of Transportation			\$ 6,732,399	\$ 18,155,646	\$ 24,888,045	\$ 24,790,786	\$ 97,259
Office of Personnel Management							
27.001	Federal Civil Service Employment		\$ 152,376	\$ --	\$ 152,376	\$ 152,376	\$ --
27.011	Intergovernmental Personnel Act (IPA) Mobility Program		428,669	--	428,669	428,669	--
Total Office of Personnel Management			\$ 581,045	\$ --	\$ 581,045	\$ 581,045	\$ --
Equal Employment Opportunity Commission							
30.001	Employment Discrimination_Title VII of the Civil Rights Act of 1964		\$ 524,539	\$ --	\$ 524,539	\$ 524,539	\$ --
Total Equal Employment Opportunity Commission			\$ 524,539	\$ --	\$ 524,539	\$ 524,539	\$ --
General Services Administration							
39.002	Disposal of Federal Surplus Real Property		\$ 58,375	\$ 47,927	\$ 47,927	\$ 47,927	\$ --
39.003	Donation of Federal Surplus Personal Property		750,662	2,318,198	2,376,573	2,376,573	--
39.011	Election Reform Payments		--	--	750,662	750,662	--

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Total General Services Administration			\$ 809,037	\$ 2,366,125	\$ 3,175,162	\$ 3,175,162	\$ --
National Aeronautics and Space Administration							
	Technology Transfer		\$ 8,431	\$ --	\$ 8,431	\$ --	\$ 8,431
43.003	National Aeronautics and Space Administration		\$ 8,431	\$ --	\$ 8,431	\$ --	\$ 8,431
National Endowment for the Arts							
45.024	Promotion of the Arts_Grants to Organizations and Individuals		\$ 49,250	\$ 95,000	\$ 144,250	\$ 139,500	\$ 4,750
45.025	Promotion of the Arts_Partnership Agreements		33,352	513,432	546,784	546,784	--
Total National Endowment for the Arts			\$ 82,602	\$ 608,432	\$ 691,034	\$ 686,284	\$ 4,750
National Endowment for the Humanities							
45.129	Promotion of the Humanities_Federal/State Partnership		\$ 5,000	\$ --	\$ 5,000	\$ --	\$ 5,000
45.149	Promotion of the Humanities_Division of Preservation and Access		704	--	704	704	--
45.161	Promotion of the Humanities_Research		(2,315)	--	(2,315)	--	(2,315)
Total National Endowment for the Humanities			\$ 3,389	\$ --	\$ 3,389	\$ 704	\$ 2,685
Institute Of Museum and Library Services							
45.301	Museums for America		\$ 84,685	\$ --	\$ 84,685	\$ --	\$ 84,685
45.310	Grants to States		928,180	901,500	1,829,680	1,817,056	12,624
45.312	National Leadership Grants		129,765	--	129,765	129,765	--
45.313	Laura Bush 21st Century Librarian Program		41,775	--	41,775	--	41,775
Total Institute Of Museum and Library Services			\$ 1,184,405	\$ 901,500	\$ 2,085,905	\$ 1,946,821	\$ 139,084
National Science Foundation							
47.041	Engineering Grants		\$ 76,724	\$ --	\$ 76,724	\$ 76,724	\$ --
47.049	Mathematical and Physical Sciences		160,105	--	160,105	--	160,105
47.050	Geosciences		33,450	--	33,450	33,450	--
47.070	Computer and Information Science and Engineering		182,908	--	182,908	177,977	4,931
47.074	Biological Sciences		148,311	--	148,311	148,311	--
47.076	Education and Human Resources		1,755,025	940,651	2,695,676	--	71,476
Total National Science Foundation			\$ 2,356,523	\$ 940,651	\$ 3,297,174	\$ 3,060,662	\$ 236,512

2,624,200

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Small Business Administration							
59.037	Small Business Development Center		\$ 96,855	\$ --	\$ 96,855	\$ --	\$ 96,855
59.XXX	Other Small Business Administration Programs						
	SBAHQ06I0066		181,069	--	181,069	181,069	--
59.XXX	Total Other Small Business Administration Programs		\$ 181,069	\$ --	\$ 181,069	\$ 181,069	\$ --
Total Small Business Administration			\$ 277,924	\$ --	\$ 277,924	\$ 181,069	\$ 96,855
Department of Veterans Affairs							
64.015	Veterans State Nursing Home Care		\$ 2,697,837	\$ --	\$ 2,697,837	\$ 2,697,837	\$ --
64.125	Vocational and Educational Counseling for Service members and		52,000	--	52,000	52,000	--
Total Department of Veterans Affairs			\$ 2,749,837	\$ --	\$ 2,749,837	\$ 2,749,837	\$ --
Environmental Protection Agency							
66.032	State Indoor Radon Grants		\$ 52,101	\$ --	\$ 52,101	\$ 52,101	\$ --
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act		689,108	30,000	719,108	719,108	--
Veterans 66.202	Congressionally Mandated Projects		11,251	--	11,251	11,251	--
66.432	State Public Water System Supervision		1,063,084	282,653	1,345,737	1,345,737	--
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act		113,325	5,612	118,937	118,937	--
66.454	Water Quality Management Planning		98,224	--	98,224	98,224	--
66.458	Capitalization Grants for Clean Water State Revolving Funds		--	4,561,421	4,561,421	4,561,421	--
66.460	Nonpoint Source Implementation Grants		362,015	1,282,938	1,644,953	1,644,953	--
66.461	Regional Wetland Program Development Grants		288,895	--	288,895	288,895	--
66.463	Water Quality Cooperative Agreements		127,982	--	127,982	127,982	--
66.468	Capitalization Grants for Drinking Water State Revolving Funds		2,094,664	6,462,431	8,557,095	8,557,095	--
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs		26,706	--	26,706	26,706	--
66.472	Beach Monitoring and Notification Program Implementation Grants		203,451	--	203,451	203,451	--
66.474	Water Protection Grants to the States		127,185	116,742	243,927	243,927	--
66.479	Wetland Program Grants - State/Tribal Environmental Outcome Wetland Demonstration Program		757	--	757	757	--
66.500	Environmental Protection-Consolidated Research		106,618	--	106,618	106,618	--
66.511	Office of Research and Development Consolidated		40,216	--	40,216	40,216	--

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Number	Contract Expenditures	Direct to Subrecipients	Amounts Provided Total	Direct Awards	Indirect Awards
66.513	Greater Research Opportunities (GRO) Fellowships For Undergraduate/Graduate Environmental Study		17,214	--	17,214	17,214	--
66.514	Science to Achieve Results (STAR) Fellowship Program		106,182	--	106,182	106,182	--
66.605	Performance Partnership Grants		6,295,304	--	6,295,304	6,295,304	--
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		330,698	--	330,698	330,698	--
66.610	Surveys, Studies, Investigations and Special Purpose Grants within the Office of the Administrator		36,757	--	36,757	36,757	--
66.700	Consolidated Pesticide Enforcement Cooperative Agreements		441,768	--	441,768	441,768	--
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		411,813	18,060	429,873	429,873	--
66.708	Pollution Prevention Grants Program		10,520	37,060	47,580	47,580	--
66.709	Multi-Media Capacity Building Grants for States and Tribes		38,390	--	38,390	38,390	--
	Pesticide Environmental Stewardship Regional Grants		22,064	--	22,064	22,064	--
66.716	Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach		46,180	6,815	52,995	52,995	--
66.802	Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements		754,772	--	754,772	754,772	--
66.804	State and Tribal Underground Storage Tanks Program		309,441	--	309,441	309,441	--
66.805	Leaking Underground Storage Tank Trust Fund Program		1,073,881	--	1,073,881	1,073,881	--
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements		314,652	--	314,652	314,652	--
66.817	State and Tribal Response Program Grants		1,322,463	--	1,322,463	1,322,463	--
66.818	Brownfields Assessment and Cleanup Cooperative Agreements		846,839	--	846,839	846,839	--
Total Environmental Protection Agency			\$ 17,784,520	\$ 12,803,732	\$ 30,588,252	\$ 30,588,252	\$ --
Department of Energy							
81.041	State Energy Program		\$ 559,466	\$ --	\$ 559,466	\$ 559,466	\$ --
81.042	Weatherization Assistance for Low-Income Persons		123,039	2,835,867	2,958,906	2,958,906	--
81.064	Office of Scientific and Technical Information		3,600	--	3,600	--	3,600
81.079	Regional Biomass Energy Programs		62,622	--	62,622	62,622	--
81.086	Conservation Research and Development		12,553	--	12,553	--	12,553
81.087	Renewable Energy Research and Development		237,567	259	237,826	121,321	116,505
81.104	Office of Environmental Cleanup and Acceleration		714,870	14,000	728,870	728,870	--
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical		502,219	--	502,219	418,524	83,695

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
81.119	State Energy Program Special Projects		289,505	5,000	294,505	294,505	--
81.121	Nuclear Energy Research, Development and Demonstration		235,275	--	235,275	--	235,275
81.XXX	Other Department of Energy Programs						
		00001159	16,565	549,767	566,332	566,332	--
		00028303	25,271	761,115	786,386	786,386	--
		0025020	12,267	--	12,267	12,267	--
		05-114	409	--	409	409	--
		05-92	(2,702)	--	(2,702)	(2,702)	--
		06-24	81,832	--	81,832	81,832	--
		06-52	614,397	13,550	627,947	627,947	--
		06-58	82	--	82	82	--
		06-60	36,982	--	36,982	36,982	--
		06-77	378,009	--	378,009	378,009	--
		06-82	62,913	--	62,913	62,913	--
		06-83	131,081	--	131,081	131,081	--
		07-27	231,870	--	231,870	231,870	--
		07-34	43,548	--	43,548	43,548	--
		07-57	298,185	--	298,185	298,185	--
		07-65	15,954	--	15,954	15,954	--
		07-67	3,281	--	3,281	3,281	--
		07-73	51,828	--	51,828	51,828	--
		07-74	98,381	--	98,381	98,381	--
		1411-04-J006	(7,266)	--	(7,266)	(7,266)	--
		14110-5-J005	(2,820)	--	(2,820)	(2,820)	--
		1411-05-J055	(868)	--	(868)	(868)	--
		14110-6-J010	665,612	--	665,612	665,612	--
		1411-06-J011	136,757	--	136,757	136,757	--
		141107J008	1,754,460	--	1,754,460	1,754,460	--
		141107J009	465,936	--	465,936	465,936	--
		15113	91,121	--	91,121	91,121	--
		19930	44,161	--	44,161	44,161	--
		20059	(8,151)	--	(8,151)	(8,151)	--
		20129	(19,608)	--	(19,608)	(19,608)	--
		20294	(8,422)	--	(8,422)	(8,422)	--
		21206	(8,597)	--	(8,597)	(8,597)	--
		21237	(11,716)	--	(11,716)	(11,716)	--
		22054	(1,197)	--	(1,197)	(1,197)	--
		22142	(11,638)	--	(11,638)	(11,638)	--
		22664	(2,066)	--	(2,066)	(2,066)	--

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		23455	51,222	--	51,222	51,222	--
		24549	32,078	--	32,078	32,078	--
		24581	171,689	--	171,689	171,689	--
		24582	301,580	--	301,580	301,580	--
		24677	76,182	--	76,182	76,182	--
		24721	218,689	--	218,689	218,689	--
		24751	101,953	367,463	469,416	469,416	--
		24752	107,254	--	107,254	107,254	--
		24975	140,750	--	140,750	140,750	--
		25005	49,060	363,359	412,419	412,419	--
		25122	164,191	--	164,191	164,191	--
		25123	(3,981)	--	(3,981)	(3,981)	--
			(281)	--	(281)	(281)	--
		25125	(305)	--	(305)	(305)	--
		25126	(1,341)	--	(1,341)	(1,341)	--
		25169	14,487	--	14,487	14,487	--
		25172	164,353	--	164,353	164,353	--
		25192	1,452	--	1,452	1,452	--
		25338	170,136	--	170,136	170,136	--
		25455	46,832	--	46,832	46,832	--
		25467	223,684	--	223,684	223,684	--
		25507	478,671	--	478,671	478,671	--
		25529	123,972	--	123,972	123,972	--
		25553	35,457	--	35,457	35,457	--
		25638	106,315	--	106,315	106,315	--
		26380	548,708	--	548,708	548,708	--
		26423	1,603	--	1,603	1,603	--
		26527	154,839	146,854	301,693	301,693	--
		26681	290,715	--	290,715	290,715	--
		26709	73,934	--	73,934	73,934	--
		27222	251,039	--	251,039	251,039	--
		28894	295,802	--	295,802	295,802	--
25124		29185	452,916	--	452,916	452,916	--
		29442	36,823	--	36,823	36,823	--
		29465	178,668	--	178,668	178,668	--
		29512	148,747	--	148,747	148,747	--
		29612	87,471	--	87,471	87,471	--
		29641	299,440	--	299,440	299,440	--
		29646	136,609	--	136,609	136,609	--
		29683 (Project # 1988-053-08)	93,401	--	93,401	93,401	--

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		29684	477,651	--	477,651	477,651	--
		29856	49,026	--	49,026	49,026	--
		29856 (Project # 1989-035-00)	662,123	--	662,123	662,123	--
		29876 (Project # 1986-050-00)	300,374	473,641	774,015	774,015	--
		29883 (Project # 1987-100-02)	168,487	--	168,487	168,487	--
		29964	409,033	--	409,033	409,033	--
		30306	504	--	504	504	--
		30788	54,025	--	54,025	54,025	--
		31086	281,408	--	281,408	281,408	--
		31560	23,843	--	23,843	23,843	--
		32034 (Project # 1993-066-00)	402,103	--	402,103	402,103	--
		32053	111,739	--	111,739	111,739	--
		32193 (Project # 1998-016-00)	182,152	--	182,152	182,152	--
		32353 (Project # 1992-068-00)	81,285	123,861	205,146	205,146	--
		32587	25,104	--	25,104	25,104	--
		32910 (Project # 1994-054-00)	13,259	--	13,259	13,259	--
		33040 (Project #1984-021-00)	101,386	65,234	166,620	166,620	--
		33067 (Project # 1982-013-02)	90,218	--	90,218	90,218	--
		33262 (Project # 1994-042-00)	102,461	--	102,461	102,461	--
		402-00	59,295	--	59,295	59,295	--
		4033	(9,821)	--	(9,821)	(9,821)	--
		405-00	14,583	--	14,583	14,583	--
		5632	148	--	148	148	--
		DNR Subcontract 402-	52,091	--	52,091	52,091	--
		PRELIM (was 06-77)	229,543	--	229,543	229,543	--
		Subcontract 405-007	19,562	--	19,562	19,562	--
81.XXX	Total Other Department of Energy Programs		\$ 14,902,247	\$ 2,864,844	\$ 17,767,091	\$ 17,767,091	\$ --
Total Department of Energy			\$ 17,642,963	\$ 5,719,970	\$ 23,362,933	\$ 22,911,305	\$ 451,628
Department of Education							
84.002	Adult Education_State Grant Program		\$ 1,068,544	\$ 4,930,269	\$ 5,998,813	\$ 5,998,813	\$ --
84.010	Title I Grants to Local Educational Agencies		1,420,871	135,488,236	136,909,107	136,909,107	--
84.011	Migrant Education_State Grant Program		1,566,970	9,937,370	11,504,340	11,504,340	--
84.013	Title I Program for Neglected and Delinquent Children		660,519	414,685	1,075,204	1,075,204	--
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies		194,403	--	194,403	194,403	--

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.016	Undergraduate International Studies and Foreign Language Programs		44,000	--	44,000	44,000	--
84.017	International Research and Studies		841	--	841	841	--
84.037	Perkins Loan Cancellations		830,819	--	830,819	830,819	--
84.048	Vocational Education_Basic Grants to States		1,514,730	13,260,917	14,775,647	14,762,434	13,213
84.069	Leveraging Educational Assistance Partnership		1,036,725	--	1,036,725	1,036,725	--
84.116	Fund for the Improvement of Postsecondary Education		558,358	--	558,358	534,744	23,614
84.126	Rehabilitation Services_Vocational Rehabilitation Grants to States		38,542,685	67,083	38,609,768	38,609,768	--
84.129	Rehabilitation Long-Term Training		333,796	--	333,796	333,796	--
84.133	National Institute on Disability and Rehabilitation Research		54,909	--	54,909	--	54,909
84.141	Migrant Education_High School Equivalency Program		418,349	--	418,349	418,349	--
84.144	Migrant Education_Coordination Program		(23,962)	--	(23,962)	--	(23,962)
84.153	Business and International Education Projects		58,546	--	58,546	58,546	--
84.160	Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind		241,474	46,040	287,514	287,514	--
84.165	Magnet Schools Assistance		78,757	--	78,757	--	78,757
84.169	Independent Living_State Grants		300,460	--	300,460	300,460	--
84.177	Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind		377,854	--	377,854	377,854	--
84.181	Special Education_Grants for Infants and Families with Disabilities		7,777,999	2,332,174	10,110,173	2,561,693	7,548,480
84.184	Safe and Drug-Free Schools and Communities_National Programs		98,641	--	98,641	--	98,641
84.185	Byrd Honors Scholarships		438,500	(24,820)	413,680	413,680	--
84.186	Safe and Drug-Free Schools and Communities_State Grants		258,858	4,652,813	4,911,671	4,911,671	--
84.187	Supported Employment Services for Individuals with Severe Disabilities		126,598	--	126,598	126,598	--
84.195	Bilingual Education-Professional Development		177,342	--	177,342	177,342	--
84.196	Education for Homeless Children and Youth		70,699	516,480	587,179	587,179	--
84.213	Even Start_State Educational Agencies		136,818	1,560,362	1,697,180	1,697,180	--
84.215	Fund for the Improvement of Education		314,048	--	314,048	--	314,048
84.224	Assistive Technology		135,413	133,460	268,873	228,077	40,796
84.229	Language Resource Centers		38,336	--	38,336	38,336	--
84.235	Rehabilitation Services Demonstration and Training Programs		208,578	6,185	214,763	214,763	--
84.243	Tech-Prep Education		76,803	1,427,948	1,504,751	1,504,751	--
84.257	National Institute for Literacy		64,063	--	64,063	--	64,063
84.265	Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training		46,638	--	46,638	46,638	--

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.282	Charter Schools		279,039	3,911,678	4,190,717	4,190,717	--
84.287	Twenty-First Century Community Learning Centers		308,297	10,032,246	10,340,543	10,273,772	66,771
84.298	State Grants for Innovative Programs		180,220	1,506,918	1,687,138	1,687,138	--
84.299	Indian Education-Special Programs		470,432	--	470,432	470,432	--
84.305	Education Research, Development and Dissemination		374,586	--	374,586	136,188	238,398
84.318	Education Technology State Grants		127,910	3,998,918	4,126,828	4,126,828	--
84.323	Special Education - State Personnel Development		749,992	601,679	1,351,671	1,269,428	82,243
84.324	Research in Special Education		699,312	241,784	941,096	941,096	--
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		3,401,129	20,430	3,421,559	3,387,852	33,707
84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		1,523,238	147,337	1,670,575	1,570,591	99,984
84.329	Special Education_Studies and Evaluations		238,257	--	238,257	238,257	--
84.330	Advanced Placement Program		328,391	291,730	620,121	578,603	41,518
84.331	Grants to States for Incarcerated Youth Offenders		43,884	--	43,884	43,884	--
84.332	Comprehensive School Reform Demonstration		116,136	2,316,765	2,432,901	2,432,901	--
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs		1,952,282	720,843	2,673,125	2,672,402	723
84.336	Teacher Quality Enhancement Grants		8,045	--	8,045	--	8,045
84.346	Vocational Education_Occupational and Employment Information State Grants		53,098	--	53,098	53,098	--
84.350	Transition to Teaching		87,926	--	87,926	42,541	45,385
84.351	Arts in Education		49,141	--	49,141	--	49,141
84.357	Reading First State Grants		5,005,782	9,054,657	14,060,439	10,286,179	3,774,260
84.358	Rural Education		56,591	918,433	975,024	975,024	--
84.365	English Language Acquisition Grants		240,225	6,158,666	6,398,891	6,398,891	--
84.366	Mathematics and Science Partnerships		438,520	1,229,353	1,667,873	1,355,636	312,237
84.367	Improving Teacher Quality State Grants		641,183	29,437,399	30,078,582	30,040,904	37,678
84.368	Grants for Enhanced Assessment Instruments		10,533	--	10,533	10,533	--
84.369	Grants for State Assessments and Related Activities		7,472,291	(294,371)	7,177,920	7,162,256	15,664
84.928	National Writing Project		61,213	--	61,213	--	61,213
84.938	Hurricane Education Recovery		--	160,251	160,251	160,251	--
84.XXX	Other Department of Education Programs						
		ED03CO0078	22,685	--	22,685	22,685	--
84.XXX	Total Other Department of Education Programs		\$ 22,685	\$ --	\$ 22,685	\$ 22,685	\$ --
Total Department of Education			\$ 84,189,320	\$ 245,203,918	\$ 329,393,238	\$ 316,313,712	\$ 13,079,526

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Elections Assistance Commission							
90.401	Help America Vote Act Requirements Payments		\$ 3,529,910	\$ --	\$ 3,529,910	\$ 3,529,910	\$ --
Total Elections Assistance Commission			\$ 3,529,910	\$ --	\$ 3,529,910	\$ 3,529,910	\$ --
United States Institute of Peace							
91.001	Unsolicited Grant Program		\$ 11,764	\$ --	\$ 11,764	\$ 11,764	\$ --
Total United States Institute of Peace			\$ 11,764	\$ --	\$ 11,764	\$ 11,764	\$ --
Department of Health and Human Services							
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program		\$ 124,807	\$ --	\$ 124,807	\$ 124,807	\$ --
93.041	Special Programs for the Aging_ Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation		2,981	93,846	96,827	96,827	--
93.042	Special Programs for the Aging_ Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals		167,723	--	167,723	167,723	--
93.043	Special Programs for the Aging_ Title III, Part D_Disease Prevention and Health Promotion Services		--	251,627	251,627	251,627	--
93.048	Special Programs for the Aging_ Title IV and Title II_Discretionary Projects		262,164	--	262,164	262,164	--
93.052	National Family Caregiver Support, Title III, Part E		160,539	531,112	691,651	691,651	--
93.103	Food and Drug Administration_ Research		163,129	--	163,129	163,129	--
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		23,937	--	23,937	--	23,937
93.110	Maternal and Child Health Federal Consolidated Programs		806,726	70,391	877,117	866,533	10,584
93.113	Environmental Health		80,378	--	80,378	--	80,378
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		597,724	152,372	750,096	750,096	--
93.127	Emergency Medical Services for Children		79,984	--	79,984	79,984	--
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		214,163	--	214,163	214,163	--
93.136	Injury Prevention and Control Research and State and Community Based Programs		483,181	441,950	925,131	925,131	--
93.150	Projects for Assistance in Transition from Homelessness (PATH)		18,504	484,005	502,509	502,509	--
93.184	Disabilities Prevention		36,602	280,640	317,242	317,242	--
93.185	Immunization Research, Demonstration, Public Information and Education - Training and Clinical Skills Improvement Projects		99,914	--	99,914	99,914	--
93.189	Health Education and Training Centers		(1,404)	--	(1,404)	--	(1,404)

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.197	Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		98,167	--	98,167	98,167	--
93.204	Surveillance of Hazardous Substance Emergency Events		111,142	1,265	112,407	112,407	--
93.217	Family Planning_Services		690,758	1,809,154	2,499,912	2,499,912	--
93.230	Consolidated Knowledge Development and Application (KD&A) Program		17,795	922	18,717	18,717	--
93.234	Traumatic Brain Injury State Demonstration Grant Program		129,650	(28,531)	101,119	101,119	--
93.235	Abstinence Education Program		206,888	300,667	507,555	507,555	--
93.240	State Capacity Building		295,444	--	295,444	295,444	--
93.242	Mental Health Research Grants		77,327	--	77,327	77,327	--
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance		994,958	539,743	1,534,701	1,477,499	57,202
93.251	Universal Newborn Hearing Screening		135,349	--	135,349	135,349	--
93.259	Rural Access to Emergency Devices Grant		112,929	--	112,929	112,929	--
93.262	Occupational Safety and Health Program		122,023	--	122,023	122,023	--
93.263	Occupational Safety and Health-Training Grants		2	--	2	2	--
93.268	Immunization Grants		4,366,843	9,486,984	13,853,827	13,853,827	--
93.279	Drug Abuse and Addiction Research Programs		315,736	--	315,736	315,736	--
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance		18,620,252	8,496,012	27,116,264	27,116,264	--
93.389	National Center for Research Resources		100,000	--	100,000	100,000	--
93.393	Cancer Cause and Prevention Research		426	--	426	--	426
93.556	Promoting Safe and Stable Families		6,093,027	1,676,646	7,769,673	7,769,673	--
93.558	Temporary Assistance for Needy Families		173,720,631	1,971,238	175,691,869	175,673,827	18,042
93.563	Child Support Enforcement		25,063,661	6,954,148	32,017,809	32,017,809	--
93.566	Refugee and Entrant Assistance_State Administered Programs		3,612,897	--	3,612,897	3,612,897	--
93.568	Low-Income Home Energy Assistance		561,364	25,731,322	26,292,686	26,292,686	--
93.569	Community Services Block Grant		299,482	4,681,131	4,980,613	4,980,613	--
93.570	Community Services Block Grant_Discretionary Awards		29,562	--	29,562	--	29,562
93.571	Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs		541	--	541	541	--
93.576	Refugee and Entrant Assistance_Discretionary Grants		355,948	(45,929)	310,019	310,019	--
93.579	U.S. Repatriation		11,040	--	11,040	11,040	--
93.584	Refugee and Entrant Assistance_Targeted Assistance Grants		1,472,842	--	1,472,842	1,472,842	--
93.586	State Court Improvement Program		337,976	--	337,976	337,976	--
93.587	Promote the Survival and Continuing Vitality of Native American Languages		947	--	947	--	947
93.590	Community-Based Child Abuse Prevention Grants		721,419	--	721,419	721,419	--

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.597	Grants to States for Access and Visitation Programs		48,910	71,151	120,061	120,061	--
93.599	Chafee Education and Training Vouchers Program (ETV)		872,337	--	872,337	872,337	--
93.600	Head Start		1,174,351	(39,761)	1,134,590	1,134,590	--
93.617	Voting Access for Individuals with Disabilities_Grants to States		(239,312)	13,382	(225,930)	(225,930)	--
93.618	Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems		7,646	25,852	33,498	33,498	--
93.623	Basic Center Grant		195,375	--	195,375	193,965	1,410
93.630	Developmental Disabilities Basic Support and Advocacy Grants		942,026	24	942,050	792,441	149,609
93.643	Children's Justice Grants to States		302,990	--	302,990	259,867	43,123
93.645	Child Welfare Services_State Grants		1,624,577	--	1,624,577	1,576,613	47,964
93.648	Child Welfare Services Training Grants		1,017,364	--	1,017,364	224,033	793,331
93.658	Foster Care_Title IV-E		55,149,974	368,950	55,518,924	53,515,446	2,003,478
93.659	Adoption Assistance		30,702,960	--	30,702,960	30,702,960	--
93.667	Social Services Block Grant		12,874,158	5,491,437	18,365,595	18,365,595	--
93.669	Child Abuse and Neglect State Grants		190,105	--	190,105	190,105	--
93.670	Child Abuse and Neglect Discretionary Activities		371,427	--	371,427	371,427	--
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes		47,213	1,190,201	1,237,414	1,237,414	--
93.674	Chafee Foster Care Independence Program		2,425,654	--	2,425,654	2,425,654	--
93.767	State Children's Insurance Program		62,012,903	--	62,012,903	62,012,903	--
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities		615,326	32,000	647,326	647,326	--
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		1,082,434	20,000	1,102,434	1,088,639	13,795
93.794	Reimbursement of State Costs for Provision of Part D Drugs		2,253,285	--	2,253,285	2,253,285	--
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders		3,573	--	3,573	--	3,573
93.859	Biomedical Research and Research Training		365,332	--	365,332	365,332	--
93.889	National Bioterrorism Hospital Preparedness Program		982,262	4,554,654	5,536,916	5,536,916	--
93.917	HIV Care Formula Grants		5,753,164	1,150,956	6,904,120	6,904,120	--
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems		1,082,416	60,163	1,142,579	1,142,579	--
93.940	HIV Prevention Activities_Health Department Based		1,455,888	1,181,300	2,637,188	2,637,188	--
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		564,892	93,869	658,761	658,761	--
93.945	Assistance Programs for Chronic Disease Prevention and Control		345,438	--	345,438	345,438	--
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		150,468	--	150,468	150,468	--

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.952	Trauma Care Systems Planning and Development		14,430	--	14,430	14,430	--
93.955	Health and Safety Programs for Construction Work		98,467	--	98,467	--	98,467
93.958	Block Grants for Community Mental Health Services		407,634	3,834,640	4,242,274	4,242,274	--
93.959	Block Grants for Prevention and Treatment of Substance Abuse		1,460,550	14,388,756	15,849,306	15,849,306	--
93.969	Geriatric Education Centers		67,072	--	67,072	--	67,072
93.977	Preventive Health Services_Sexually Transmitted Diseases Control Grants		819,579	62,250	881,829	881,829	--
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		679,184	192,793	871,977	871,977	--
93.991	Preventative Health and Health Services Block Grant		472,717	119,110	591,827	591,827	--
93.994	Maternal and Child Health Services Block Grant to the States		2,808,577	2,961,970	5,770,547	5,770,547	--
93.XXX	Other Department of Health and Human Services Programs						
	Not Available		34,300	--	34,300	--	34,300
93.XXX	Total Other Department of Health and Human Services Programs		\$ 34,300	\$ --	\$ 34,300	\$ --	\$ 34,300
Total Department of Health and Human Services			\$ 433,235,724	\$ 99,654,412	\$ 532,890,136	\$ 529,414,340	\$ 3,475,796
Corporation For National and Community Service							
94.003	State Commissions		\$ 284,330	\$ --	\$ 284,330	\$ 118,794	\$ 165,536
94.004	Learn and Serve America_School and Community Based Programs		37,719	146,076	183,795	183,795	--
94.005	Learn and Serve America_Higher Education		309,239	69,050	378,289	374,895	3,394
94.006	AmeriCorps		962,368	1,184,073	2,146,441	2,010,633	135,808
94.007	Planning and Program Development Grants		43,537	27,250	70,787	4,725	66,062
94.009	Training and Technical Assistance		51,158	--	51,158	51,158	--
Total Corporation For National and Community Service			\$ 1,688,351	\$ 1,426,449	\$ 3,114,800	\$ 2,744,000	\$ 370,800
Department of Homeland Security							
97.006	State and Local Homeland Security Exercise Support		\$ 4,569	\$ --	\$ 4,569	\$ 4,569	\$ --
97.007	Homeland Security Preparedness Technical Assistance Program		618,025	--	618,025	618,025	--
97.008	Urban Areas Security Initiative		126,037	12,006,609	12,132,646	12,132,646	--
97.012	Boating Safety Financial Assistance		246,918	1,474,655	1,721,573	1,721,573	--
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants		502,065	1,415,139	1,917,204	1,488,333	428,871
97.018	National Fire Academy Training Assistance		14,750	--	14,750	14,750	--
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		105,392	--	105,392	105,392	--
97.029	Flood Mitigation Assistance		--	734,631	734,631	734,631	--
97.036	Disaster Grants - Public Assistance (Presidentially Declared)		567,289	6,029,002	6,596,291	6,596,291	--
97.039	Hazard Mitigation Grant		3,395	825,481	828,876	828,876	--

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
97.040	Chemical Stockpile Emergency Preparedness Program		4,057,039	4,572,146	8,629,185	8,629,185	--
97.041	National Dam Safety Program		36,525	--	36,525	36,525	--
97.042	Emergency Management Performance Grants		556,820	1,604,984	2,161,804	2,161,804	--
97.044	Assistance to Firefighters Grant		9,050	--	9,050	9,050	--
97.046	Fire Management Assistance Grant		1,582,702	1,728,680	3,311,382	3,311,382	--
97.047	Pre-Disaster Mitigation		51,033	6,214	57,247	57,247	--
97.053	Citizen Corps		8,401	167,995	176,396	176,396	--
97.063	Pre-Disaster Mitigation Disaster Resistant Universities		--	883,590	883,590	883,590	--
97.070	Map Modernization Management Support		223,864	--	223,864	223,864	--
97.073	State Homeland Security Program (SHSP)			10,485,419	14,125,095	14,125,095	--
97.074	Law Enforcement Terrorism Prevention Program (LETPP)		1,032,634	2,746,526	3,779,160	3,779,160	--
97.075	Rail and Transit Security Grant Program		--	981,770	981,770	981,770	--
97.078	Buffer Zone Protection Program (BZPP)		1,083	209,041	210,124	210,124	--
97.082	Earthquake Consortium		187,865	--	187,865	187,865	--
Total Department of Homeland Security			\$ 13,575,132	\$ 45,871,882	\$ 59,447,014	\$ 59,018,143	\$ 428,871
United States Agency for International Development							
98.001	USAID Foreign Assistance for Programs Overseas		\$ 9,900	\$ --	\$ 9,900	\$ --	\$ 9,900
98.012	USAID Development Partnerships for University Cooperation and Development		38,145	--	38,145	--	38,145
Total United States Agency for International Development			\$ 48,045	\$ --	\$ 48,045	\$ --	\$ 48,045
Food Stamp Cluster							
10.551	Food Stamps		\$ 472,839,725	\$ --	\$ 472,839,725	\$ 472,839,725	\$ --
10.561	State Administrative Matching Grants for Food Stamp Program		39,405,213	--	42,261,678	--	--
Total Food Stamp Cluster			\$ 512,244,938	\$ 2,856,465	\$ 515,101,403	\$ 515,101,403	\$ --
Child Nutrition Cluster							
10.553	School Breakfast Program		\$ 438,229	\$ 27,448,153	\$ 27,886,382	\$ 27,886,382	\$ --
10.555	National School Lunch Program		800,245	77,299,454	78,099,699	78,099,699	--
10.556	Special Milk Program for Children		--	58,100	58,100	58,100	--
10.559	Summer Food Service Program for Children		195,570	3,382,755	3,548,780	3,548,780	29,545
Total Child Nutrition Cluster			\$ 1,434,044	\$ 108,188,462	\$ 109,622,506	\$ 109,592,961	\$ 29,545
Emergency Food Assistance Cluster							
10.568	Emergency Food Assistance Program (Administrative Costs)		\$ 71,744	\$ 655,109	\$ 726,853	\$ 726,853	\$ --
10.569	Emergency Food Assistance Program (Food Commodities)		--	2,254,017	2,254,017	2,254,017	--
Total Emergency Food Assistance Cluster			\$ 71,744	\$ 2,909,126	\$ 2,980,870	\$ 2,980,870	\$ --

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Schools and Roads Cluster							
10.665	Schools and Roads_Grants to States		\$ 169,587	\$ 149,384,332	\$ 149,553,919	\$ 149,384,332	\$ 169,587
10.666	Schools and Roads_Grants to Counties		56,718	30,578	87,296	83,684	3,612
Total Schools and Roads Cluster			\$ 226,305	\$ 149,414,910	\$ 149,641,215	\$ 149,468,016	\$ 173,199
Public Works and Economic Development Cluster							
11.307	Economic Adjustment Assistance		\$ 72,020	\$ --	\$ 72,020	\$ 72,020	\$ --
Total Public Works and Economic Development Cluster			\$ 72,020	\$ --	\$ 72,020	\$ 72,020	\$ --
Section 8 Project-Based Cluster							
14.182	Lower Income Housing Assistance Program - Section 8 New Construction/Substantial Rehabilitation		\$ 50,219,022	\$ --	\$ 50,219,022	\$ 50,219,022	\$ --
Total Section 8 Project-Based Cluster			\$ 50,219,022	\$ --	\$ 50,219,022	\$ 50,219,022	\$ --
CDBG - Entitlement and Small Cities Cluster							
14.218	Community Development Block Grants/Entitlement Grants		\$ 105,356	\$ --	\$ 105,356	\$ --	\$ 105,356
Total CDBG - Entitlement and Small Cities Cluster			\$ 105,356	\$ --	\$ 105,356	\$ --	\$ 105,356
Fish and Wildlife Cluster							
15.605	Sport Fish Restoration Program		\$ 7,330,740	\$ 660,812	\$ 7,991,552	\$ 7,991,552	\$ --
15.611	Wildlife Restoration		5,882,471	25,685	5,908,156	5,908,156	--
Total Fish and Wildlife Cluster			\$ 13,213,211	\$ 686,497	\$ 13,899,708	\$ 13,899,708	\$ --
Employment Service Cluster							
17.207	Employment Service/Wagner-Peyser Funded Activities		\$ 10,952,009	\$ --	\$ 10,952,009	\$ 10,952,009	\$ --
17.801	Disabled Veterans' Outreach Program (DVOP)		1,409,211	--	1,409,211	1,409,211	--
17.804	Local Veterans' Employment Representative Program		931,784	--	931,784	931,784	--
Total Employment Service Cluster			\$ 13,293,004	\$ --	\$ 13,293,004	\$ 13,293,004	\$ --
WIA Cluster							
17.258	WIA Adult Program		\$ 827,438	\$ 13,283,222	\$ 14,110,660	\$ 14,105,760	\$ 4,900
17.259	WIA Youth Activities		600,646	15,453,926	16,054,572	16,054,572	--
17.260	WIA Dislocated Workers		2,164,565	24,849,301	27,013,866	27,013,866	--
Total WIA Cluster			\$ 3,592,649	\$ 53,586,449	\$ 57,179,098	\$ 57,174,198	\$ 4,900

27,013,866

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Highway Planning and Construction Cluster							
20.205	Highway Planning and Construction		\$ 347,901,210	\$ 20,974,132	\$ 368,875,342	\$ 368,665,193	\$ 210,149
Total Highway Planning and Construction Cluster			\$ 347,901,210	\$ 20,974,132	\$ 368,875,342	\$ 368,665,193	\$ 210,149
Highway Safety Cluster							
20.600	State and Community Highway Safety		\$ 920,761	\$ 750,786	\$ 1,671,547	\$ 1,671,547	\$ --
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive		229,243	50,050	279,293	279,293	--
20.602	Occupant Protection		90,685	467,453	558,138	558,138	--
20.604	Safety Incentive Grants for Use of Seatbelts		620,764	254,355	875,119	875,119	--
20.605	Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons		1,075,495	261,058	1,336,553	1,336,553	--
Total Highway Safety Cluster			\$ 2,936,948	\$ 1,783,702	\$ 4,720,650	\$ 4,720,650	\$ --
Special Education Cluster (IDEA)							
84.027	Special Education_Grants to States		\$ 6,410,557	\$ 128,940,251	\$ 135,350,808	\$ 135,005,178	\$ 345,630
84.173	Special Education_Preschool Grants		386,021	989,462	1,375,483	1,375,483	--
Total Special Education Cluster (IDEA)			\$ 6,796,578	\$ 129,929,713	\$ 136,726,291	\$ 136,380,661	\$ 345,630
TRIO Cluster							
84.042	TRIO_Student Support Services		\$ 1,879,205	\$ --	\$ 1,879,205	\$ 1,879,205	\$ --
84.044	TRIO_Talent Search		245,657	--	245,657	245,657	--
84.047	TRIO_Upward Bound		734,999	--	734,999	734,999	--
84.217	TRIO_McNair Post-Baccalaureate Achievement		663,045	--	663,045	663,045	--
Total TRIO Cluster			\$ 3,522,906	\$ --	\$ 3,522,906	\$ 3,522,906	\$ --
Aging Cluster							
93.044	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers		\$ 443,881	\$ 4,542,082	\$ 4,985,963	\$ 4,985,963	\$ --
93.045	Special Programs for the Aging_Title III, Part C_Nutrition Services		126,602	5,909,157	6,035,759	6,035,759	--
93.053	Nutrition Services Incentive Program		--	1,777,913	1,777,913	1,777,913	--
Total Aging Cluster			\$ 570,483	\$ 12,229,152	\$ 12,799,635	\$ 12,799,635	\$ --
CCDF Cluster							
93.575	Child Care and Development Block Grant		\$ 16,651,355	\$ 6,600,918	\$ 23,252,273	\$ 22,579,909	\$ 672,364
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		42,235,678	29,863	42,265,541		31,129
Total CCDF Cluster			\$ 58,887,033	\$ 6,630,781	\$ 65,517,814	\$ 64,814,321	\$ 703,493

42,234,412

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Medicaid Cluster							
93.775	State Medicaid Fraud Control Units		\$ 1,004,599	\$ --	\$ 1,004,599	\$ 1,004,599	\$ --
93.777	State Survey and Certification of Health Care Providers and		4,882,730	--	4,882,730	4,882,730	--
93.778	Medical Assistance Program		1,940,763,139	1,150,555	1,941,913,694	1,941,913,694	--
Total Medicaid Cluster			\$1,946,650,468	\$ 1,150,555	\$1,947,801,023	\$1,947,801,023	\$ --
Disability Insurance/SSI Cluster							
96.001	Social Security_Disability Insurance		\$ 21,969,520	\$ --	\$ 21,969,520	\$ 21,969,520	\$ --
Total Disability Insurance/SSI Cluster			\$ 21,969,520	\$ --	\$ 21,969,520	\$ 21,969,520	\$ --
Student Financial Assistance Programs							
84.007	Federal Supplemental Education Opportunity Grants		\$ 4,241,412	\$ --	\$ 4,241,412	\$ 4,241,412	\$ --
84.032	Federal Family Education Loans		142,365,349	--	142,365,349	142,365,349	--
84.033	Federal Work-Study Program		4,492,290	--	4,492,290	4,492,290	--
84.063	Federal Pell Grant Program		48,318,575	--	48,318,575	48,318,575	--
84.268	Federal Direct Student Loans		208,898,319	--	208,898,319	208,898,319	--
84.375	Academic Competitiveness Grants		918,196	--	918,196	918,196	--
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants		2,598,114	--	2,598,114	2,598,114	--
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		20	--	20	20	--
Total Student Financial Assistance Programs			\$ 411,832,275	\$ --	\$ 411,832,275	\$ 411,832,275	\$ --
Research and Development Cluster							
10.001	Agricultural Research_Basic and Applied Research		\$ 1,964,887	\$ 9,800	\$ 1,974,687	\$ 1,970,190	\$ 4,497
10.025	Plant and Animal Disease, Pest Control, and Animal Care		31,493	--	31,493	31,493	--
10.200	Grants for Agricultural Research, Special Research Grants		2,981,345	622,151	3,603,496	2,282,066	1,321,430
10.202	Cooperative Forestry Research		887,817	--	887,817	883,205	4,612
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act		2,665,870	--	2,665,870	2,665,870	--
10.206	Grants for Agricultural Research_Competitive Research Grants		3,530,055	581,538	4,111,593	3,458,862	652,731
10.207	Animal Health and Disease Research		87,451	--	87,451	87,451	--
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants		19,200	--	19,200	19,200	--
10.212	Small Business Innovation Research		5,564	--	5,564	--	5,564
10.219	Biotechnology Risk Assessment Research		97,677	19,282	116,959	116,959	--
10.225	Community Food Projects		760	--	760	760	--
10.250	Agricultural and Rural Economic Research		60,580	--	60,580	42,406	18,174

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
10.303	Integrated Programs		697,387	190,507	887,894	720,224	167,670
10.304	Homeland Security_Agricultural		235,581	--	235,581	1,471	234,110
10.305	International Science and Education Grants		4,618	--	4,618	4,618	--
10.352	Value-Added Producer Grants		16,616	--	16,616	--	16,616
10.446	Rural Community Development Initiative		16,931	--	16,931	16,931	--
10.456	Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)		64,536	--	64,536	50,786	13,750
10.457	Commodity Partnerships for Risk Management Education		39,440	--	39,440	39,440	--
10.459	Commodity Partnerships for Small Agricultural Risk Management Education Sessions		8,596	--	8,596	8,596	--
10.500	Cooperative Extension Service		357,698	--	357,698	238,065	119,633
10.551	Food Stamps		2,884,411	35,126	2,919,537	--	2,919,537
10.558	Child and Adult Care Food Program		1,379	--	1,379	1,379	--
10.560	State Administrative Expenses for Child Nutrition		8,945	--	8,945	--	8,945
10.652	Forestry Research		510,552	8,822	519,374	419,246	100,128
10.664	Cooperative Forestry Assistance		4,754,628	--	4,754,628	4,713,033	41,595
10.665	Schools and Roads_Grants to States		75,097	--	75,097	--	75,097
10.672	Rural Development, Forestry, and Communities		469,275	19,735	489,010	489,010	--
10.680	Forest Health Protection		17,379	--	17,379	17,379	--
10.769	Rural Business Enterprise Grants		10,426	--	10,426	10,426	--
10.901	Resource Conservation and Development		128,181	--	128,181	128,181	--
10.902	Soil and Water Conservation		644,422	109,680	754,102	693,045	61,057
10.912	Environmental Quality Incentives Program		109,780	--	109,780	18,272	91,508
10.960	Technical Agricultural Assistance		18,192	--	18,192	18,192	--
10.961	Scientific Cooperation and Research		49,716	38,384	88,100	2,957	85,143
10.962	Cochran Fellowship Program - International Training - Foreign Participant		73,629	--	73,629	73,629	--
10.XXX	Other Department of Agriculture Programs						
		03-CR-11060600-647	3,325	--	3,325	3,325	--
		03-CR-11061820-055	11,495	--	11,495	11,495	--
		04-CR-11061500-029	(1,270)	--	(1,270)	(1,270)	--
		06-CR-11061503-015 MOD 2	8,614	--	8,614	8,614	--
		43-04GG-4-0159	549	--	549	549	--
10.XXX	Total Other Department of Agriculture Programs		\$ 22,713	\$ --	\$ 22,713	\$ 22,713	\$ --
11.300	Investments for Public Works and Economic Development Facilities		132,158	--	132,158	132,158	--
11.302	Economic Development_Support for Planning Organizations		6,292	--	6,292	--	6,292
11.417	Sea Grant Support		2,905,802	151,399	3,057,201	2,745,881	311,320
11.419	Coastal Zone Management Administration Awards		29,313	--	29,313	--	29,313

The accompanying notes are an integral part of this schedule.

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
11.420	Coastal Zone Management Estuarine Research Reserves		22,180	--	22,180	22,180	--
11.426	Financial Assistance for National Centers for Central Coastal Ocean Science		93,111	--	93,111	--	93,111
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program		7,978	--	7,978	7,978	--
11.430	Undersea Research		82,925	--	82,925	72,168	10,757
11.431	Climate and Atmospheric Research		390,118	--	390,118	303,662	86,456
11.432	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes		1,368,776	9,502	1,378,278	1,086,602	291,676
11.433	Marine Fisheries Initiative		583	--	583	583	--
11.434	Cooperative Fishery Statistics		44,508	--	44,508	44,508	--
11.436	Columbia River Fisheries Development Program		91,269	--	91,269	91,269	--
11.437	Pacific Fisheries Data Program		46,940	--	46,940	46,940	--
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program		162,134	--	162,134	40,365	121,769
11.439	Marine Mammal Data Program		191,657	--	191,657	135,460	56,197
11.440	Environmental Sciences, Applications, Data, and Education		1,550,277	651,107	2,201,384	2,201,384	--
11.452	Unallied Industry Projects		168,110	77,770	245,880	245,057	823
11.455	Cooperative Science and Education Program		1,315,107	--	1,315,107	1,302,497	12,610
11.460	Special Oceanic and Atmospheric Projects		250,161	40,770	290,931	290,931	--
11.462	Hydrologic Research		2,817	--	2,817	2,817	--
11.463	Habitat Conservation		55,465	--	55,465	28,974	26,491
11.472	Unallied Science Program		211,797	--	211,797	45,948	165,849
11.473	Coastal Services Center		378,815	--	378,815	345,224	33,591
11.609	Measurement and Engineering Research and Standards		56,320	--	56,320	56,320	--
11.XXX	Other Department of Commerce Programs						
		AB133F06SE3676	112,855	--	112,855	112,855	--
		GCLMR0011A1	110,922	--	110,922	--	110,922
11.XXX	Total Other Department of Commerce Programs		\$ 223,777	\$ --	\$ 223,777	\$ 112,855	\$ 110,922
12.100	Aquatic Plant Control		2,205	--	2,205	2,205	--
12.107	Navigation Projects		276,270	--	276,270	276,270	--
12.114	Collaborative Research and Development		552,881	221,264	774,145	774,145	--
12.300	Basic and Applied Scientific Research		4,992,562	28,578	5,021,140	4,733,203	287,937
12.401	National Guard Military Operations and Maintenance (O&M)		50,490	--	50,490	--	50,490
12.420	Military Medical Research and Development		3,769,406	--	3,769,406	3,195,863	573,543
12.431	Basic Scientific Research		1,276,865	--	1,276,865	1,271,105	5,760
12.550	National Flagship Language Program Grants To U.S. Institutions Of Higher Education		3,737	--	3,737	--	3,737
12.551	National Security Education Program David L. Boren Scholarships		611,397	74,962	686,359	220	686,139

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
12.630	Basic, Applied, and Advanced Research in Science and Engineering		37,239	8,107	45,346	11,999	33,347
12.800	Air Force Defense Research Sciences Program		2,101,098	136,271	2,237,369	2,011,891	225,478
12.910	Research and Technology Development		2,288,530	90,421	2,378,951	337,500	2,041,451
12.XXX	Other Department of Defense Programs						
		3046374	30,842	--	30,842	--	30,842
		3100479	30,151	--	30,151	--	30,151
		502051-BS	29,355	--	29,355	--	29,355
		DACA87-05-H-0007	18	--	18	18	--
		DACW42-03-C-0036	5,389	--	5,389	5,389	--
		GPACS0016-PSU	326,076	--	326,076	--	326,076
		H98230-07-C-0412	30,897	--	30,897	30,897	--
		Not Available	51,274	--	51,274	--	51,274
		W9132T-05-C-0011	17,863	--	17,863	17,863	--
		W9132T-06-C-0010	31,720	14,454	46,174	46,174	--
12.XXX	Total Other Department of Defense Programs		\$ 553,585	\$ 14,454	\$ 568,039	\$ 100,341	\$ 467,698
14.866	Demolition and Revitalization of Severely Distressed Public		16,473	--	16,473	--	16,473
14.XXX	Other Department of Housing and Urban Development						
		7010-24- B2H	37,146	--	37,146	--	37,146
14.XXX	Total Other Department of Housing and Urban Development		\$ 37,146	\$ --	\$ 37,146	\$ --	\$ 37,146
15.222	Cooperative Inspection Agreements with States and Tribes		(15,108)	24,251	9,143	9,143	--
15.224	Cultural Resource Management		60,344	--	60,344	32,923	27,421
15.225	Recreation Resource Management		712,474	--	712,474	711,479	995
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance		19,577	--	19,577	--	19,577
15.231	Fish, Wildlife and Plant Conservation Resource Management		52,292	--	52,292	13,230	39,062
15.504	Water Reclamation and Reuse Program		60,489	17,990	78,479	78,479	--
15.506	Water Desalination Research and Development Program		5,472	--	5,472	5,472	--
15.507	Water 2025		79,903	--	79,903	54,662	25,241
15.605	Sport Fish Restoration Program		72,999	--	72,999	--	72,999
15.608	Fish and Wildlife Management Assistance		1,151,833	20,101	1,171,934	368,592	803,342
15.611	Wildlife Restoration		80,219	--	80,219	56,801	23,418
15.615	Cooperative Endangered Species Conservation Fund		3,285	--	3,285	--	3,285
15.634	State Wildlife Grants		92,313	--	92,313	--	92,313
15.650	Research Grants (Generic)		2,915	--	2,915	2,915	--
15.805	Assistance to State Water Resources Research Institutes		105,659	--	105,659	105,659	--
15.807	Earthquake Hazards Reduction Program		337,139	39,893	377,032	362,765	14,267
15.808	U.S. Geological Survey_Research and Data Collection		1,964,386	--	1,964,386	1,941,161	23,225
15.809	National Spatial Data Infrastructure Cooperative Agreements Program		7,297	--	7,297	--	7,297
15.810	National Cooperative Geologic Mapping Program		12,163	--	12,163	12,163	--

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
15.811	Gap Analysis Program		113,031	--	113,031	92,836	20,195
15.812	Cooperative Research Units Program		783,104	--	783,104	783,104	--
15.904	Historic Preservation Fund Grants-In-Aid		10,953	--	10,953	10,953	--
15.910	National Natural Landmarks Program		(228)	--	(228)	(228)	--
15.912	National Historic Landmark		10,417	--	10,417	--	10,417
15.915	Technical Preservation Services		517,649	--	517,649	517,649	--
15.916	Outdoor Recreation_Acquisition, Development and Planning		458,259	--	458,259	458,259	--
15.921	Rivers, Trails and Conservation Assistance		(7,423)	--	(7,423)	--	(7,423)
15.922	Native American Graves Protection and Repatriation Act		3,578	--	3,578	3,578	--
15.XXX	Other Department of the Interior Programs						
		02-01	97,937	--	97,937	--	97,937
		05-60	326	--	326	--	326
		06WRSA0264	6,803	--	6,803	6,803	--
		11450-2-J504	7,663	--	7,663	7,663	--
		11450-4-J506	2	--	2	2	--
		13420-4-J433	7,366	--	7,366	7,366	--
		1434 CA 05 SA 0018	15,882	--	15,882	15,882	--
		81450-5-J520	16,941	--	16,941	16,941	--
		81450-6-J524	51,061	--	51,061	51,061	--
		J9430060007	21,454	--	21,454	21,454	--
		Not Available	26,230	--	26,230	26,230	--
		TASK J8W07060010	38,799	--	38,799	38,799	--
		TASK J9430050027	4,158	--	4,158	4,158	--
15.XXX	Total Other Department of the Interior Programs		\$ 294,622	\$ --	\$ 294,622	\$ 196,359	\$ 98,263
16.529	Education, Training, and Enhanced Services to End Violence Against Women with Disabilities		31,011	--	31,011	31,011	--
16.542	Part D - Research, Evaluation, Technical Assistance and Training		95,061	--	95,061	95,061	--
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants		46,381	--	46,381	46,381	--
16.575	Crime Victim Assistance		45,300	7,262	52,562	--	52,562
16.579	Edward Byrne Memorial Formula Grant Program		10,862	--	10,862	--	10,862
16.582	Crime Victim Assistance/Discretionary Grants		26,246	--	26,246	--	26,246
16.595	Community Capacity Development Office		4,620	--	4,620	--	4,620
16.727	Enforcing Underage Drinking Laws Program		26,853	--	26,853	--	26,853
16.730	Reduction and Prevention of Children's Exposure to Violence		6,479	--	6,479	--	6,479
16.738	Edward Byrne Memorial Justice Assistance Grant Program		13,867	--	13,867	--	13,867
17.260	WIA Dislocated Workers		6,295	--	6,295	--	6,295
17.XXX	Unidentified Department of Labor Program						

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		56040-PSU FP-1602	22,623	--	22,623	--	22,623
		S6070-PSU C-5835	493	--	493	--	493
17.XXX	Total Unidentified Department of Labor Program		<u>\$ 23,116</u>	<u>\$ --</u>	<u>\$ 23,116</u>	<u>\$ --</u>	<u>\$ 23,116</u>
19.401	Educational Exchange_University Lecturers (Professors) and Research Scholars		15,360	--	15,360	15,360	--
19.423	Exchange_English Language Specialist/Speaker Program		8,247	--	8,247	8,247	--
19.430	International Education Training and Research		12,607	--	12,607	8,167	4,440
20.108	Aviation Research Grants		185,132	238,517	423,649	423,649	--
20.205	Highway Planning and Construction		1,717,362	72,212	1,789,574	559	1,789,015
20.215	Highway Training and Education		(20,968)	30,282	9,314	--	9,314
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities		293,840	--	293,840	293,840	--
20.514	Public Transportation Research		4,598	--	4,598	--	4,598
20.515	State Planning and Research		736,224	--	736,224	--	736,224
20.600	State and Community Highway Safety		182,140	--	182,140	--	182,140
20.611	Incentive Grant Program to Prohibit Racial Profiling		154,055	--	154,055	--	154,055
20.701	University Transportation Centers Program		382,074	--	382,074	371,172	10,902
20.761	Biobased Transportation Research		142,480	--	142,480	142,480	--
20.XXX	Other Department of Transportation Programs		<u>30,594</u>	<u>23,101</u>	<u>53,695</u>	<u>--</u>	<u>53,695</u>
		DTCG32-02-C-R00005	24	--	24	24	--
		DTMA1V06020	(10,586)	8,691	(1,895)	(1,895)	--
		DTMA1V06027/0001	27,844	--	27,844	27,844	--
		DTMA1V06041	25,510	22,839	48,349	48,349	--
		DTMA1V06103	10,640	32,665	43,305	43,305	--
20.XXX	Total Other Department of Transportation Programs		<u>\$ 84,026</u>	<u>\$ 87,296</u>	<u>\$ 171,322</u>	<u>\$ 117,627</u>	<u>\$ 53,695</u>
43.001	Aerospace Education Services Program		128,357	57,229	185,586	139,726	45,860
43.002	Technology Transfer		4,282,944	480,977	4,763,921	3,510,324	1,253,597
43.XXX	Other NASA programs		<u>26,726</u>	<u>--</u>	<u>26,726</u>	<u>--</u>	<u>26,726</u>
		213011-NASA011	10,673	--	10,673	--	10,673
		NAG5-12856	24,081	--	24,081	24,081	--
		NAG5-13044	3,853	--	3,853	3,853	--
		NCC 2-1381	29,224	--	29,224	29,224	--
		NNA05CS47A	41,540	--	41,540	41,540	--
		NNC05AA29A	183,761	--	183,761	183,761	--
		NNC06VI86P	20,000	--	20,000	20,000	--
		NNG04GJ41G	42,753	--	42,753	42,753	--
		NNG04GJ84G	209,542	95,844	305,386	305,386	--

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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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		NNG04GM20G	156,065	--	156,065	156,065	--
		NNG06GA52G	86,961	34,873	121,834	121,834	--
		NNG06GB42G	5,860	--	5,860	5,860	--
		NNG06GE17G	47,945	--	47,945	47,945	--
		NNK06EA01G	14,843	--	14,843	14,843	--
		NNX07AJ26G	331	--	331	331	--
43.XXX	Total Other NASA programs		\$ 904,158	\$ 130,717	\$ 1,034,875	\$ 997,476	\$ 37,399
45.149	Promotion of the Humanities_Division of Preservation and Access		147,070	30,073	177,143	177,143	--
45.160	Promotion of the Humanities_Fellowships and Stipends		8,531	--	8,531	8,531	--
45.161	Promotion of the Humanities_Research		128,782	--	128,782	128,782	--
45.163	Promotion of the Humanities_Professional Development		44,991	--	44,991	44,991	--
45.310	Grants to States		83,069	--	83,069	--	83,069
47.041	Engineering Grants		3,942,504	47,833	3,990,337	2,521,740	1,468,597
47.049	Mathematical and Physical Sciences		4,749,854	135,451	4,885,305	4,874,542	10,763
47.050	Geosciences		15,787,318	665,005	16,452,323	15,205,997	1,246,326
47.070	Computer and Information Science and Engineering		3,583,202	174,532	3,757,734	3,374,006	383,728
47.074	Biological Sciences		8,998,282	725,596	9,723,878	9,318,876	405,002
47.075	Social, Behavioral, and Economic Sciences		1,507,602	44,142	1,551,744	1,542,300	9,444
47.076	Education and Human Resources		3,439,743	1,501,264	4,941,007	4,247,405	693,602
47.078	Polar Programs		1,588,476	86,538	1,675,014	1,508,811	166,203
47.079	International Science and Engineering (OISE)		32,503	--	32,503	32,503	--
47.080	Office of Cyberinfrastructure		28,043	--	28,043	28,043	--
64.XXX	Other Department of Veterans Affairs Programs						
		IPA 06-251	9,787	--	9,787	9,787	--
64.XXX	Total Other Department of Veterans Affairs Programs		\$ 9,787	\$ --	\$ 9,787	\$ 9,787	\$ --
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act		15,734	--	15,734	15,734	--
66.202	Congressionally Mandated Projects		48,352	66,893	115,245	115,245	--
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act		102,720	--	102,720	102,720	--
66.439	Targeted Watersheds Grants		34,000	--	34,000	--	34,000
66.454	Water Quality Management Planning		32,289	--	32,289	--	32,289
66.460	Nonpoint Source Implementation Grants		80,630	--	80,630	--	80,630
66.461	Regional Wetland Program Development Grants		10,982	--	10,982	--	10,982
66.462	National Wetland Program Development Grants		3,849	--	3,849	--	3,849
66.500	Environmental Protection-Consolidated Research		(7,850)	31,541	23,691	23,691	--
66.509	Science To Achieve Results (STAR) Research Program		289,755	71,598	361,353	361,309	44

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
66.510	Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development		106,410	--	106,410	106,410	--
66.511	Office of Research and Development Consolidated		1,302,769	202,316	1,505,085	1,498,234	6,851
66.512	Regional Environmental Monitoring and Assessment Program (REMAP) Research Projects		185,258	--	185,258	169,099	16,159
66.514	Science to Achieve Results (STAR) Fellowship Program		14,274	--	14,274	14,274	--
66.516	P3 Award: National Student Design Competition for Sustainability		29,850	20,090	49,940	49,940	--
66.607	Training and Fellowships for the Environmental Protection Agency		5,922	--	5,922	5,922	--
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		125,831	--	125,831	--	125,831
66.714	Pesticide Environmental Stewardship Regional Grants		73,004	--	73,004	41,375	31,629
66.716	Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach		1,427,457	13,658	1,441,115	1,430,908	10,207
66.814	Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements		111,899	355	112,254	112,254	--
66.951	Environmental Education Grants		29,153	3,870	33,023	33,023	--
66.XXX	Other Environmental Protection Agency Programs						
	4D-6214-NAEX		6,594	--	6,594	6,594	--
	Not Available		13,922	--	13,922	--	13,922
66.XXX	Total Other Environmental Protection Agency Programs		\$ 20,516	\$ --	\$ 20,516	\$ 6,594	\$ 13,922
81.036	Inventions and Innovations		(26)	--	(26)	--	(26)
81.049	Office of Science Financial Assistance Program		8,511,495	1,264,515	9,776,010	8,524,661	1,251,349
81.064	Office of Scientific and Technical Information		78,139	--	78,139	--	78,139
81.086	Conservation Research and Development		241,914	--	241,914	209,801	32,113
81.087	Renewable Energy Research and Development		375,773	30,211	405,984	--	405,984
81.089	Fossil Energy Research and Development		33,312	--	33,312	--	33,312
81.104	Office of Environmental Cleanup and Acceleration		99,336	--	99,336	--	99,336
81.113	Defense Nuclear Nonproliferation Research		294,873	--	294,873	294,873	--
81.114	University Reactor Infrastructure and Education Support		769,856	567,303	1,337,159	1,337,159	--
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical		14,474	--	14,474	--	14,474
81.119	State Energy Program Special Projects		25,913	--	25,913	--	25,913
81.121	Nuclear Energy Research, Development and Demonstration		736,372	--	736,372	408,832	327,540
81.XXX	Other Department of Energy Programs						
	00026625		49,079	--	49,079	49,079	--
	00030961		2,442	--	2,442	2,442	--
	00031010		2,836	--	2,836	2,836	--
	B556673		6,066	--	6,066	--	6,066
	DOE BER 3		18,656	--	18,656	--	18,656

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, 2007 (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		22,438	--	22,438	--	22,438
81.XXX	Total Other Department of Energy Programs		\$ 101,517	\$ --	\$ 101,517	\$ 54,357	\$ 47,160
84.002	Adult Education_State Grant Program		459,597	--	459,597	--	459,597
84.015	National Resource Centers and Fellowships Program for Language and Area or Language and International Studies		883	--	883	--	883
84.016	Undergraduate International Studies and Foreign Language Programs		23,600	--	23,600	23,600	--
84.017	International Research and Studies		131,082	--	131,082	131,082	--
84.021	Overseas_Group Projects Abroad		19,064	--	19,064	19,064	--
84.027	Special Education_Grants to States		67,846	--	67,846	--	67,846
84.031	Higher Education_Institution Aid		2,557	--	2,557	--	2,557
84.048	Vocational Education_Basic Grants to States		50,000	--	50,000	--	50,000
84.083	Women's Educational Equity Act Program		29,835	--	29,835	--	29,835
84.116	Fund for the Improvement of Postsecondary Education		454,618	31,634	486,252	465,938	20,314
84.133	National Institute on Disability and Rehabilitation Research		2,075,407	253,462	2,328,869	2,034,685	294,184
84.149	Migrant Education_College Assistance Migrant Program		477,437	--	477,437	477,437	--
84.173	Special Education_Preschool Grants		137,632	--	137,632	--	137,632
84.181	Special Education_Grants for Infants and Families with Disabilities		(86)	--	(86)	--	(86)
84.184	Safe and Drug-Free Schools and Communities_National Programs		18,980	--	18,980	--	18,980
84.215	Fund for the Improvement of Education		330,690	--	330,690	--	330,690
84.229	Language Resource Centers		336,779	--	336,779	336,779	--
84.257	National Institute for Literacy		340,625	--	340,625	340,625	--
84.287	Twenty-First Century Community Learning Centers		14,131	--	14,131	--	14,131
84.293	Foreign Language Assistance		262,582	--	262,582	--	262,582
84.305	Education Research, Development and Dissemination		337,955	601,788	939,743	842,419	97,324
84.309	National Institute on Postsecondary Education, Libraries, and Lifelong Learning		197,591	--	197,591	--	197,591
84.323	Special Education - State Personnel Development		242,802	--	242,802	--	242,802
84.324	Research in Special Education		2,612,174	655,571	3,267,745	2,981,800	285,945
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		165,168	--	165,168	113,559	51,609
84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		1,656,641	1,833,654	3,490,295	3,408,335	81,960
84.327	Special Education_Technology and Media Services for Individuals with Disabilities		1,388,586	160,508	1,549,094	1,549,094	--
84.330	Advanced Placement Program		21,340	--	21,340	--	21,340
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs		3,247	--	3,247	--	3,247
84.336	Teacher Quality Enhancement Grants		(46,284)	146,474	100,190	100,190	--
84.349	Early Childhood Educator Professional Development		(12,273)	12,273	--	--	--

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, 2007 (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		427,882	--	427,882	427,882	--
84.366	Mathematics and Science Partnerships		169,784	--	169,784	--	169,784
84.367	Improving Teacher Quality State Grants		898,432	123,736	1,022,168	938,085	84,083
84.368	Grants for Enhanced Assessment Instruments		39,421	--	39,421	--	39,421
84.373	Special Education_Technical Assistance on State Data Collection		232,588	--	232,588	232,588	--
84.XXX	Other Department of Education Programs						
	Not Available		6,599	--	6,599	--	6,599
84.XXX	Total Other Department of Education Programs		\$ 6,599	\$ --	\$ 6,599	\$ --	\$ 6,599
89.003	National Historical Publications and Records Grants		1,134	--	1,134	1,134	--
93.042	Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals		43,856	--	43,856	--	43,856
93.043	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services		14,450	--	14,450	--	14,450
93.044	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers		11,925	--	11,925	--	11,925
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		340,624	--	340,624	--	340,624
93.113	Environmental Health		2,134,149	--	2,134,149	2,047,243	86,906
93.114	Applied Toxicological Research and Testing		17,734	--	17,734	17,734	--
93.121	Oral Diseases and Disorders Research		688,322	--	688,322	687,288	1,034
93.136	Injury Prevention and Control Research and State and Community Based Programs		144,130	196,061	340,191	340,191	--
93.172	Human Genome Research		3,047,266	--	3,047,266	2,723,344	323,922
93.173	Research Related to Deafness and Communication Disorders		1,537,647	--	1,537,647	1,500,633	37,014
93.184	Disabilities Prevention		1,933	--	1,933	--	1,933
93.213	Research and Training in Complementary and Alternative Medicine		1,212,513	--	1,212,513	1,123,368	89,145
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)		2,160	--	2,160	--	2,160
93.226	Research on Healthcare Costs, Quality and Outcomes		274,837	47,983	322,820	114,142	208,678
93.230	Consolidated Knowledge Development and Application (KD&A) Program		24,454	--	24,454	--	24,454
93.234	Traumatic Brain Injury State Demonstration Grant Program		1,114	--	1,114	--	1,114
93.239	Policy Research and Evaluation Grants		11,408	--	11,408	--	11,408
93.242	Mental Health Research Grants		773,371	13,279	786,650	762,074	24,576
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance		764,563	--	764,563	--	764,563

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.262	Occupational Safety and Health Program		301,537	300,139	601,676	601,676	--
93.263	Occupational Safety and Health-Training Grants		88,402	--	88,402	88,402	--
93.273	Alcohol Research Programs		1,141,092	--	1,141,092	1,123,010	18,082
93.279	Drug Abuse and Addiction Research Programs		3,019,384	1,313,640	4,333,024	4,251,069	81,955
93.281	Mental Health Research Career/Scientist Development Awards		132,494	--	132,494	132,494	--
93.282	Mental Health National Research Service Awards for Research Training		157,180	--	157,180	157,180	--
93.283	Centers for Disease Control and Prevention_ Investigations and Technical Assistance		34,752	--	34,752	25	34,727
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health		83,725	37,086	120,811	120,811	--
93.333	Clinical Research		36,298	9,954	46,252	--	46,252
93.361	Nursing Research		107,799	--	107,799	--	107,799
93.389	National Center for Research Resources		3,060,919	39,700	3,100,619	2,940,147	160,472
93.393	Cancer Cause and Prevention Research		232,510	--	232,510	164,965	67,545
93.395	Cancer Treatment Research		1,044	--	1,044	(309)	1,353
93.397	Cancer Centers Support Grants		34,402	--	34,402	34,402	--
93.399	Cancer Control		2,084,758	--	2,084,758	2,084,758	--
93.551	Abandoned Infants		220,687	--	220,687	220,687	--
93.575	Child Care and Development Block Grant		186,981	38,181	225,162	--	225,162
93.576	Refugee and Entrant Assistance_Discretionary Grants		209,899	--	209,899	182,182	27,717
93.586	State Court Improvement Program		(3)	--	(3)	--	(3)
93.600	Head Start		82,438	--	82,438	82,403	35
93.631	Developmental Disabilities Projects of National Significance		69,258	42,532	111,790	81,212	30,578
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service		511,098	--	511,098	511,098	--
93.643	Children's Justice Grants to States		43,990	--	43,990	--	43,990
93.647	Social Services Research and Demonstration		112,237	199,380	311,617	311,617	--
93.658	Foster Care_Title IV-E		426,949	--	426,949	--	426,949
93.670	Child Abuse and Neglect Discretionary Activities		38,860	--	38,860	--	38,860
93.778	Medical Assistance Program		725,031	--	725,031	--	725,031
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		198,746	--	198,746	198,746	--
93.837	Heart and Vascular Diseases Research		939,945	--	939,945	728,295	211,650
93.838	Lung Diseases Research		240,875	45,234	286,109	234,037	52,072
93.846	Arthritis, Musculoskeletal and Skin Diseases Research		1,352,701	--	1,352,701	1,352,701	--
93.847	Diabetes, Endocrinology and Metabolism Research		658,019	--	658,019	657,531	488
93.848	Digestive Diseases and Nutrition Research		881,412	--	881,412	881,412	--
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders		1,279,169	88,978	1,368,147	1,083,884	284,263

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, 2007 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.855	Allergy, Immunology and Transplantation Research		688,827	46,030	734,857	718,008	16,849
93.856	Microbiology and Infectious Diseases Research		1,880,308	183,203	2,063,511	1,899,585	163,926
93.859	Biomedical Research and Research Training		7,072,673	--	7,072,673	6,169,605	903,068
93.865	Child Health and Human Development Extramural Research		2,379,965	33,765	2,413,730	2,354,765	58,965
93.866	Aging Research		1,227,511	144,735	1,372,246	1,299,514	72,732
93.867	Vision Research		21,969	2,979	24,948	17,812	7,136
93.879	Medical Library Assistance		17,200	--	17,200	17,200	--
93.889	National Bioterrorism Hospital Preparedness Program		177	--	177	--	177
93.894	Resource and Manpower Development in the Environmental Health Services		939,167	--	939,167	913,864	25,303
93.910	Family and Community Violence Prevention Program		90,183	74,987	165,170	165,170	--
93.933	Demonstration Projects for Indian Health		75,666	--	75,666	--	75,666
93.945	Assistance Programs for Chronic Disease Prevention and Control		118,186	--	118,186	--	118,186
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		295,153	--	295,153	295,153	--
93.955	Health and Safety Programs for Construction Work		102,444	--	102,444	--	102,444
93.969	Geriatric Education Centers		68,699	--	68,699	--	68,699
93.989	International Research and Research Training		221,912	--	221,912	9,277	212,635
93.XXX	Other Department of Health and Human Services Programs						
		00242.02054.001	29,465	--	29,465	--	29,465
		SC-05-02054 001-03	38,840	--	38,840	--	38,840
93.XXX	Total Other Department of Health and Human Services Programs		<u>\$ 68,305</u>	<u>\$ --</u>	<u>\$ 68,305</u>	<u>\$ --</u>	<u>\$ 68,305</u>
96.007	Social Security_Research and Demonstration		14,400	5,474	19,874	--	19,874
97.041	National Dam Safety Program		25,974	1,440	27,414	--	27,414
97.044	Assistance to Firefighters Grant		10,049	16,176	26,225	--	26,225
97.073	State Homeland Security Program (SHSP)		3,638	--	3,638	--	3,638
98.001	USAID Foreign Assistance for Programs Overseas		931,087	993,064	1,924,151	1,910,451	13,700
98.002	Cooperative Development Program (CDP)		(36,926)	238,340	201,414	--	201,414
98.005	Institutional Capacity Building (ICB)		31,242	--	31,242	--	31,242
Total Research and Development Cluster			<u>\$ 185,419,849</u>	<u>\$ 17,960,581</u>	<u>\$ 203,380,430</u>	<u>\$ 169,016,616</u>	<u>\$ 34,363,814</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$4,912,145,278</u>	<u>\$1,038,321,939</u>	<u>\$5,950,467,217</u>	<u>\$5,894,893,062</u>	<u>\$ 55,574,155</u>

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, 2007**

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, 2007, 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 either fair market value at the time of receipt or assessed value provided by the federal agency.

CFDA Number	Title	Type of Assistance	Value
10.550	Food Donation	Commodities	\$ 9,244,639
10.565	Commodity Supplemental Food Program	Commodities	86,449
10.567	Food Distribution Program on Indian Reservations	Commodities	42,158
10.569	Emergency Food Assistance Program (Food Commodities)	Commodities	2,254,017
39.003	Donation of Federal Surplus Personal Property	Donated surplus property	2,376,573
93.268	Immunization Grants	Vaccines	9,418,010
	Total		<u>\$ 23,421,846</u>

Note 4. Loans and Loan Guarantees

Loans outstanding and new loans made during the year ended June 30, 2007 are as follows:

CFDA Number	Title	Outstanding Balance as of June 30, 2007	New Loans Made During the Year Ended June 30, 2007
11.307	Economic Adjustment Assistance	\$ 6,549,295	\$ 766,000
14.239	HOME Investment Partnerships Program	5,688,603	969,168
66.458	Capitalization Grants for Clean Water State Revolving Funds	6,381,016	4,561,421
84.038	Federal Perkins Loan Program_Federal Capital Contributions	<u>70,797,592</u>	<u>17,249,597</u>
	Total	<u>\$ 89,416,506</u>	<u>\$ 23,546,186</u>

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

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 \$576,263,237 reported as expenditures for the Unemployment Insurance program (CFDA 17.225), \$506,165,723 represented expenditures of State funds held in the Unemployment Trust Fund.

Note 6. Pass-Through Awards

The State of Oregon received the following amounts as a subrecipient of non-federal entities:

<u>CFDA</u> <u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.001	University of Nebraska	1,253	25-6235-0079-006
10.200	Montana State University	(960)	G101-05-W0057
10.200	Montana State University	1,764	G102-05-W0057
10.200	Northeastern University, Boston, MA	4,724	576710P523490
10.200	South Dakota State University	21,380	483633
10.200	South Dakota State University	41,101	483833
10.200	University of Alaska	17,753	PO FP606001 / UAF 06-0086
10.200	University of California	2,099	017278-01
10.200	University of California	8,575	SA7233
10.200	University of California	18,262	SA7065
10.200	University of California, Davis	900	06-009etx
10.200	University of California, Davis	6,000	06-018etx
10.200	University of California, Davis	8,437	06-023etx
10.200	University of California, Davis	12,000	06-012etx
10.200	University of California, Davis	13,896	06-013etx
10.200	University of California, Davis	21,800	06-019etx
10.200	University of Idaho	6,819	BAK301_OSU/P0015215
10.200	University of Idaho	16,452	BAK300_OSU/P0014400
10.200	University of Idaho	20,749	BJKD96-OSU (PO P0013584)
10.200	University of Washington	230	913911
10.200	University of Washington	395	567762
10.200	University of Washington	1,783	913641
10.200	University of Washington	2,087	567944
10.200	University of Washington	6,800	109943
10.200	University of Washington	10,936	319438
10.200	University of Washington	12,615	748621
10.200	University of Washington	30,593	143005
10.200	University of Washington	46,222	143160
10.200	Utah State University	6,347	04-1535035
10.200	Utah State University	7,450	051687038
10.200	Utah State University	13,348	051687030
10.200	Utah State University	15,451	051687004
10.200	Utah State University	21,180	04-1535006
10.200	Utah State University	28,155	051687007
10.200	Utah State University	77,592	051687010
10.200	Virginia Polytechnic Institute and State University	37,784	CR-19201-428218
10.200	Washington State University	425	103215_G001693
10.200	Washington State University	581	101736_G001586_0

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

CFDA

<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.200	Washington State University	657	G002097
10.200	Washington State University	722	G002075
10.200	Washington State University	1,328	105047_G001873
10.200	Washington State University	1,882	101766_G001567_0
10.200	Washington State University	2,000	G002100
10.200	Washington State University	2,015	11672_G001505_0
10.200	Washington State University	2,052	104828_G001911
10.200	Washington State University	2,408	101736_G001584_0
10.200	Washington State University	3,636	103215_G001690
10.200	Washington State University	4,553	104947_G001850
10.200	Washington State University	4,672	103152_G001711
10.200	Washington State University	4,868	103152_G001707
10.200	Washington State University	4,928	103152_G001714
10.200	Washington State University	4,945	101736_G001580_0
10.200	Washington State University	4,955	G002134
10.200	Washington State University	5,497	101766_G001573_0
10.200	Washington State University	7,563	104947_G001849
10.200	Washington State University	8,326	103242_G001725
10.200	Washington State University	8,736	G002056
10.200	Washington State University	9,425	102861-G001659
10.200	Washington State University	11,741	G002099
10.200	Washington State University	12,442	G002101
10.200	Washington State University	13,320	104947_G001845
10.200	Washington State University	15,688	G002098
10.200	Washington State University	17,269	101736_G001579_0
10.200	Washington State University	17,736	104947_G001846
10.200	Washington State University	22,502	G002050
10.200	Washington State University	32,334	104828_G001909
10.200	Washington State University	32,383	103152_G001706
10.200	Washington State University	34,678	103152_G001712
10.200	Washington State University	36,996	104947_G001848
10.200	Washington State University	37,024	G002102
10.200	Washington State University	41,044	103152_G001708
10.200	Washington State University	53,425	101766_G001571_0
10.200	Washington State University	54,761	101766_G001570_0
10.200	Washington State University	58,808	104947_G001847
10.200	Washington State University	64,998	103242_G001728
10.200	Washington State University	156,503	G002026
10.202	Cal Poly Corporation	8,115	06-006-46494
10.206	Auburn University	43,855	ACES/AYDP-YD-18-06
10.206	Auburn University	47,314	ACES/AYDP-YD-15-06
10.206	Auburn University	54,158	ACES/AYDP-YD-15-207
10.206	Auburn University	62,289	ACES/AYDP-YD-18-07
10.206	Michigan Technology University	73,175	040636Z / PO P0061771
10.206	University of Arizona	30,931	PO Y452465
10.206	University of California, Berkeley	10,548	SA4110
10.206	University of California, Davis	46,806	K016618-13
10.206	University of California, Davis	63,789	K011524-01
10.206	University of Maryland	4,954	Z507221

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

CFDA

<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.206	University of Minnesota	44,578	Q3976070201
10.206	University of Minnesota	44,978	Q6736000101
10.206	University of Minnesota	154,232	Q4096504501
10.206	University of Wisconsin	7,437	X346861
10.212	Plant Polyphenols, LLC	7,053	RA No. 3
10.250	Resources for the Future	32,184	3451
10.303	Cornell University	3,280	43038-7701
10.303	University of California	2,717	K009607-OR5
10.303	University of California	45,371	K009607-OR4
10.303	University of California, Berkeley	(35)	SA4198 / 969704
10.303	University of California, Davis	35,848	K009607-OR3
10.303	University of Idaho	30,283	BJKE27-OSU-DAS / P0013813
10.303	University of Idaho	58,890	BJKE27-OSU
10.303	University of Nevada - Reno	28,522	PO 12GC0000061
10.304	Cornell University	33,164	42681-7483
10.304	Kansas State University	23,045	S05019
10.304	Purdue University	30,139	598-0379-1
10.304	University of California, Davis	15,250	K007797-21
10.304	University of California, Davis	82,809	K007797-11
10.352	Orchard View Farms	24,972	2006-01
10.500	North Carolina State University	7,855	2006-0457-33
10.500	University of California, Davis	18,315	06-002687-02
10.500	University of Nebraska	17,875	26-6365-0001-322
10.500	University of Nevada - Reno	5,025	UNR-06-561 / PO 16BB151644
10.500	University of Wyoming	6,024	UTSTUNV6130: 6128STATE
10.500	University of Wyoming	6,561	UTSTUNV46454OR:UTSTUNV46456OR
10.500	University of Wyoming	10,500	UTSTUNV46460OR
10.500	Utah State University	13,437	C030356
10.500	Utah State University	24,762	061554005
10.500	Washington State University	1,541	G002009
10.500	Washington State University	13,260	11838-G001812
10.500	Washington State University	26,784	G001178
10.652	Consortium for Research on Renewable Industrial Materials	14,778	202
10.652	Nature Conservancy	28,000	CSG_GCCI_113006
10.664	Natureserve	4,184	OR-006-FY06, 73165-03
10.664	Northern Arizona University	7,683	FOR348Y-01
10.664	Northern Arizona University	11,144	FOR34CL-01
10.664	West Virginia University	6,984	PO 50031392
10.665	Clackamas County	131,522	1936002286
10.665	Douglas County	98,116	Not Available
10.665	Grant County	11,058	1936002295
10.665	Klamath Falls	46,460	1936002301
10.665	Lane County	75,737	1936002303
10.665	Marion County	5,124	1936002307
10.666	Wallowa County	10,778	1936002314
10.773	Naseo-Natl Assn State Energy	2,974	00000000000052
10.902	Chemeketa Community College	14,900	645 06
10.902	Chemeketa Community College	41,106	597 06
10.905	Oregon Garden Foundation	777	Not Available

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

CFDA

<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.912	University of California	5,277	K034013-13
10.912	Wy'East Resource Conservation & Development Council	53,068	Not Available
10.961	Michigan State University	159,860	61-3122
11.302	Portland Development Commission	6,292	Not Available
11.417	Pacific Shellfish Institute	45,138	Not Available
11.417	Pacific States Marine Fisheries Commission	8,667	06-38
11.417	Pacific States Marine Fisheries Commission	10,000	06-75
11.417	Pacific States Marine Fisheries Commission	44,358	06-35
11.417	Pacific States Marine Fisheries Commission	88,166	07-14
11.417	Pacific States Marine Fisheries Commission	101,008	05-45
11.417	University of Alaska	30,566	PO FP700694 / UAF 07-0029
11.426	College of Charleston	49,338	520553-UORE
11.426	Sunburst Sensors, LLC	20,000	2006-09
11.431	University of South Carolina	77,681	06-1212 / PO 51929
11.432	University of Alaska	169,407	PO FP502772 / UAF 05-0067
11.432	University of Hawaii	108,732	PO Z707965
11.432	University of Miami	14,314	668953 / P745916
11.439	North Pacific Marine Science Foundation	6,762	NA05NMF4391068-70
11.439	North Pacific Marine Science Foundation	25,793	NA05NMF4391068-51
11.439	North Pacific Marine Science Foundation	29,343	NA05NMF4391068-52
11.452	Alaska Department of Fish and Game	4,001	COOP-05-116
11.455	University of New Hampshire	19,673	05-026
11.463	Nature Conservancy	19,859	TNCMI/NOAA 6-3936-01
11.472	North Pacific Research Board	2,364	R0301
11.472	North Pacific Research Board	5,433	605
11.472	North Pacific Research Board	24,042	629
11.472	North Pacific Research Board	30,866	619
11.472	North Pacific Research Board	37,168	518
11.473	Oregon Health & Science University	52,037	GCLMR00-OSU
12.300	Arete Associates	124,305	S-44002.01.4700
12.300	North Carolina State University	54,490	2005-1749-01
12.300	Science Applications International Corporation	36,310	4400112958
12.300	University of Rhode Island	47,069	032002/535495
12.300	University of Washington	22,765	141303
12.420	HemCon, Inc.	246,250	Not Available
12.420	Oregon Biomedical Engineering Institute, Inc.	91,456	2005 W81XW-OSU-01
12.420	Providence Health System of Oregon	103,604	OMLC-03-02
12.431	Academy of Applied Science	1	SUBGRANT 05-34
12.431	Academy of Applied Science	2,653	SUBGRANT 06-23
12.431	Academy of Applied Science	15,842	ACAD OF APPLIED SCIENCE
12.431	Georgia Institute of Technology	8,386	E-18-677-G3
12.550	Institute of International Education	25,000	NSEP-U631006-UO-ARA-STAMP
12.551	Academy for Educational Development	174,960	NSEP-3045-UO-CHN
12.551	Institute of International Education	749,624	NSEP-U631006-UO-CHN
12.630	Nature Conservancy	14,292	ORFO-12-13-04-01
12.630	NVE Corporation	33,347	PO 10046
12.800	CH2M Hill, Inc.	13,442	PO 908853
12.800	Covalent Associates	8,970	OSU-0503-001
12.800	ITN Energy Systems, Inc.	26,968	PO # 051-0394

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

CFDA

<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
12.800	University of California, Berkeley	25,143	SA4457-32432PG AMEND. 3
12.800	University of Illinois, Urbana-Champaign	82,120	A5992 / 2005-3462-1-00
12.800	Voxtel Corporation	51,368	Not Available
12.910	BAE Systems Land & Armanents L.P.	99,998	FCS000429
12.910	Lockheed Martin Corporation	196,657	PO TT0688415
12.910	Marine Biological Laboratory	104,892	27314
12.910	Massachusetts Institute of Technology	105,097	5710002087
12.910	SRI International	50,484	55-000656-TO-03
12.910	SRI International	51,585	55-000656-TO-04
12.910	SRI International	66,483	55-000656-TO-02
12.910	SRI International	66,935	55-000656-TO-06
12.910	SRI International	247,848	55-000656-TO-01
12.910	Stanford University	(1,832)	13431230-30750-A
12.910	The Boeing Company	71,757	PCO KQ5992 / PC 173728
12.910	University of California, Berkeley	82,120	SA4475-32446 AMEND. 3
12.910	University of California, Berkeley	751,626	SA4997-10929
14.218	City of Portland	11,865	36741
14.218	City of Portland	93,491	35599
14.866	Housing Authority of Portland	16,473	Not Available
15.224	Montana State University	3,066	G255-06-W0094
15.224	Montana State University	3,286	G256-05-W0094
15.224	Montana State University	3,908	G244-06-W0094
15.224	Montana State University	20,724	G122-06-W0094
15.225	Umpqua Basin Watershed Council	2,195	Not Available
15.228	Curry County Emergency Services	8,606	Not Available
15.231	Nature Conservancy	38,204	Not Available
15.507	Deschutes River Conservancy	4,345	Not Available
15.608	Ducks Unlimited	23,169	US-UT-28-2
15.608	Montana State University	1,236	GC291-04-Z3735
15.608	Montana State University	6,473	GC290-04-Z3735
15.608	Montana State University	10,992	G269-05-W0373
15.608	Montana State University	61,994	G292-06-W1033
15.608	National Fish & Wildlife Foundation	1,153	Not Available
15.608	National Fish & Wildlife Foundation	32,250	2003-117-002
15.608	Pacific States Marine Fisheries Commission	49	05-39
15.608	Pacific States Marine Fisheries Commission	6,130	06-09
15.608	Pacific States Marine Fisheries Commission	11,623	06-85
15.608	Pacific States Marine Fisheries Commission	14,373	06-63
15.608	Pacific States Marine Fisheries Commission	14,925	07-07
15.608	South Dakota Game Fish and Parks	30,722	Not Available
15.608	Texas A&M Research Foundation	22,257	S050085
15.608	Texas A&M Research Foundation	454,876	S020058
15.611	Ducks Unlimited	9,883	US-WA-122-1
15.611	National Fish & Wildlife Foundation	15,062	2006-0123-003
15.634	Alaska Department of Fish and Game	91,458	COOP 05-006
15.807	Central Washington University	7,430	Not Available
15.807	Southern California Earthquake Center	8,081	PO 076548 #2
15.807	University of Southern California	9,956	PO 075036
15.808	Continental Shelf Associates, Inc.	52,769	CSA JOB # 1898

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15.809	University of Colorado	7,297	154-1940
15.921	Nature Conservancy	2,287	Not Available
15.921	University of Wyoming	2,933	DOINPS44017
16.541	George Washington University	128,000	06-S06
16.560	University of Illinois	24,000	UNIV OF ILL DOJ SUB
16.579	Juvenile Rights Project, Inc.	(170)	Not Available
16.579	Union County	3,509	1011
16.579	Yamhill County	6,395	1012
16.589	Linn County	72,097	1009
16.590	Lane County	36,081	1013
16.595	Rockwood Weed & Seed	4,620	Not Available
16.610	State of California	481,611	9900
16.730	Multnomah County	6,479	46000056446
16.738	Juvenile Rights Project, Inc.	13,867	AMENDMENT NUMBER 3
17.260	Worksystems, Inc.	6,295	86
19.418	Institute of International Education	203,502	Not Available
20.200	Georgia Institute of Technology	7,036	E-20-J77-S1
20.205	Georgia Institute of Technology	54,845	E-20-G12-S1
20.205	Metro	32,774	927161
20.215	Kittleson & Associates, Inc.	2,224	HR 17-34
20.515	National Academy of Sciences	32,563	HR 25-20(01)
20.701	San Jose State University Foundation	20,599	Not Available
20.701	University of Washington	4,793	821528 MOD 1
20.701	University Transportation Center	1,251	USDOT DTRT06-G-0017
20.703	University of Washington	14,000	896371
43.001	Central Washington University	34,807	Not Available
43.001	Nasa	4,467	NS164C-B
43.001	Oregon NASA Space Grant Consortium	9,235	Not Available
43.001	University of Washington	22,377	478805
43.002	Battelle Memorial Institute	25,487	12416
43.002	Colorado State University	43,526	G-6524-1
43.002	Jet Propulsion Lab/CA Institute of Technology	31,163	1285685
43.002	Jet Propulsion Lab/CA Institute of Technology	37,915	1249878
43.002	Jet Propulsion Lab/CA Institute of Technology	114,607	1283976
43.002	Jet Propulsion Lab/CA Institute of Technology	166,793	1206715
43.002	Jet Propulsion Lab/CA Institute of Technology	230,644	1283973
43.002	Jet Propulsion Lab/CA Institute of Technology	315,558	1206714
43.002	National Aeronautics and Space Administration	1,436	NS164C-C
43.002	National Aeronautics and Space Administration	6,995	NS164E-B
43.002	NVE Corporation	50,000	PO-09026
43.002	Pacific Northwest National Lab	47,219	40000
43.002	Pacific Northwest National Lab	57,805	35482
43.002	University of Alabama, Huntsville	29,880	SUB2006-089
43.002	University of California, Santa Barbara	41,363	KK4134
45.129	National Foundation on the Arts and Humanities	5,000	07-03-04
45.310	National Foundation on the Arts and Humanities	31,903	06-08-2M
47.041	Cornell University	81,000	41940-8174
47.041	Nano-Electrochem, Inc.	29,998	2007-01
47.041	Network for Earthquake Engineering Simulation	537,537	OMSA-2004, v3.1

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47.041	University of California	123,733	PO 10255777
47.041	University of California, San Diego	378,078	PO 102480065
47.041	University of Hawaii	40,629	Not Available
47.041	University of Oklahoma	36,219	2004-06
47.041	Washington State University	42,826	G001668
47.049	Clemson University	141,352	1040-7558-206-2093552
47.049	National Science Foundation	1,952	Not Available
47.049	University of Notre Dame	5,464	Not Available
47.050	Arizona State University	13,258	04-474
47.050	Bermuda Biological Station for Research, Inc.	16,071	BBSR-100-5255-x-032215-x
47.050	Columbia University	45,333	001
47.050	Florida State University	8,314	R00345
47.050	HT Harvey and Associates	50,876	1724-02
47.050	Incorporated Research Institution for Seismology	60,081	489
47.050	Joint Oceanographic Inst Inc	19,486	JSA 7-02
47.050	Joint Oceaographic Institutions	1,755	JSA 6-01
47.050	Joint Oceaographic Institutions	1,998	TO T306A11
47.050	Joint Oceaographic Institutions	2,244	PO T311A11
47.050	Joint Oceaographic Institutions	2,528	TO T305B11
47.050	Joint Oceaographic Institutions	2,566	TO T301A11
47.050	Joint Oceaographic Institutions	3,082	JSA 5-06
47.050	Joint Oceaographic Institutions	5,081	TO T304A11
47.050	Joint Oceaographic Institutions	16,609	TO T311B11
47.050	Monterey Bay Aquarium Research Institute	8,136	PO 0510337
47.050	Monterey Bay Aquarium Research Institute	33,809	PO 0611586
47.050	National Science Foundation	6,224	S1004A-A
47.050	Ohio State University	(55,564)	RF #739204/PO #848490
47.050	Oregon Health & Science University	115,100	GSTCN0001A7.OSU
47.050	Research Foundation of the State University of N.Y.	62,168	1050516-3-37470
47.050	Texas A&M Research Foundation	1,554	F001673
47.050	Texas A&M Research Foundation	1,943	F001756,1830,1875
47.050	Texas A&M Research Foundation	2,169	F1529,1530,1617,1624,1655,1701
47.050	University of California	52,209	PO 10248896
47.050	University of California, San Diego	35,331	PO 10247181
47.050	University of Hawaii	17,041	PO Z624325
47.050	University of Idaho	11,813	IDK892-A P0014884
47.050	University of Southern California	84,312	106556 CO#01
47.050	University of Washington	1,311	184190
47.050	University of Washington	57,443	938093
47.050	Villanova University	11,824	5-25568
47.050	Washington State University	5,898	100746_G001635
47.050	Woods Hole Oceanographic Institute	39,420	A100334
47.070	National Science Foundation	25,473	Not Available
47.070	National Science Foundation	25,739	GSTCN0001A7.PSU
47.070	National Science Foundation	134,349	GCLMR5008A
47.070	Oregon Health & Science University	41,404	GCLMR5008A
47.070	Research Foundation of the City University of N.Y.	12,456	40583-00-01A AMEND #1
47.070	University of California	24,936	PO 10257563
47.070	University of California, Los Angeles	9,000	0070 G GG025

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47.070	University of California, San Diego	32,334	PO 10242093
47.070	University of California, Santa Barbara	56,468	KK6106
47.070	University of Hawaii	1,973	PO Z707262/Z747954
47.070	University of Wisconsin	29,181	A840976
47.070	University of Wisconsin Milwaukee	39,783	648F373
47.074	Arizona State University	3,929	PO SC 19103M00386 / 03-054
47.074	Idaho State University	57,922	05-181A
47.074	Indiana University	21,307	EP5229 AMEND. 2
47.074	Michigan State University	160,522	612135OREGONSU
47.074	Montana State University	429	GC205-03-Z2903
47.074	Natureserve	15,000	CO-011-FY06
47.074	Rutgers, The State University of New Jersey	5,928	PO S116810 / 1464
47.074	University of California	21,066	K016855-02
47.074	University of California, Merced	45,992	DEB-0542545 UO
47.074	University of California, Santa Barbara	4,283	KK5115
47.074	University of Hawaii	26,940	PO Z795332
47.074	University of Tennessee	32,451	OR878-001.04
47.075	National Bureau of Economic Research	19,931	27-3383-00-0-79-636-7700
47.075	University of Illinois, Urbana-Champaign	(378)	2003-02081-02
47.076	Education and Human Resources	4,426	AWARD # 0503414
47.076	Education and Human Resources	57,037	DUE 0603221
47.076	Georgia State University	20,159	ELT48-17 AMEND. 1
47.076	Mathematical Association of America	44,273	Not Available
47.076	Montana State University	251,732	GC048-02-Z2484
47.076	National Science Foundation	7,915	200-07
47.076	National Science Foundation	43,084	Not Available
47.076	Northwest Regional Educational Laboratory	43,799	Not Available
47.076	Portland Community College	80,008	Not Available
47.076	University of California, Berkeley	21,882	SA5168-11062 / PO 1158965
47.076	University of Colorado	16,926	PO 0000046802
47.076	University of Colorado	29,498	154-2277 / PO 53905
47.076	WestEd	74,565	5060.01.001
47.078	National Science Foundation	146,196	GRT8213500/60000263
47.078	Raytheon Polar Services Co.	9,767	PO 4500182751
47.078	Yale University	25,624	Y-05-0029 AMEND. 1
59.037	Lane Community College	30,250	06-146 & 6-603001-Z-0039-23
59.037	Lane Community College	31,752	AGREEMENT
59.037	Small Business Development Center	4,000	PER JAMIE ALBERT
59.037	Small Business Development Center	30,852	Not Available
66.439	David Evans and Associates, Inc.	16,125	Not Available
66.454	Costa Pacific Communities	32,326	Not Available
66.460	Metro	14,704	Not Available
66.461	Lane Council of Governments	15,897	Not Available
66.500	University of California, Los Angeles	2,211	1181 G DB434 05
66.509	University of Wisconsin	8,838	A736536
66.511	Colorado State University	15,706	G-5817-1
66.512	Coastal Conservation and Research	16,159	Not Available
66.714	American Farmland Trust	19,760	R10 2006-04
81.036	Technology Matrix Corporation	873	Not Available

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81.036	Timberwolf Corporation	17,850	DE-FC26-03NT41879
81.049	Ceres, Inc.	297,988	DE-FG02-05ER64111
81.049	Grande Ronde Model Watershed	1,268	Not Available
81.049	Lawrence Livermore National Laboratory	23,287	B563989
81.049	Lawrence Livermore National Laboratory	51,031	B555258
81.049	National Renewable Energy Laboratory	108,533	XAT-4-33624-11
81.049	Northern Arizona University	64,578	MPC35TA-A7
81.049	Oregon Health & Science University	7,533	GCLMR0011A1
81.049	Oregon Health & Science University	41,131	GEBSN0027A1
81.049	Oregon Nanoscience and Microtechnologies Institute	95,892	DOE BER 2
81.049	Pacific Northwest National Lab	5,563	29625
81.049	Pacific Northwest National Lab	25,417	6577 / 24958
81.049	Pacific Northwest National Lab	48,051	19361
81.049	Pacific Northwest National Lab	56,721	22902
81.049	Peregrine Power, LLC	143,277	2006-11
81.049	Purdue University	14,585	541-0546-01
81.049	UC - Los Alamos National Laboratory	60,000	31604-001-06
81.049	University of California, Davis	86,930	W/GEC 03-009
81.049	University of California, Davis	108,866	W/GEC 04-009
81.049	University of Washington	34,906	211878
81.049	Washington State University	495	G001997_104349
81.064	Oregon Nanoscience and Microtechnologies Institute	95,900	DOE BER 3
81.064	University of Utah	58,634	2205056 AMEND. 15
81.086	Confederated Tribes of Umatilla	20,062	418-04 / 418-05
81.086	Rensselaer Polytechnic Institute	40,000	6771
81.086	The Regents of the University of Cal	12,553	1943067788
81.086	University of California	4,500	B531998 MOD. 5
81.087	Consortium for Plant Biotech Research	18,956	GO12026-203A
81.087	Consortium for Plant Biotech Research	66,152	GO12026-226
81.087	Idaho Dept of Water Resources	8,415	00000000000022
81.087	MRI National Renewable Energy Laboratory	66,276	ZXL-5-44205-11 MOD. 5
81.087	MRI National Renewable Energy Laboratory	87,165	XAT-4-33624-08 MOD. 7
81.087	University Central Florida	86,605	00000000000069
81.089	Montana State University	18,399	G135-06-W0831
81.104	Vanderbilt University	54,630	19067-S2
81.117	Confederated Tribes of Warm Springs	7,451	Not Available
81.117	Natl Assn of State Universities & Land-Grant Colleges	25,000	Not Available
81.117	Technical Assistance Renewable Energy	83,545	TOA KLDJ-5-55052-00
81.121	Idaho National Laboratory	8,974	00044868-00006
81.121	Idaho National Laboratory	23,792	00044868-00005
81.121	Idaho National Laboratory	33,921	00044868-00004
81.121	Idaho National Laboratory	61,179	00044868-00002
81.121	Idaho National Laboratory	124,713	00044868-00001
81.121	Idaho National Laboratory	212,650	00044868-00003
81.121	Purdue University	60,982	641-0356-7-5
84.027	American Samoa Government	15,350	Not Available
84.083	Immigrant and Refugee Community Organization	29,835	Not Available
84.116	American Council on Education	10,000	Not Available
84.116	Bonner Foundation	1,507	Not Available

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84.116	Community-Campus Partnerships for Health	10,314	Not Available
84.116	Georgia State University	14,167	FLAF1
84.116	Miami University	8,033	C02481_G00962 / P116J040039
84.133	Oregon Health & Science University	9,326	GCDRC0139A J
84.133	Oregon Health & Science University	14,908	GCDRC0139A I
84.133	Oregon Health & Science University	156,654	GSONO0145A C
84.133	University of Illinois, Chicago	445	2005-0249-05-00
84.133	University of Kansas	111,296	FY2004-000
84.133	Western Washington University	36,795	52545-D
84.165	Portland Public Schools	78,757	54145
84.181	Lane Education Service District	204,193	Not Available
84.181	Lane Education Service District	7,696,769	EC CARES 2006-07
84.184	Big Brothers Big Sisters of Metropolitan Portland	18,980	Not Available
84.184	Lane Education Service District	64,703	Not Available
84.184	Salem-Keizer Public Schools	123,387	PS 4651
84.215	David Douglas School District	153,629	SUBGRANT NO. 1
84.215	Douglas County School District #4	15,661	V215L032113
84.215	High Desert Education Service District	133,113	214 AMEND. 1
84.215	Lancaster County School District	107,815	Not Available
84.215	Portland Public Schools	9,846	Not Available
84.215	Portland Public Schools	120,441	PPS1J-0000061239
84.215	Springfield School District #19	18,750	11520
84.215	Virginia Commonwealth University	8,951	Not Available
84.224	Access Technologies, Inc.	40,796	Not Available
84.229	University of Chicago	12,661	24918
84.257	The National Writing Project Corporation	(3,405)	92-OR01
84.257	The National Writing Project Corporation	13,703	Not Available
84.257	The National Writing Project Corporation	57,426	#16/92-OR01
84.287	Metropolitan Family Services	13,350	Not Available
84.293	Lane County School District 4J	19,250	Not Available
84.293	New Jersey Department of Education	2,407	06-5063-199-01
84.293	Wyoming Department of Education	204,884	Not Available
84.305	Pacific Institute for Research	122,239	Not Available
84.305	RTI International	212,425	16-312-0208116
84.309	Harvard University	70,620	AMENDMENT #1
84.309	Harvard University	126,971	AMENDMENT #3
84.323	California Institute on Human Services	35,000	11803
84.323	Louisiana Department of Education	40,000	Not Available
84.323	Nevada Department of Education	65,163	243481 AMEND. 3
84.324	Corvallis School District 509J	2,190	Not Available
84.324	Oregon Research Institute	248,636	MODIFICATION 3
84.324	Springfield School District #19	11,005	Not Available
84.324	University of Colorado	19,121	Not Available
84.324	University of Kentucky Research Foundation	33,822	466320-03-234
84.324	University of Wisconsin-Madison	12,000	121H111 MOD. 2
84.325	California State University Northridge	33,868	40033361
84.325	Portland Community College	51,609	2170-06
84.326	Alaska Department of Education	7,500	551709 - 561566
84.326	American Institutes for Research	(3,106)	GV3-01-01881 MOD. 4

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84.326	California State University Northridge	68,380	SUB CON 4033629
84.326	Direction Service Inc.	27,957	H326D030001
84.334	Portland Public Schools	3,970	Not Available
84.336	Southern Oregon Education Service District	8,345	Not Available
84.350	The National Writing Project Corporation	45,385	Not Available
84.351	Portland Public Schools	49,141	52721
84.357	American Samoa Government	(76,834)	44608
84.357	American Samoa Government	(27,505)	55199
84.357	RMC Research Corporation	1,546,933	Not Available
84.366	High Desert Education Service District	185,189	2004-08
84.366	Willamette Educational School District	76,721	Not Available
84.368	West Virginia -Department of Education	41,779	EDD232869A
84.928	The National Writing Project Corporation	3,000	92-OR01 AMD 18
84.928	The National Writing Project Corporation	70,000	92-OR03 AMEND #18
93.042	American Institutes for Research	37,086	SC-02-1825-03 MOD. 4
93.043	Rogue Valley Council of Governments	15,308	Not Available
93.044	Multnomah County	19,365	4600006487
93.104	Mid-County Center for Living	49,632	Not Available
93.104	Multnomah Education Service District	23,937	DOI 47-5/05-06
93.104	Multnomah Education Service District	290,992	DOI 47-2/05-06
93.110	Longview Wellness Center	9,500	Not Available
93.113	Oregon Law Center	28,531	Not Available
93.113	University of Medicine & Dentistry of New Jersey	14,720	1 R25 RR018490
93.113	University of Pennsylvania	62,445	5-42364-B MOD. 3
93.113	University of Pennsylvania	64,207	5-42364-A
93.172	Stanford University	398,308	15890850-33465-G AMEND. 1
93.173	Oregon Health & Science University	23,479	GSOTOL0062A
93.173	University of Iowa	69,524	PO#4000533057
93.184	Special Olympics	3,229	Not Available
93.189	Oregon Health & Science University	(1,404)	GALHE0008A B
93.213	Oregon Health & Science University	63,160	GNEURO276A A
93.213	Western States Chiropractic College	5,531	GU01 AT001908-01A2-PSU
93.226	Oregon Health & Science University	17,780	GORPN0007A-A1
93.226	Oregon Health & Science University	25,737	GINTR0034A
93.226	Oregon Health & Science University	63,388	GORPN0007A-A2
93.226	Oregon Health & Science University	74,609	GINTR0034B AMEND. 1
93.230	Clark County Washington	24,454	2006-MH-18
93.239	University of Missouri	17,264	CG005179-1/C0000008922
93.242	University of Pittsburgh	905	108118-1
93.243	African American Health Coalition	133,069	Not Available
93.243	Children's Relief Nursery	70,406	Not Available
93.243	Clark County Washington	39,633	2006-MH-18
93.243	Clark County Washington	141,874	2007-MH-57
93.243	Josephine County	191,980	Not Available
93.243	Legacy Emanuel Hospital & Health Center	24,970	Not Available
93.243	LifeWorks Northwest	62,478	Not Available
93.243	Mental Health Association of Oregon	20,612	Not Available
93.243	Mental Health Association of Oregon	50,860	AMENDMENT #2
93.243	Native American Rehabilitation Assn of the Northwest	55,091	Not Available

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93.243	NPC Research	30,337	Not Available
93.273	Brown University	40,741	1334-27346, P966336 MOD. 4
93.279	Oregon Research Institute	17,111	MOD. 1
93.279	Oregon Research Institute	110,536	Not Available
93.333	Duke University	58,350	118685
93.361	Johns Hopkins University School of Nursing	21,559	Not Available
93.361	Oregon Health & Science University	13,151	GSONO0136A B
93.361	Oregon Health & Science University	15,093	GSONO0136A C AMEND. 1
93.361	University of Illinois, Chicago	25,339	2005-01168-07-00
93.389	Oregon Health & Science University	5,039	Not Available
93.389	Oregon Health & Science University	213,066	8409901
93.393	University of Arizona	55,971	Y453073
93.393	University of Illinois, Chicago	19,210	1 P01-CA98262 / 495246
93.395	University of Maryland	16,613	CG0332 AMEND. 5
93.570	National Youth Sports Program	29,562	NYSPP 06:036
93.575	Crook County Oregon	83,788	Not Available
93.575	Lane County	10,476	Not Available
93.575	Oregon Child Care Resource and Referral Network	86,303	Not Available
93.576	Immigrant and Refugee Community Organization	27,717	Not Available
93.587	Smith River Rancheria Indian Tribe	2,711	002
93.631	The Arc of the United States	30,578	Not Available
93.778	Multnomah County	11,830	4600006187
93.778	Multnomah County	16,000	4600006666
93.778	Multnomah County	17,655	4600006448
93.837	University of Toledo Health Science Campus	69,787	N2007-44
93.837	University of Toledo Health Science Campus	141,813	N2005-105
93.838	Oregon Health & Science University	48	GMMED0047A
93.838	Pacific Northwest National Lab	54,128	14621
93.853	Duke University	42,533	133248 MOD. 2
93.853	Economic Development Admin - Mid-Columbia	9,484	Not Available
93.853	Legacy Emanuel Hospital & Health Center	18,024	Not Available
93.853	Oregon Health & Science University	15,268	GNEUR0201
93.853	Oregon Health & Science University	29,720	GNEUR0338A(A)
93.853	Stanford University	107,572	PR-0744
93.853	University of Virginia	105,271	GC11247-123264/125519
93.855	DesignMedix, LLC	16,849	Not Available
93.856	MitoScience, LLC	18,339	10032
93.856	SIGA Pharmaceuticals Inc	5,748	2004-12
93.856	University of Washington	46,957	287655
93.856	University of Washington	49,103	149688
93.856	University of Washington	99,518	217608
93.859	American Museum of Natural History	61,037	5-2004 AMEND. 2
93.859	MitoScience, LLC	56,082	10889
93.859	University of California, Santa Barbara	27,874	KK5148
93.859	University of Florida	91,271	UF06025 / PJ00061280
93.859	University of Florida	157,262	UF-IFAS-0006184
93.859	University of Michigan	217,458	F014733
93.859	University of Texas	19,702	06-014/PO UOSPC-0000000013
93.859	University of Texas	49,075	07-005 / PO UOSPC-0000000143

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93.859	Wake Forest University	1,951	58105
93.859	Wake Forest University	88,661	WFUHS 58100
93.865	University of Colorado	55,930	SPO 58560 / 1542997
93.866	Oregon Health & Science University	21,480	GNEUR0248A A
93.866	Oregon Health & Science University	33,973	GNEUR0283B(A)
93.867	Legacy Emanuel Hospital & Health Center	7,691	Not Available
93.933	Confederated Tribes of Warm Springs	83,621	Not Available
93.945	African American Health Coalition	118,186	Not Available
93.955	The Center to Protect Workers Rights	44,640	1030-28-A2
93.955	The Center to Protect Workers Rights	98,257	1030-12 AMEND. 3
93.955	University of Iowa	71,501	1000554465
93.969	Oregon Health & Science University	67,072	GSONO0091A A
93.969	Oregon Health & Science University	73,755	GSONO0091A B
93.989	Smithsonian Institute	65,242	04-SUBC-440-0000032544
93.989	University of Miami	41,096	Not Available
94.005	Oregon Campus Compact	3,393	Not Available
94.006	Oregon Housing and Community Services	28,395	580
94.006	Oregon Housing and Community Services	82,828	718
94.007	NWREL	(30,838)	33700000000000
94.007	Oregon Housing and Community Services	5,000	673
94.007	Western Washington University	16,479	54547-D
96.007	Academy for Educational Development	19,874	3595
97.044	City of Portland	26,275	37242
98.001	Academy for Educational Development	(21,552)	2970-013-OSU-02
98.001	Academy for Educational Development	38,302	2970-013-OSU-03
98.001	Universidad de Guanajuato & SOU Amistad Program	9,900	HNE-A-00-97-00059-00
98.002	American Council on Education	720,166	Not Available
98.005	Michigan State University	34,495	61-3121
98.012	Agency for International Development	26,026	Not Available
11.XXX	Oregon Health & Science University	110,922	GCLMR0011A 1
12.XXX	Center on Functional Engineered Nano Architecture	46,527	Not Available
12.XXX	Hughes Research Lab	29,355	502051-BS
12.XXX	Massachusetts Institute of Technology	30,151	3100479
12.XXX	Massachusetts Institute of Technology	30,842	3046374
12.XXX	Oregon Health & Science University	326,076	GPACS0016-PSU
12.XXX	Thermogear, Inc.	14,983	Not Available
14.XXX	Neighborhood Partnership Fund	37,146	7010-24- B2H
15.XXX	Pacific States Marine Fisheries Commission	97,937	02-01
15.XXX	Tualatin River Watershed Council	4,798	Not Available
17.XXX	Johnson, Bassin & Shaw, Inc.	493	S6070-PSU C-5835
17.XXX	Johnson, Bassin & Shaw, Inc.	30,515	56040-PSU FP-1602
20.XXX	National Academy of Sciences	53,695	B-29
43.XXX	National Aeronautics and Space Administration	26,726	2005ARMD00004
43.XXX	University of Puget Sound	10,673	213011-NASA011
66.XXX	Quantec, LLC	13,922	Not Available
81.XXX	Oregon Nanoscience & Microtechnologies Institute	18,656	DOE BER 3
81.XXX	University of California	6,066	B556673
81.XXX	Wy' East RC & D	18,425	Not Available
84.XXX	Johnson, Bassin & Shaw, Inc.	6,599	Not Available

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

93.XXX	American Institutes for Research	29,465	00242.02054.001
93.XXX	American Institutes for Research	38,840	SC-05-02054 001-03
93.XXX	Pal-Tech, Inc.	<u>34,300</u>	Not Available
		<u>\$ 38,682,813</u>	

State of Oregon
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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

Significant deficiency(ies) 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

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

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

Qualified – Capitalization Grants for Clean Water State Revolving Funds, Rehabilitation Services – Vocational Rehabilitation Grants to States, Temporary Assistance for Needy Families, State Children's Insurance Program, and Special Education Cluster

Unqualified – All Other Major Programs

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

yes no

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Identification of major programs:

CFDA Number	<u>Name of Federal Program or Cluster</u>
17.225	Unemployment Insurance
66.458	Capitalization Grants for Clean Water State Revolving Funds
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
84.367	Improving Teacher Quality State Grants
93.268	Immunization Grants
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.767	State Children’s Insurance Program
N/A	Schools & Roads Cluster
N/A	Workforce Investment Act (WIA) Cluster
N/A	Special Education Cluster (IDEA)
N/A	Aging Cluster
N/A	Child Care and Development Fund (CCDF) Cluster
N/A	Medicaid Cluster

Dollar threshold used to distinguish between
type A and type B programs: \$18,105,141

Auditee qualified as low-risk auditee? yes no

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Section II – Financial Statement Findings

07-1

Oregon Department of Human Services

Expenditure Accrual

Material Weakness

The department's largest expenditure account is Distributions to Individuals and includes payments made to, or on behalf of, clients. During fiscal year 2007, the department's Distribution to Individuals account totaled approximately \$2.86 billion. Though the department has consistently applied an accrual methodology for expenditures, they have not performed a review to verify whether the methodology is reasonably accurate. Further, the department has not considered the impacts of the accrual at a federal grant level.

According to the Oregon Accounting Manual, and in compliance with generally accepted accounting principles (GAAP), expenditures are subject to accrual if they are expected to be paid within 90 days after fiscal year end. To determine the reasonableness of the department's expenditure accrual we compared the accrual with expenditures paid during the accrual period. Specifically, we reviewed accrual period detail for 12 grants which comprised 91.8 percent of the total accrual or \$65 million. We determined the department incurred \$103 million in expenditures that were subject to accrual. As a result, the Distributions to Individuals account and related accounts receivable account were understated by \$38 million.

Our review indicated that, overall, expenditures subject to accrual were greater than the amount accrued. The difference was most apparent for the Medicaid grant, which comprised 72.6 percent of the total accrual; the department accrued \$51.8 million but accrual period expenditures totaled \$92.1 million. However, we also noted instances where the accrual for an individual grant was significantly more than accrual period expenditures. For example, the department accrued \$1.3 million for one grant which incurred only \$.3 million in expenditures during the accrual period.

To facilitate year end closing, the Oregon Accounting manual encourages agencies to use accounting estimates if actual accrual amounts are not available in a timely manner. Using estimates is an acceptable accounting practice, provided the basis on which the estimates are made is fundamentally sound and conforms with GAAP.

We recommend department management review their accrual methodology, and compare estimated accruals with actual accrual period results. This will allow management to make any necessary adjustment to their methodology to ensure it is fundamentally sound and results in accruals that are reasonably accurate.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

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Discussion: The department followed past established procedure in making the estimates for 2006-07. Since financial statement accruals must be estimated before actual accruals are known, that procedure is based on prior budgetary accruals, with adjustments for growth and other changes. The primary reason the current procedure results in inaccurate accruals is that Medicaid budgetary accruals (unlike other department accruals) are not done on the same basis as financial statement accruals.

The current budgetary treatment of Medicaid causes a number of problems for the department. The department has identified these problems and is working with the Legislature and DAS to change the budgetary treatment of Medicaid accruals.

Corrective Action Plan: While the department is pursuing changes to Medicaid accruals, we are currently revising our financial statement procedures for estimated expenditures to account for the differences between financial statement and budgetary accruals and to produce better grant-by-grant accruals. By May 31, 2008, the department will complete a test of these new procedures based on prior period data. After any revisions indicated by these tests, the department will implement these procedures for the 2007-08 estimates.

07-2

Oregon Department of Human Services

Other Revenue – Drug Rebate

Material Weakness

According to the Oregon Accounting Manual, a department's internal controls must be adequate to provide reasonable assurance that transactions are accurate and properly recorded and executed in accordance with accounting principles. That same level of assurance should be required for services and financial information provided to the state by independent service providers.

The department relies on an independent service provider to provide them with accurate drug rebate revenue and related accounts receivable information. During fiscal year 2007, the department recorded \$57.6 million in drug rebate revenue. We inquired of the department as to how they ensure the service provider has adequate controls in place over the accounting information being provided to the department. The contract between the department and the service provider does not require a periodic review of the provider's controls, performed either by an independent party or by the department. As a result, the department does not have a high-level of assurance that the service provider has internal controls in place to ensure the accounting information being provided to them is accurate.

The department recorded an accounts receivable for drug rebate revenues due as of June 30, 2007, using information provided by the independent service provider. The department did not seek additional supporting documentation or clarification from the service provider and did not follow generally accepted accounting principles as discussed below:

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- First, the department recorded a \$17.8 million accounts receivable balance to current period revenue rather than considering whether some of the revenue was earned in prior fiscal years.
- Then, when the department received a revised accounts receivable balance from the service provider, the department incorrectly recorded the \$4.3 million increase in accounts receivable and revenue accounts to fiscal year 2008.
- Finally, the department did not record an allowance for doubtful accounts associated with the receivable balance or inquire of the service provider as to whether it would be appropriate to consider recording an allowance.

When auditors inquired of the service provider to determine the amount of the receivable balance that was for revenue earned in prior periods and the portion of the balance that should be recorded as doubtful, the service provider submitted documentation showing that \$11.3 million was for revenue earned in fiscal years prior to 2007 and that a \$2.3 million allowance for doubtful account should have been recorded.

We recommend department management ensure future contracts with service providers require the service providers to have periodic independent internal control reviews performed. Further, we recommend department management ensure adequate supporting documentation is obtained for all transactions posted to the accounting system. Management should provide training as necessary to help ensure staff and supervisors post all transactions in accordance with the revenue recognitions principles identified by GAAP.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: The department has conducted training since 2004 on proper documentation of expenditures. The situation has improved but needs to get better. Since the period of this audit, the department has also revised its contracting language to make the record keeping and auditing requirements more specific.

Corrective Action Plan: By April 30, 2008, the department will revise its training plan to further emphasize proper documentation. In addition, the deputy director and controller will put special emphasis on helping managers understand their role in reviewing transactions for proper documentation as part of their approval process.

The department will also review the new contract language in light of this recommendation and make any appropriate changes.

07-3

Oregon Department of Human Services
Other Revenue Accrual

Revenue must be recognized in government funds when it is both measurable and available to finance current period expenditures. If the amount of the revenue is known or can be reasonably estimated (measurable) and is received within 90 days of year end (available) it should be accrued.

To develop the other revenue account accrual, the department queried the accounting system to identify revenue posted after year end that was earned in fiscal year 2007. The department's query inappropriately excluded a revenue control accrual account. As a result, the department accrued an extra \$3,489,525 causing the other revenue account to be overstated by that amount. Management's review of the accrual transactions did not identify the error.

We recommend department management ensure appropriate query limits are used and communicate the importance of management reviews to ensure other revenue is properly accrued at fiscal year end.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: The department has conducted training since 2004 on proper documentation of expenditures, including documentation of BRIO query limits. The situation has improved but needs to get better.

Corrective Action Plan: The department will include documentation of query limits in the focused efforts to improve documentation described in the response to the third finding. Currently, other fund revenue accruals are done by grant accountants that apply revenues and expenditures to specific programs. By May 30, 2008, as part of the revision of the expenditure accrual processes described the response to the second finding. The department will develop a procedure to either centrally produce other fund revenue accruals consistent with the revised procedure currently under development for expenditures and federal revenues or will require the manager responsible for the centralized expenditure estimates and the department's controller to review and approve all other fund revenue accruals.

07-4

Oregon State Police
Financial Reporting Accuracy
Material Weakness

The state's governmental funds are reported using the modified accrual basis of accounting. Therefore, expenditures should be recognized when the related liability is incurred regardless of the timing of the related cash flows. The quality of the state's Comprehensive Annual Financial

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Report depends on the accuracy and completeness of year end closing activities. For agencies, this means financial statement accruals should be recorded in month 13, the last period of each fiscal year. We found the department did not record all accruals it should have during fiscal year 2006 for the Distributions to Counties and Distributions to Cities accounts. We identified approximately \$5.2 million and \$5.8 million, respectively, of expenditures relating to fiscal year 2006 that were recorded as expenditures of fiscal year 2007, instead of being accrued to the prior fiscal year. As a result, these two accounts were overstated by material amounts in fiscal year 2007. Prior to the end of the audit, the department accepted our proposed adjustments to these accounts in the amounts noted above.

We recommend department management ensure that it properly accrues amounts at fiscal year end so that accounts are accurately stated for financial reporting purposes.

AGENCY'S RESPONSE:

The department agrees with this finding.

The incomplete recording of financial accruals associated with the aforementioned accounts is due, in part, to accounting services functions performed in a de-centralized environment.

As a result of action taken during the 2007 Legislative Session, the Oregon State Police no longer has accounting services performed outside of its General Headquarters Office. The Accounting Manager is responsible for setting standards and monitoring the accuracy of financial data entered into the Statewide Financial Management Application (SFMA) to ensure Fiscal Year End financial accrual queries include all of the pertinent information for accurate reporting to the Department of Administrative Services (DAS) Statewide Accounting and Reporting Section (SARS).

To accomplish this, the Accounting Manager is developing an Internal Control policy and procedure (to include an audit function for reviewing data specifically associated with Fiscal Year End accounting entries) and providing annual Fiscal Year End training to technical and professional level accounting staff. The Internal Control policy and procedure will be developed in accordance with generally accepted accounting principles and will be consistent with policies and procedures established by the Department of Administrative Services.

The Internal Control policy and procedure is anticipated to be drafted for test implementation during Fiscal Year End 2008 activities. The initial Fiscal Year End training session is anticipated to begin in mid-June 2008 in preparation of Fiscal Year End activities. The Internal Control policy and procedure will be finalized by January 31, 2009.

The department believes the centralized accounting structure and development of an Internal Control policy will correct the incomplete recording of financial accruals for Fiscal Year End reporting. The Accounting Manager will communicate with staff on the appropriate method of entering financial data into the SFMA, and the process of reviewing data entry prior to the release of batches, to ensure accuracy when querying data for Fiscal Year End reporting.

07-5

Oregon Department of Forestry

Services and Supplies Expenditures Not Recorded in Compliance with Generally Accepted Accounting Principles

Generally accepted accounting principles (GAAP) require expenditures to be recognized when goods or services are received. State accounting policy specifies that department management is responsible for ensuring financial information is recorded in conformity with GAAP. For fiscal year 2007, the department recorded services and supplies expenditures, totaling approximately \$1.9 million, for which no goods or services were received. These monies were transferred to the Facilities Maintenance and Development Account, another internal department fund, to allow unused monies from the 05-07 biennial authorization to be expended against the 07-09 biennial authorization. The result of this practice is that monies are recorded as expended twice; once for the current year, and again in the period the monies are actually expended.

We recommend the department ensure all expenditures are accurately recorded when goods or services are received in accordance with GAAP.

AGENCY'S RESPONSE:

The department generally agrees with the finding.

The facilities account, as established by ORS 276.285 during the 1997-99 biennium, is structured in the manner directed and approved by both the DAS Budget and Management Division and the Oregon Legislative Fiscal Office at the time of creation. The guidance we received from this legislative process was to move the amounts from the other programs as revenue to the facilities account and spend from this facilities account for facilities related expenditures. This has been the process under which we have functioned since the 1997-99 biennium.

We are aware of the "accounting versus budgeting" requirements, and acknowledge the need to accurately record goods and services received from account expenditures. To that extent, we agree with the finding and recommendation. However, this will require us to inform and work with the DAS State Controllers Division, the DAS Budget and Management Division, and the Legislative Fiscal Office to develop and gain approval for a new process that complies with GAAP. We will begin work on this item now as we develop our 2009-11 biennial budget, and complete the work that is within our control with the submission of the Agency Request Budget on September 1, 2008. Final legislative approval would occur with the adoption of the agency's budget in the summer of 2009. If, in consultation with the DAS State Controllers Division, DAS Budget and Management Division, and the Legislative Fiscal Office, we can institute the necessary changes prior to the completion of the biennial budget process, we will do so at the earliest possible time.

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07-6

**Oregon Department of Forestry
Incomplete Risk Assessment Process**

An organization's risk assessment for financial reporting purposes is its identification, analysis and management of risks relevant to the preparation of financial statements that are fairly presented in conformity with generally accepted accounting principles. According to the state policy, once risks are identified, management should consider their significance, the likelihood of occurrence and how to manage them. The department has developed a risk assessment that identifies risks throughout the department. The risk assessment has specific risks related to different service areas and does include risks that would affect financial reporting. However, department management has not developed a plan to manage the risks identified.

We recommend the department develop and implement a plan to manage risks identified for financial reporting.

AGENCY'S RESPONSE:

The department agrees with the finding.

Regarding our risk assessment process, we have prioritized previous annual audit findings to establish a risk assessment process for financial reporting, and have then implemented appropriate corrective actions in each case to address risk and improve internal controls. As identified by the audit team, the Quality Assurance Program's agency-wide risk assessment did address financial reporting, but management did not have a documented plan to manage those risks. Within that context, the department agrees with the finding. The department will adapt and implement an internal control framework which will have documentation of department managers' assessment of risks for their areas as well as plans for implementing control activities that will manage the identified risks. This process will be expedited for the Fiscal Services Unit.

07-7

**Oregon Military Department
Classification of Building Costs**

Generally accepted accounting principles and the *Oregon Accounting Manual* indicate that temporary capitalization of construction costs should be reclassified to a capital asset account when the project is complete.

The department's procedures for reclassifying capitalized construction costs did not fully conform to the above principles. The department's usual procedure was to reclassify capitalized construction costs after final payments were made to contractors. As a result, the capital asset account, Buildings and Building Improvements, was not always accurate. For example, during the fiscal year 2007 audit, we found that phase one of the Lane County Armed Forces Reserve Center was completed in January 2006, but department staff did not reclassify the related

construction costs until June 2007. Therefore, the fiscal year 2006 Buildings and Building Improvements account was understated by approximately \$4.9 million. We also reported this condition to the department during the fiscal year 2006 audit. There was no effect to this account during fiscal year 2007.

We recommend department management revise its procedures for reclassifying capitalized construction costs to conform with generally accepted accounting principles and the *Oregon Accounting Manual*.

AGENCY'S RESPONSE:

The department agrees with the finding. The finding indicates a need for improved communication between OMD construction branch and OMD Financial Administration Division on project status. The department will develop a checklist of indicators used to evaluate all construction projects at or near fiscal year end for potential reclassification from Construction in Progress to the appropriate asset account.

07-8

Oregon Parks and Recreation Department

Incomplete Services and Supplies Expenditure Accrual Process

Generally accepted accounting principles require expenditures be recognized when goods or services are received. This requires the department to accrue expenditures incurred but not yet paid at the end of the fiscal year. The department's services and supplies expenditure accrual process, however, did not ensure accurate reporting of expenditures incurred during the reporting period. As a result, services and supplies were overstated by approximately \$749,000 as of June 30, 2007.

We recommend department management evaluate its expenditure accrual process and develop a more effective methodology to ensure expenditures are appropriately accrued to the proper period.

AGENCY'S RESPONSE:

The department agrees with this finding.

We will work with our internal IT Department to ensure the agency's Financial Management System (FMS) recognizes month 13. Once we determine that the program is working correctly, we will create BRIO queries to ensure accurate and appropriate processes are in place to accrue agency expenditures in the proper period.

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07-9

Oregon Parks and Recreation Department

Inadequate Segregation of Duties Over Contracting Retainage Account

The department established an interest bearing retainage account for a large construction contract, at a banking institution other than the Oregon State Treasury (Treasury), after receiving approval from Treasury. Only one authorized signer was established for the account, which did not ensure adequate segregation of duties. The Oregon Accounting Manual (OAM) states that proper segregation of duties is necessary for effective control procedures. Management should ensure adequate separation of authorization for transactions, recording of transactions, custody of assets and periodic reconciliation of existing assets to recorded amounts. Without adequate segregation of duties, there is an increased risk that errors and/or misappropriation of assets could occur and not be detected, or detected timely.

We recommend department management ensure appropriate segregation of duties for accounts established at banking institutions outside of Treasury. Management should require a minimum of two authorized signers be present when a withdrawal is made and that payments from the account are authorized by both signers.

AGENCY'S RESPONSE:

The department agrees with this finding.

Effective immediately, the department will ensure appropriate segregation of duties, including presence of two authorized signers for establishment, withdrawal, closure, or other significant activity for an account required to be retained outside of Oregon State Treasurer's Office.

07-10

Oregon Parks and Recreation Department

Inadequate Support for Service & Supply Expenditures

We found that the department paid a vendor \$44,000 for invoiced goods and services provided under a media contract when supporting documentation supported only \$42,169 of the payment. State policy notes that each employee authorized to make an expenditure decision involving state funds must ensure that the transaction is for authorized purposes and is a responsible and appropriate use of these funds. The department cannot ensure that payments made to vendors are accurate and in compliance with contract provisions if adequate supporting documents are not obtained and reviewed by agency personnel before payments are made.

We recommend department management ensure adequate supporting documentation is received and reviewed for accuracy and appropriateness before the department releases payment to a vendor.

AGENCY'S RESPONSE:

The department agrees with this audit finding.

Effective immediately, adequate supporting documentation will be required, obtained, reviewed and maintained for all payments issued.

07-11

Oregon Public Employees Retirement System
Reconciling Items Not Cleared Timely

The Oregon Public Employees Retirement System (system) has not promptly cleared reconciling items from three clearing accounts it uses to reconcile two subsidiary systems. The reconciling items exceeded \$259 million as of June 30, 2007, a \$10 million increase from June 30, 2006. Items totaling \$205 million (79 percent) have remained in the clearing accounts for more than one year.

Reconciling items are recorded in the clearing accounts when a difference occurs between amounts reported in the Membership and Benefit Reserve subsidiary components of the system's Retirement Information Management System (RIMS). Each item remains in the clearing accounts until system staff can review and resolve the differences. Unresolved reconciling items could cause over or under payments of refunds or benefits.

We recommend system management take steps to resolve items in the clearing accounts in a timely manner.

AGENCY'S RESPONSE:

The department agrees with this finding and is working to resolve items in the clearing accounts in a timely manner.

In 2005 the Oregon Supreme Court issued two significant rulings (the Strunk and Eugene cases) affecting all PERS benefit transactions completed from April 2000 to January 2006. Under that process, the transactions that generated the reconciling items in the retirement clearing account will be recalculated and the associated reconciling items will be eliminated. PERS plans to complete these adjustments by June 30, 2009. As of February 1, 2008, approximately \$214 million (79 percent) of the clearing accounts are assigned to this process. This represents the items that have remained in the clearing account for more than one year. We now manually review and adjust the remaining accounts, on a monthly basis.

07-12

Oregon Public Employees Retirement System
Weakness in Cash Controls

The *Oregon Accounting Manual* and the system's policies recommend procedures to perform timely reconciliations of cash recorded in agency records to amounts reported in statements from the Oregon State Treasurer's Office (treasury). Those reconciliations should be performed

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by persons not otherwise responsible for handling or recording cash and should be independently reviewed by management.

We found the system could improve controls over cash reconciliations. Specifically:

- Six monthly reconciliations of the primary suspense account used to distribute retirees' benefits took from four to seven months to complete;
- Not all reconciliations were reviewed within the required time period set by the system's policy;
- Not all reconciliations had evidence that a manager had performed the review; and
- Reconciling items totaling approximately \$1.4 million in one account dated back to 1997. Inquiries of management disclosed that those items had cleared the treasury.

We recommend system management ensure cash reconciliations are completed in a timely manner and reviewed by a member of management in accordance with policy established in the *Oregon Accounting Manual*. Evidence of management's review should be documented. We also recommend system management take steps to clear the \$1.4 million of reconciling items.

AGENCY'S RESPONSE:

The department agrees with this finding.

All reconciliations had been worked on, but were not finalized in a timely fashion. We continue to work on the systemic problems (multiple interfacing sub-systems with no direct connectivity to SFMA) that produce the unreconciled differences and out-of-balance situations. Management reviews and approves all reconciliations on a monthly basis. We intend to complete these investigations, including the resolution of the \$1.4 million, by no later than June 30, 2008.

07-13

**Oregon Employment Department
Incorrect Financial Statement Disclosure Amounts**

Information that may be required for disclosure in the notes to the state's financial statements is obtained through completion of year end disclosure forms. These disclosure forms and other requested information are critical to the preparation of the notes to the state's financial statements. Agency management is responsible for the accuracy and completeness of their agency accounting records and the information provided for disclosure purposes.

During fiscal year 2007, the department experienced turnover in several significant accounting positions. As a result, both the preparer and reviewer of the lease disclosures were new in their roles.

Upon review of the spreadsheet used to support the state's note disclosure for operating lease commitments submitted by the department, we found incorrect formulas and amounts. As a result, the disclosure was understated in total by \$16,527,074.

We recommend department management perform a thorough review of all disclosures and related spreadsheets before they are submitted for inclusion in the notes to the state's financial statements.

AGENCY'S RESPONSE:

The department generally agrees with the finding.

The department has had tremendous turnover in the accounting section and as a result we submitted an incorrect amount for the lease disclosure. We have discussed this finding with both the Chief Financial Officer and the Accounting Manager and will adopt your recommendation of having management conduct a thorough review of all disclosures and related spreadsheets prior to submission to the State's financial statements.

07-14

Oregon Department of Revenue

Taxes Receivable – Year End Financial Reporting

Guidance in the *Oregon Accounting Manual* for the year end closing process indicates that accounting estimates used for accruals should be fundamentally sound, sufficiently documented, able to be audited, and conform with generally accepted accounting principles. The quality of the state's Comprehensive Annual Financial Report depends on the accuracy and completeness of year end closing activities, including the preparation of accruals. Agency management is responsible for ensuring the accuracy and completeness of the information that supports its year end adjustments.

Furthermore, governmental accounting standards require assets from income tax revenue transactions to be recognized in the period when the taxpayer earned the income. This indicates that, at fiscal year end, the accrual for taxes receivable would include an estimate of future collections of taxes due that may not yet be identified by the department.

For 2007, the department's accrual for taxes receivable equated to the sum of outstanding taxpayer liabilities identified by the department plus a portion of the receipts the department recorded in July following the fiscal year end. The department's accrual methodology could be improved by including steps to estimate collections of taxes due that might not be identified by the department at fiscal year end, but the department could reasonably estimate, such as amounts from future tax audits. The department could further improve its methodology by comparing prior accruals with subsequent collections and using the results to evaluate its methodology. The comparison could also provide the department with assurance about the reliability of its estimate.

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We recommend department management reconsider its methodology for accruing taxes receivable at fiscal year end and consider whether modifications are indicated. In addition, management should implement a procedure to compare prior accruals with subsequent collections and use the results to assess the reliability of the accrual and to make further modifications to the methodology as needed.

AGENCY'S RESPONSE:

The department management agrees with the intent of the recommendation to review the methodology for estimating taxes receivable at year end.

We will work with the State Controllers Office to evaluate alternatives that best meet the State's needs of consistency, understandability, timeliness and accuracy.

Additionally, management will implement the recommendation to periodically evaluate the reliability of the methodology by comparison to subsequent collections.

07-15

Office of the State Treasurer

Controls Over Reasonableness of Alternative Equity Valuations in Accordance with GAAP

The Office of the State Treasurer (Treasury) plays an important role in the state's reporting entity and is responsible for managing the state's investments and for maintaining accurate accounting records in accordance with generally accepted accounting principles (GAAP). Treasury is responsible for providing adequate investment information to enable state agencies and the Statewide Accounting and Reporting Services to complete the Comprehensive Annual Financial Report of the State of Oregon in accordance with GAAP.

The Oregon Investment Council contracts with external managers to create partnerships to invest in alternative equities, primarily for the Oregon Public Employees Retirement Fund (OPERF). These alternative equities do not have readily determinable market values, but are required to be reported at fair value.

One type of alternative equity investments in OPERF are private equity partnerships. Pacific Corporate Group, a private consultant, monitors the performance of these investments and reports to Treasury.

State Street Bank is the book of record for investment values reported in the state's annual financial report. As part of this service, State Street Bank compiles information from the partnerships to derive the alternative equity investment balances. Treasury receives reports from State Street Bank and distributes them to appropriate state agencies for reporting in the state's annual financial report.

The American Institute of Certified Public Accountants recently issued a practice aid for auditors that was developed by the Alternative Investment Task Force. This guidance emphasizes that, because of their nature, alternative investments can be complex and involve significant judgment in determining their fair value and that the investment entity (Treasury) is responsible for the valuation process and related internal controls. The guidance goes on to emphasize that, “although the investor entity’s management may look to the fund manager for the mechanics of the valuation, management must have sufficient information to evaluate and independently challenge the fund’s valuation.” Prudent business practices also suggest that management have adequate controls in place to ensure the proper valuation of the state’s investments in accordance with GAAP.

While Treasury management appears to have implemented controls over the management of these investments, we found Treasury does not have sufficient controls in place to ensure the alternative equity investment valuations are reported in accordance with GAAP.

Alternative Equity Valuations

Private equity partnerships within the alternative equity investments account totaled approximately \$7.5 billion of the pension trust investments at June 30, 2007. Although, management has knowledge of the nature of the investments and the portfolio strategy, we found that Treasury relies on State Street Bank for the valuation that is reported to state agencies and does not have a process in place to evaluate and independently challenge the valuation. We reviewed the information prepared by State Street Bank for the quarter ended June 30, 2007, as it was provided by Treasury for OPERF. We found that State Street Bank did not record the market values for three of the 147 partnerships, resulting in a \$104.8 million understatement. Treasury management corrected all known misstatements in subsequent reports to OPERF.

Application of Discounts

State Street Bank values investments in accordance with their clients’ instructions. During fiscal year 2007, Treasury modified their discount policies in accordance with FASB 157, which allows consideration of the effect of all sales restrictions when calculating the fair value of equity investments. Consequently, Treasury instructed and State Street Bank applied discounts to public equity investments within the Private Equity Portfolio. The Governmental Accounting Standards Board (GASB), which is the highest source of GAAP for state governments, requires these equity investments to be recorded at fair value, that is, without the discounts. We identified a \$52 million understatement that occurred due to Treasury incorrectly reporting the discounts. Treasury management corrected all known misstatements in subsequent reports.

We recommend Treasury management document an understanding of the valuation process used by the partnerships and State Street Bank and establish controls sufficient to evaluate and challenge the valuations on a periodic basis, and provide assurance that the investment information provided by Treasury to state agencies will enable the agencies to report investments in accordance with GAAP.

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AGENCY'S RESPONSE:

The department generally agrees with the finding.

Management is strongly committed to strengthening controls in this area. The Office of the State Treasurer is developing new procedures and controls to help ensure that we comply with GAAP regarding valuation and reporting over alternative equities. Management has formed a team with staff from multiple divisions that is working on strengthening the controls to meet this objective. Additionally, Internal Audit Services and Investment Accounting are assisting management in identifying effective solutions to this issue both for GAAP compliance and to enhance communication and education of our agency partners in the proper applicability of valuations provided by this office.

We anticipate having the new controls and processes in place and functioning by June 30, 2008 to ensure that the valuations in the year-end financial statements are properly reported in accordance with GAAP.

07-16

Department of Administrative Services

Timeliness of Identifying Construction Projects as Completed

During our testing of the Buildings and Building Improvements account, we reviewed transactions posted to the Statewide Financial Reporting Application (SFMA) during fiscal year 2007. In gaining an understanding of the accounting process, we noted that key entries into the accounting records are based upon information provided by the department's Facilities Division (Facilities) to the department's Operations Division (Operations).

In our review, we noted several instances in which final payments to vendors were made years before the project was identified as completed in SFMA. In some instances, final payments were made in May of 2003 and October of 2004, but the projects were not identified as completed in SFMA until fiscal year 2007. As a result, completed projects were misclassified on the state's financial statements as construction in progress rather than reclassified to the appropriate capital asset account.

In addition, accounting standards require that most capital assets, such as buildings and building improvements, be depreciated over their useful lives. The useful life of the asset begins when the project is substantially completed and the asset is placed into service. If projects are not reclassified to capital assets when they are completed, they will not be depreciated over the useful life of the asset, as required by accounting standards.

We recommend department management ensure that the Facilities Division communicates in a timely manner the completion of construction projects with the accounting staff in the Operations Division to assure proper financial reporting for capital assets. To facilitate this communication, the Facilities Division should periodically review the projects identified in SFMA as construction in progress and determine if that classification remains appropriate.

AGENCY'S RESPONSE:

The department generally agrees with the finding and the recommendation.

The new Planning and Construction Manager in the DAS Facilities Division has set up a Facilities Capital Project Oversight Committee. This committee includes Facilities managers and Operations Accounting and Financial Services staff. The purpose of this committee is oversight of capital projects and reviewing construction progress, including funding sources. The committee will meet every two weeks. This committee will ensure that Facilities Division communicates, in a timely manner, the completion of construction projects with the accounting staff in the Operations Division, as recommended.

07-17

Oregon Department of Fish and Wildlife

Lack of Reconciliation for Hunter and Angler Licenses

The department licensing office, located at its Salem headquarters, does not perform a reconciliation between the Point of Sale (POS) licensing system and the cash register system for fax/mail order license sales. To account for the licensing sales, the department uses the POS system to generate the license or tag and then a cash register system to record the receipt of cash. A daily reconciliation of cash, checks, and credit card activity is performed to compare amounts received to amounts in the cash register system. However, a reconciliation is not completed between the two systems to ensure that the licenses generated in the POS system match the cash register receipts for fax/mail order license sales. The absence of this control increases the risk of misappropriation of licenses, tags, and/or cash receipts.

We recommend department management strengthen its controls over license sales by reconciling cash register sales to the POS licensing system to ensure that revenues have been received for all sales.

AGENCY'S RESPONSE:

The department generally agrees with the finding.

Initially, during the 2005 financial audit, the department thought this issue would be resolved with the new POS system. However, the new system will not resolve the reconciliation issue. During the 2006 audit, the department responded that a solution would be identified and implemented for this internal control weakness by January 1, 2007.

Even without a system process in place, the transactions input into the register and the POS licensing system can be reconciled. Both transactions are tracked with a corresponding identification number. The department will document and implement a sampling review of POS transactions against register transactions. This review will be conducted on a regular basis.

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This review will continue in lieu of reconciliation until such time resources are available or system capabilities enable a full and complete reconciliation.

07-18

Oregon Department of Fish and Wildlife

Inadequate Procedures for Estimating Federal Revenue and Accounts Receivable

The department reports all of its federal receivables as current with a corresponding recognition of federal revenue. Generally accepted accounting principles (GAAP) require, however, that revenues be reported in the period they become both measurable and available to finance current period expenditures. For the state, governmental fund revenues are considered available if payment is expected within 90 days of fiscal year-end. We estimated that \$1.7 million of the reported \$14.9 million federal receivables should have been reported as non-current receivables.

The department does not have written policies and procedures for the investigation of outstanding receivables. This deficiency can result in the overstatement of current receivables and federal revenues.

We recommend department management develop and implement policies and procedures for its federal receivables to ensure the proper reporting of current and non-current receivables and revenues in accordance with GAAP.

AGENCY'S RESPONSE:

The department generally agrees with the recommendation, but disagrees with part of the finding

The department reported a portion of the federal receivables as non-current based on criteria of the particular agreements. The non-current amount was estimated using the agency's standard methodology, which includes reviewing contract status. Based on that review, agreement terms, and federal cash management guidelines, the department identifies amounts that will be received within 90 days – these are therefore designated as current receivables. The department reviews the methodology annually and adjusts it based on current findings.

The department will document the methodology in a policy and/or procedure format.

07-19

Oregon Department of Fish and Wildlife

Lack of a Risk Assessment

An organization's risk assessment for financial reporting purposes is its identification, analysis and management of risks relevant to the preparation of financial statements that are fairly presented in conformity with generally accepted accounting principles. State policy indicates risks should be identified and that management should consider their significance, the likelihood of occurrence and how to manage them. The department did not complete an agency risk

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assessment during fiscal year 2007. Consequently, there is an increased risk that department management may be unaware of risks that, if not addressed, could cause inaccuracies in the department's financial reporting.

We recommend department management perform an annual risk assessment to help ensure risks related to financial reporting are identified and evaluated.

AGENCY'S RESPONSE:

The department generally agrees with the recommendation.

The department completed a risk assessment of the financial close process January 10, 2008. The risk assessment included the significant deficiencies identified by the Audits Division. The risk assessment will be reviewed and updated each fiscal year.

07-20

Oregon Department of Education
Inaccurate Expenditure Accruals

During the fiscal year 2006 closing process, the department reclassified outstanding encumbrances to accounts payable and concurrently accrued expenditures even though no goods or services were received at the time. The error was detected by the Department of Administrative Services (DAS) during the compilation of the statewide financial statements. DAS completed an analysis to make corrections for the statewide financial statements. DAS communicated with department management to verify the analysis and department management agreed with the corrections. The department, however, overlooked the fact that they had already made a portion of the accrual correction, resulting in a total misstatement of expenditures of approximately \$9.7 million. The department corrected this error prior to fiscal 2007 year end.

During the fiscal year 2007 closing process, the department's expenditure accrual process did not ensure complete reporting of all nutritional support expenditures incurred during the current reporting period. The process determined reported expenditures based on appropriation year instead of the fiscal year in which the expenditures were incurred. As a result, expenditures were understated by approximately \$557,000 at June 30, 2007.

Generally accepted accounting principles require expenditures be recognized when goods or services are received. In addition, state accounting policy guidelines indicate management is responsible to ensure fiscal year end closing procedures will result in reporting agency financial information in conformity with generally accepted accounting principles.

We recommend department management establish and implement controls to ensure expenditures are reported to the proper period in conformity with generally accepted accounting principles.

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AGENCY'S RESPONSE:

The department agrees with the finding.

It appears that these errors occurred because the former accounting director at the ODE did not follow proper operating procedures.

Although it appears the primary cause was the former director's failure to follow procedures, the new Director of Accounting Services at ODE will review our policies and procedures for recording expenditures and make any necessary revisions to ensure expenditures are recorded in the proper period. He also will train responsible staff as needed.

Section III – Federal Awards Findings and Questioned Costs

U.S. ENVIRONMENTAL PROTECTION AGENCY

07-21

Oregon Department of Environmental Quality

Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.458

Environmental Review

Material Weakness

Clean Water State Revolving Fund (CWSRF) design and construction projects are required to undergo environmental review before loan disbursements are made.

During fiscal year 2007, the department did not fully comply with the environmental review requirement. We reviewed eleven projects requiring environmental review, for which loans were executed during fiscal year 2007. Of these eleven projects, two did not show evidence of an environmental review. Additional requirements include notifying the public of the project. Ten of the eleven projects we reviewed did not show evidence that public notice had been given.

Additionally, we reviewed these projects for adherence to department procedures established to ensure the proper administration of CWSRF grant monies. These department procedures require that CWSRF loan applicants submit a completed Checklist of Exhibits and Requirements and associated documents, including planning and environmental review documents. These procedures also require department approval of the planning document prior to executing the loan agreement and department approval of the environmental review documentation prior to making loan disbursements. Of the eleven projects reviewed, we found the following:

- Seven projects did not have documentation of the department having received the required checklist.
- Four projects did not have planning documentation.
- Eight projects did not have evidence of department approval of planning documentation prior to execution of the loan agreement.
- Four projects did not have evidence of department approval of environmental review documentation prior to making the initial loan disbursement.

We recommend department management design and implement effective controls to ensure environmental reviews are completed and that public notice of projects is provided. We also recommend department management ensure department procedures established for proper administration of CWSRF monies are followed.

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AGENCY'S RESPONSE:

The department agrees with this finding.

The Environmental Quality Commission adopted Oregon Administrative Rule revisions on February 21, 2008 that incorporate the new State Environmental Review Process (SERP). DEQ will follow the new SERP that requires environmental review of design and construction projects to be completed before a loan is signed. DEQ will also ensure the required public notice is published regarding the availability of the environmental review documents for a particular project.

As recommended by the Audits Division, DEQ is in the process of developing and implementing effective controls to ensure environmental reviews are completed and that public notice of availability of a project's environmental documents will be provided. We will ensure the established procedures are followed.

07-22

**Oregon Department of Environmental Quality
Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.458
Matching**

Federal regulations require the department to provide state matching funds of at least 20 percent for federal grant payments that it receives. The matching funds must be deposited into the Clean Water State Revolving Fund by the date the department receives each grant payment. The department established a system to track the matching funds percentage on a quarterly basis instead of by individual grant payment. As a result, for part of fiscal year 2007, the department was not in compliance with the matching requirement. Specifically, in one instance, the department drew federal money, which dropped the matching funds below the 20 percent requirement. A deposit to raise the matching funds back to 20 percent was not made until approximately one month later.

We recommend department management design and implement effective controls to ensure matching funds of at least 20 percent are consistently provided by the date federal grant payments are received.

AGENCY'S RESPONSE:

The department agrees with this finding.

DEQ plans to provide matching funds by depositing at least the required amount before drawing funds from the related federal grant. By depositing the entire proceeds of match bonds into the CWSRF fund immediately upon the sale of each bond, we should be able to stay ahead of the minimum match requirement. Our next match bond sale should be completed in mid-April 2008, which will be in advance of our next federal grant award, and will be in an amount

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more than enough to match our next grant award. We expect the next federal grant to be awarded in May or June 2008.

As recommended by the Audits Division, DEQ will develop and implement controls to ensure compliance with the federal matching requirement. This will include using federal budget information to ensure each federal grant is matched in its entirety before the grant is awarded, and working with the DEQ budget office to ensure bond sales are timely.

U.S. DEPARTMENT OF EDUCATION

07-23

Oregon Department of Education

Special Education Cluster, IDEA Part B, CFDA 84.027

Period of Availability

The Department booked an adjustment to increase indirect expenditures charged to a closed grant, under IDEA Part B, after the 27-month period of availability. Under the period of availability requirements in OMB Circular A-133 Compliance Supplement, the program is required to obligate funds during the 27-month funding period. Funds are only available for use during the funding period. If the Department books additional activity to grants outside of the funding period, the Department will either have to reimburse the funding source or reduce future draw request under the on-going grant. Indirect costs during, and prior to, that grant period were manually calculated and adjustments to indirect costs were common. The Department's procedures for calculating indirect costs and grant close out procedures were not followed.

We recommend that the Department implement the procedures as outlined in the Department's "Grant Closure Procedures during Annual Federal Grant Closure" to ensure that additional activity cannot be charged to closed grants.

AGENCY'S RESPONSE:

The Department of Education agrees with the finding and, by June 30, 2008, will take corrective action as recommended.

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

07-24

Oregon Department of Human Services

Vocational Rehabilitation, CFDA 84.126

Allowable Costs

Material Weakness

Questioned Costs \$84,349

Federal regulations require the Department of Human Services (department) to develop and maintain written policies covering the nature and scope of vocational rehabilitation services provided. The department's administrative rules governing vocational rehabilitation include standards for provision of services and rates of payment. In addition, costs should be reasonable and adequate documentation should be retained.

In our review of 40 random and 9 judgmental sample items, we question the allowability of the following costs charged to the vocational rehabilitation program:

- Vehicle modification costs are allowable if the department determines that other alternatives for meeting transportation needs, including using public transportation, are not available. The department paid for two client's vehicle modifications, which included wheelchair lifts for both clients and hand controls for one client. Both clients lived and worked in areas where public transportation was available. The clients' files did not include adequate documentation related to consideration of other alternatives for transportation needs. We question costs totaling \$89,970, of which the federal portion is \$70,806.
- The department may assist with reasonable and necessary start-up costs of viable business plans, when appropriate. A reasonable cost, as defined in OMB Circular A-87, does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. For one client, whose vocational goal was to become an in-home childcare provider, the department paid \$16,649 for a commercial grade play structure that allowed for up to 20 children to play. The department only required the client to care for three children. Furthermore, providing a play structure, commercial or otherwise, is not a requirement to become a registered childcare provider in Oregon. We question the cost of the play structure, of which the federal portion is \$13,103.
- OMB Circular A-87 states costs incurred should be reasonable and necessary. The department incurred expenditures for a client to purchase clothing and supplies for employment as a painter. The department did not maintain documentation justifying why all items purchased were necessary and reasonable for the client's employment. The department paid \$203 for a weather resistant watch, prepaid cell phone, backpack, and sunglasses. We question costs totaling \$203, of which the federal portion is \$160.

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- The department did not maintain supporting documentation and was unable to provide an explanation for an expenditure contained in a client's file. We question costs totaling \$180, of which the federal portion is \$142.
- Although department rules allow for the payment of prescriptions, the department incurred expenditures for prescriptions prior to determining if the client was eligible for vocational rehabilitation services. The client was determined ineligible for services. We question costs totaling \$175, of which the federal portion is \$138.

In total, we question costs totaling \$107,177, of which the federal portion is \$84,349.

We recommend department management ensure all costs incurred for vocational rehabilitation services are reasonable, necessary and adequately supported. Further, department management should ensure client files include adequate documentation of decisions made regarding the allowability of expenditures.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: This finding largely involves the level of documentation for vocational rehabilitation services:

- *The documentation on the two van modifications included notations that public transportation was not usable by the client. The reasoning behind this logic was not written in on the determinations.*
- *The commercial grade play structure was a part of a self employment plan. The client had a short-term goal of providing care for three children and a long-term goal to become a licensed day care center for up to 20 children. The documentation included licensing agency recommendations for the commercial grade structure to enable the long-term goal. However, documentation in the file regarding the long-term need, and the cost-effectiveness of avoiding replacing structures, could have been clearer.*
- *Although there was documentation of the particular expenditures involved in the \$203 of clothing and supplies to become a painter, there was no explicit statement why the particular supplies were relevant.*
- *There was no documentation on the need for a \$180 expenditure.*

On review of these particular cases (other than the undocumented \$180), the department believes these expenditures were appropriate under federal guidelines. The department also agrees with the audit recommendation that documentation be improved.

One finding did not directly involve documentation. That finding involved purchase of medications for a client who had applied for services. Federal guidelines require the department to provide services necessary in its determination of a client's eligibility. Thus, although the client was subsequently determined to be ineligible, the department believes the expenditure was appropriate.

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Corrective Action Plan: The department will conduct a focused conversation with internal audit staff and the Office of Vocational Rehabilitation Services (OVRs) to develop standards for documentation, including standards relative to the purchase amount. In annual reviews of OVRs staff, the department will emphasize the need to accurately document all purchases.

07-25

Oregon Department of Human Services
Vocational Rehabilitation, CFDA 84.126

Equipment

Material Weakness

Federal guidelines require the Department of Human Services (department) to track all equipment, charged directly to a federal award, with a useful life of greater than one year and an acquisition cost of over \$5,000 or a lower threshold, as established by the department. Furthermore, the department must use, manage, and dispose of equipment acquired under a federal grant in accordance with state laws and procedures. The department's administrative rules for vocational rehabilitation services include a threshold of \$1,000 for all non-expendable property. Additionally, state rules require that a physical inventory be taken annually.

We reviewed the department's equipment tracking database and found the database does not include information necessary to comply with federal guidelines. Specifically, the database does not:

- Indicate whether property is temporarily or permanently assigned to a client.
- Indicate dates of purchase and disposal of equipment.
- Indicate whether equipment is for client or department use.
- Include several equipment purchases that we reviewed during testing of other compliance requirements.

In addition, the department does not perform periodic inventories of vocational rehabilitation equipment.

We recommend department management ensure the equipment tracking database includes adequate information to comply with OMB Circular A-133 requirements. At a minimum, the department should ensure the database includes all qualifying equipment, purchase and disposal dates, temporary or permanent assignments to clients, and whether equipment is for client or department use. We also recommend department management perform a periodic inventory of vocational rehabilitation equipment.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

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The department will review the requirements of OMB Circular A-133 and determine if our current client-tracking database is capable of being modified to perform the recommended tracking. If not, the department will develop a system to meet the requirement.

The department will document annual inventories being performed.

07-26

Oregon Department of Human Services
Vocational Rehabilitation, CFDA 84.126
Allowable Costs

The Department of Human Services' (department) administrative rules governing client transportation services state that where local public transportation is available and can be used by a client, any reimbursement will not exceed the public transportation rate. Use of transportation costing more than the least expensive mode available requires written justification, by the department, prior to authorization. Additionally, the department's internal policy requires a monthly mileage log be maintained when the department authorizes amounts that exceed the cost of a bus pass in a city that provides adequate mass transit. In areas without adequate mass transit, the client must provide a monthly mileage log for the gas allowance provided.

In two case files reviewed, the department provided clients with transportation funds in excess of public transportation rates when no mileage logs or written justifications were in the files to support the additional funds provided. In another case file reviewed, the client did not live in an area with adequate mass transit available and mileage logs were not maintained in the file to support the funds provided to the client.

We recommend department management ensure employees are aware of the policy related to transportation provisions and that adequate documentation is maintained, including mileage logs.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

The department will emphasize the importance of following policy related to documentation of client transportation costs in the counselor training conducted quarterly and in quality assurance reviews. The department will require OVRs branch managers to periodically review counselor transportation purchases to assure compliance with policy.

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07-27

**Oregon Department of Human Services
Vocational Rehabilitation, CFDA 84.126
Eligibility**

Federal regulations require the Department of Human Services (department) to determine whether a client is eligible for vocational rehabilitation services within 60 days after the client has submitted an application for services or file an extension. The department is required to maintain documentation supporting eligibility determinations.

Of the 40 randomly selected case files reviewed, the department's support did not show that the department completed the eligibility determination for 7 clients, or file for eligibility extensions, within 60 days of the client applying for services. The department determined eligibility or filed eligibility extensions for all 7 clients within a month after the 60 day requirement had passed.

In addition, the department did not obtain documentation to support the eligibility determination for one client. However, based on additional research, the client was eligible for services at the time of application.

We recommend department management ensure eligibility is determined or eligibility extensions are filed within 60 days of a client's application. We also recommend the department retain sufficient documentation to support eligibility determinations.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

The department will emphasize the importance of eligibility determinations in counselor trainings conducted quarterly. The department will require branch managers to review all eligibility determinations on current and ongoing client files.

07-28

**Oregon Commission for the Blind
Vocational Rehabilitation, CFDA 84.126
Eligibility
Material Weakness
Questioned Costs \$18,320**

Federal regulations governing the vocational rehabilitation grant requires the Oregon Commission for the Blind (commission) to provide services to individuals who are blind as defined by the state plan and state law. The state's definition of a blind person addresses requirements for visual acuity and field of vision. The state law also includes a definition of "visually impaired individuals" to include individuals who are blind or who have conditions that might lead to blindness. The commission's administrative rules for vocational rehabilitation include a definition of blindness that requires a client to be diagnosed by a qualified physician

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to have a medical condition which results in vision worse than the requirements for either visual acuity or field of vision. Although the state law defines visually impaired individuals, they are not included in the commission's vocational rehabilitation rules.

Of the 40 randomly and 8 judgmentally selected case files reviewed, the commission provided services to five clients who did not meet the above definition of a blind person. In three cases, a doctor had diagnosed the client with a condition that would lead to legal blindness, but who were not blind when the commission determined eligibility. In the other two cases, the commission determined, contrary to medical records and the medical consultant's report, that each client had a condition which would likely lead to blindness and determined they were eligible for services. Commission management stated that they fund both blind and visually impaired individuals, with conditions likely to lead to blindness, with vocational rehabilitation funds. As these clients did not, at the time of eligibility determination, meet the commission's definition of legal blindness for vocational rehabilitation, the commission should not have provided them services. During the current fiscal year, the costs totaled \$21,090 for these five clients, of which \$18,320 was paid with federal vocational rehabilitation funds.

We recommend commission management rely on the medical reports and commission's medical consultant in determining whether a client's condition meets the definition of legal blindness or has a condition that will likely lead to legal blindness. Furthermore, we recommend commission management review their current practice and ensure that it is consistent with their state plan, administrative rules and policy manuals.

AGENCY'S RESPONSE

The department agrees with this finding.

All of the individuals were individuals determined to have significant visual disabilities that presented barriers to employment and required vocational rehabilitation services in order to achieve employment outcomes. The agency management does rely on the medical reports and/or the Commission's medical consultant in determining whether a client's condition meets the definition of legal blindness or has a condition that will likely lead to blindness. Training has already been provided to the staff persons involved. We will be amending our state plan to ensure that it is consistent with our policies and administrative rules.

07-29

Oregon Commission for the Blind
Vocational Rehabilitation, CFDA 84.126
Cash Management
Material Weakness

According to the U.S. Department of Education (DOE) regulations, for any cash drawn from the state's DOE grant, the state must draw down the amount necessary to meet the immediate needs of the grant and keep to a minimum the time between drawing down the funds and paying them

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out for grant activities. Furthermore, when the draw request is made, the state certifies that the full amount drawn will be expended within three business days.

The Oregon Commission for the Blind (commission) usually draws down federal funds once a month and for the current state fiscal year made 15 draw requests. According to the commission, the draw should include expenditures incurred since the prior draw and payroll amounts expected to be paid at the beginning of the next month. We reviewed all draws that occurred during the fiscal year. In our review, 11 draws were not expended within three business days.

We recommend commission management ensure federal vocational rehabilitation funds are expended within three business days of receipt. If necessary, the commission should consider drawing more frequently than once a month in order to comply with the federal requirement.

AGENCY'S RESPONSE

The department agrees with this finding.

This process has been a learning opportunity for the agency as we have new staff in our Administrative Services Department and we are appreciative of this finding. As a result, the federal draw down date in order for payroll to process has been reviewed and adjusted according to this finding. Instead of drawing funds around the 18th of every month, funds will now be drawn around the 22nd of each month. This should ensure that funds are expended within three business days. Additionally, smaller amounts of funds will be drawn more frequently to cover monthly expenditures and ensure compliance with federal requirements.

07-30

Oregon Commission for the Blind
Vocational Rehabilitation, CFDA 84.126
Equipment
Material Weakness

Federal guidelines require Oregon Commission for the Blind (commission) to track all equipment, charged directly to a federal award, with a useful life of greater than one year and an acquisition cost of over \$5,000. Furthermore, the commission shall use, manage, and dispose of equipment acquired under a federal grant in accordance with state laws and procedures. Additionally, the state rules require that a physical inventory be taken annually.

During our audit, we obtained the commission's equipment tracking spreadsheet. Based on our review, it did not appear to be up-to-date or include most equipment purchases for clients. Commission management agreed that the equipment listing was not current, and that the majority of client purchases are not tracked centrally. According to commission management, a physical inventory has not been completed.

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We recommend commission management ensure qualifying equipment is adequately tracked to comply with federal requirements. We also recommend the commission perform an annual inventory of vocational rehabilitation equipment.

AGENCY'S RESPONSE:

The department agrees with this finding.

The agency had a system in place for tracking equipment that had not been kept up to date after we experienced turnover of staff in our Administrative Services Department. We understand the requirement and see value in complying with this recommendation. An equipment policy will be developed and implemented for the agency that adequately complies with federal requirements. An annual inventory of vocational rehabilitation equipment will be performed.

07-31

Oregon Commission for the Blind
Vocational Rehabilitation, CFDA 84.126
Allowable Costs – Payroll
Material Weakness
Questioned Costs \$1,756

According to OMB Circular A-87, when employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation. Such documentation is required when employees work on more than one federal award or on indirect cost activity.

During our testing of payroll expenditures, we tested 23 randomly selected employees to ensure time was appropriately allocated to the vocational rehabilitation grant. Of these 23 employees, five had allocated their time to more than one federal program. The process the commission used to allocate time charged was a three month average. For example, January, February and March's actual time, by employee, was averaged and used to charge time for April, May and June. In four of the five employees tested, the time charged to the vocational rehabilitation grant did not agree to the commission's methodology and supporting documentation. This resulted in questioned costs of \$1,756. When projected to the population likely question costs exceed \$10,000.

Additionally, we found that commission administrative employees' time is all charged to the vocational rehabilitation grant. For example, during our testing of payroll, an accounts payable clerk's salary was 100 percent paid for with vocational rehabilitation funds for three months. Since commission employees do not track administrative time used for different grants, we were unable to determine the extent of employee time working on other grants that was incorrectly billed.

We recommend commission management implement a process for administrative employees to track actual time spent on each grant so time can be properly recorded and allocated between

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federal programs. We also recommend that commission management develop and implement policies and procedures to ensure that amounts charged to each grant agree with commission methodologies for allocating time.

AGENCY'S RESPONSE:

The department agrees with this finding.

Agency management will develop and implement a process for administrative employees to track actual time spent on each grant. Additionally, management will develop and implement policies and procedures to ensure that amounts charged to each grant agree with Commission methodologies for allocating time.

07-32

**Oregon Commission for the Blind
Vocational Rehabilitation, CFDA 84.126**

Allowable Costs

Questioned Costs \$1,995

Federal regulations require the Oregon Commission for the Blind (commission) to develop and maintain written policies covering the nature and scope of vocational rehabilitation services. The commission has adopted policies governing expenditures for clients. In addition, OMB circular A-87 provides guidelines on the allowable costs for state agencies relating to federal grant monies. During our review of both administrative and client purchases, we found the following instances of noncompliance.

- Circular A-87 states that costs of goods or services for personal use by the governmental unit's employees are unallowable. According to the commission, Costco memberships were provided to four employees to use for commission program purposes. However, the commission would not be able to prevent employees from using the memberships for personal use. These memberships totaled \$170, of which \$102 was paid for with vocational rehabilitation funds.
- The business enterprise program provides funds for various types of businesses, including coffee carts. The commission is responsible for furnishing each business facility with adequate equipment and initial stocks of merchandise necessary for operation. The commission approved the purchase of NFL jerseys, banners and rugs to decorate a client's coffee cart. According to the commission, these items were considered marketing materials. However, the commission's policies do not address marketing materials. As the merchandise purchased is not necessary for the operation of the coffee cart, we are questioning these costs. The commission paid \$329 of which \$259 was paid with vocational rehabilitation federal funds.
- Commission policy requires at least one year's work experience between receiving a baccalaureate degree and any advanced study. Exceptions can be granted on an individual basis. One client who received commission funding for an undergraduate

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degree and graduate program, did not obtain a year of work experience in between, nor was it documented if the commission had granted an exception. The commission paid \$2,077 of which \$1,634 was paid with vocational rehabilitation federal funds.

In total we identified \$1,995 in questioned costs.

We recommend commission management ensure that controls are designed, implemented and operating effectively to ensure that all payments are allowable, reasonable, and adequately supported to comply with federal and state guidelines.

AGENCY'S RESPONSE:

We are in agreement with the majority of the findings and are in full agreement with the recommendations that you have put forth in this area.

The Commission management believe that Costco memberships for select staff is a cost effective way to make agency business purchases, however, are in agreement that other than directing staff not to make personal purchases with the cards, we have no other safeguards in place to ensure that they are not used for personal use. We will be revoking these cards from the four individuals that were paid for with vocational rehabilitation funds and will not renew the memberships that expire in April, 2008.

The purchase of \$329 in marketing materials related to a client's business that included National Football League jerseys, banners and rugs from our perspective are consistent with the client's business and were allowable and reasonable expenditures with vocational rehabilitation federal funds. This individual was not in the business enterprise program as this individual is not a licensed manager nor is the individual projected to be a licensed manager under this program in the future. Rather they are self-employed. Although our policies do not specifically address marketing materials, they are not excluded. We believe that the federal law and regulations support such a service.

The Commission management agrees that our policy requires one year of work experience between receiving a baccalaureate degree and any advanced study and that exceptions can be granted on an individual basis. The client who is receiving Commission funding is studying to be a teacher for the visually impaired, which requires a graduate degree in order to enter the occupation at the entry level. A case note will be added to clarify why the client did not seek employment prior to entering graduate studies.

07-33

Oregon Commission for the Blind
Vocational Rehabilitation, CFDA 84.126
Eligibility Determination

Federal regulations require that the Oregon Commission for the Blind (commission) determine whether an individual is eligible for vocational rehabilitation services within a reasonable period

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of time, not to exceed 60 days after the individual had submitted an application for services. In the 40 case files reviewed for eligibility determinations, six of the case files did not have an eligibility determination within the 60 day requirement nor was an extension filed. According to commission management, they changed their review process related to the determination of eligibility in 2003. For four of the six instances identified, the eligibility determination occurred prior to 2003; for the remaining two instances, the eligibility determination occurred after 2003.

We recommend commission management ensure eligibility is determined or eligibility extensions are files within 60 days of the client's application.

AGENCY'S RESPONSE:

We are in agreement with the finding.

Commission management believes that the process that was put in place in 2003 is effective in monitoring this compliance issue. Staff performance issues related to this will be addressed through the agency performance management process.

07-34

**Oregon Commission for the Blind
Vocational Rehabilitation, CFDA 84.126
Reporting**

The Oregon Commission for the Blind (commission) is required to report annually the expenses of the vocational rehabilitation grant using the Program Cost Report. Currently, the commission does not have written procedures governing reporting. For the federal fiscal year ending September 30, 2007, the report submitted by the commission did not contain complete documentation to support the categorization of expenditures. Although the commission correctly reported total expenditures on the Program Cost Report, we question the categorization of \$439,943 of these expenditures, which represents 5.9 percent of the total expenditures for the fiscal year.

We recommend commission management ensure documentation is sufficient to support the categorization of expenditures on the report. Furthermore, we recommend the commission develop written procedures governing reporting.

AGENCY'S RESPONSE:

We are in agreement with the finding.

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This process has been a learning opportunity for the agency as we have new staff in our Administrative Services Department and we are appreciative of this finding. Commission management will participate in training with the Rehabilitation Services Administration on how to effectively complete the RSA-2. Management will ensure documentation is sufficient to support the categorization of expenditures on the report. Additionally, written procedures will be developed that govern reporting.

07-35

Oregon Department of Human Services

Temporary Assistance for Needy Families, CFDA 93.558

Eligibility

Material Weakness

Questioned Costs \$169,739

Federal regulations permit states to use federal Temporary Assistance for Needy Families (TANF) funds for activities previously authorized in a September 30, 1995, approved Emergency Assistance to Needy Families with Children State plan (Title IV-A). The authorized plan permits the Department of Human Services (department) to provide emergency child welfare intervention services as long as the services do not exceed \$25,350 per client and occur in a period of no more than 365 days.

The department interprets the plan as authorizing up to \$25,350 per client per year and clients are eligible for emergency child welfare services as long as the emergency exists even if it extends beyond a period of 365 days.

For the current state fiscal year, the department spent approximately \$24.7 million on emergency child welfare intervention services and approximately \$9.7 million represented adoption assistance subsidy payments. Federal TANF requirements do not specifically provide for adoption assistance subsidy payments. We reviewed 42 client case files and noted the following:

- For 13 clients (31 percent), the department exceeded the 365 day period without redetermination of eligibility. Federal regulations allow states to use federal funds for emergency assistance services in any 12 consecutive months. The time period the clients' eligibility extended beyond the 365 day period ranged from one month to five years. For the period that exceeded 365 days, the department received federal reimbursement for the 13 clients in the amount of \$128,879.
- The department made payments to 3 clients it determined not eligible for federal adoption assistance. The department made adoption assistance subsidy payments to these clients through the TANF emergency assistance program. The emergency child welfare assistance plan outlines eligibility criteria, which includes providing services to clients who are at imminent risk of harm. The clients' adoption assistance case files did not include a TANF eligibility determination or document how the clients were at imminent risk of harm. The department received federal reimbursement for the 3 clients in the amount of \$12,285.

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- The department made TANF emergency assistance payments to 2 clients who did not live with a relative for six months prior to determining TANF emergency assistance eligibility, as required by the state plan. When determining eligibility, the department looks back to when the client was initially removed from the home and not at the six months prior to determining TANF emergency assistance eligibility. The department received federal reimbursement for the clients in the amount of \$790.
- The department made TANF emergency assistance payments to one client who exceeded the eligibility age requirement of 18 years of age. The department does not have a tracking mechanism to ensure TANF eligible clients do not exceed the age requirement. The department received federal reimbursement, after the client exceeded the age requirement, in the amount of \$16,284.
- For one client, the department exceeded the \$25,350 assistance limit for two 365 day periods. The department uses a monthly report to monitor clients to ensure they do not exceed the maximum yearly assistance limit. This client did not show up on the department's monthly report. The department received excess federal reimbursement for the two 365 day periods, in the amounts of \$14,402 and \$15,247. We also performed a high-level analysis to determine if other clients might have received assistance in excess of the limit. We identified 6 additional clients where it appeared each client's assistance exceeded the yearly limit as the assistance provided for the current fiscal year was over \$40,000.

We recommend department management work with the designated federal agency to determine, the allowability of providing emergency assistance after the 365 day period, whether adoption assistance subsidy payments are allowable under the state's plan, and if the department can determine eligibility based on when the client was initially removed from the home rather than six months from determining emergency assistance. We also recommend department management implement controls to ensure assistance payments are only made to clients who meet the age requirement and are within the yearly assistance limit of \$25,350.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: As part of our State Plan renewal process the department is having ongoing discussions with our designated federal agency and will continue this discussion until we have agreement.

Corrective Action Plan: The department management will implement the following:

- *Develop a report to track children who are over the age of 18 to ensure their Child Welfare TANF-EA eligibility is closed appropriately.*
- *Research the current report being used to track cases that have exceeded the \$25,350 assistance limit within 365 day period to determine why all the cases meeting this definition are not being reported. The report will be corrected to ensure the assistance payments do not exceed the \$25,350 limit.*

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Based on the conclusion of our discussion with our designated federal agency the department management will implement any further changes required to meet our approved State Plan.

07-36

Oregon Department of Human Services

Temporary Assistance for Needy Families, CFDA 93.558

Eligibility

Material Weakness

Questioned Costs \$ 1,171,469

Federal regulations permit states to use federal Temporary Assistance for Needy Families (TANF) funds for activities previously authorized in a September 30, 1995, approved Emergency Assistance to Needy Families with Children State plan (Title IV-A). The Department of Human Services (department) uses its child welfare information system to make client payments and track client information to ensure compliance with federal requirements.

According to the department, the child welfare information system has client eligibility coding limitations. The system only allows a client to be coded eligible for one federal program even though the client might be eligible to receive benefits under more than one program. For example, if a client was determined eligible for IV-E Foster Care, the client is coded IV-E eligible in the system. If the client is provided a service that is not allowable to be paid with foster care funds, the system allocates the costs to a state funded grant. According to the department, approximately 4 percent of these costs are not eligible for foster care or TANF. On a monthly basis, the department manually allocates the remaining 96 percent of costs to federal programs, including TANF, at a summary level. According to the department, even though clients are not coded TANF emergency assistance eligible in the child welfare system, most of these clients meet the eligibility criteria. However, the department has not documented TANF emergency assistance eligibility for these clients.

The known questioned costs for the current state fiscal year is \$1,171,469.

We recommend department management consult with the designated federal agency to ensure the department's method for allocating these costs to TANF is allowable or whether the department is required to identify the specific client whose services are charged to TANF and maintain adequate eligibility documentation.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: The department's normal business practice is to complete an initial TANF-EA determination before a Title IV-E foster care determination is completed. If a child is both IV-E and TANF eligible, the child is coded IV-E in the system. Although the child is eligible for TANF services that are not fundable by IV-E, the system cannot directly post the costs

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appropriately on the accounting system. So the costs are posted to a state-funded grant and subsequently shifted by an allocation methodology to TANF.

Corrective Action Plan: The department will consult with our designated federal agency. Based on the conclusion of this discussion, department management will implement changes to ensure funds are accurately claimed to TANF.

The department has also included requirements to eliminate the coding limitations in the new child welfare system (OR-Kids, previously SACWIS). The OR-Kids system has a planned implementation date in 2010.

07-37

Oregon Department of Human Services

Temporary Assistance for Needy Families, CFDA 93.558

Eligibility

Questioned Costs \$2,069

To be eligible for Temporary Assistance for Needy Families (TANF) child welfare emergency assistance, all applicants must have an emergent need and meet eligibility criteria as determined by the state. The Department of Human Services (department) uses its child welfare information system to make client payments and track client information to ensure compliance with federal requirements.

Of the 42 randomly selected client case files, the department incorrectly coded one client as eligible for TANF in its child welfare system after denying the TANF claim. The department received federal reimbursement for the client in the amount of \$2,069. When projected to the population; the likely questioned costs exceed \$10,000.

We recommend department management take steps to ensure employees are adequately trained to understand the coding that needs to be entered in the child welfare system.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: Child Welfare eligibility specialists receive two days of training on the eligibility functions for which they are responsible. The Child Welfare TANF-EA program is one component of this training. Once the training occurs the Child Welfare eligibility specialist is matched with a mentor who is an experienced eligibility specialist.

Corrective Action Plan: The department will provide refresher training to all Child Welfare eligibility specialists who completed TANF-EA determinations.

07-38

Oregon Department of Human Services

Temporary Assistance for Needy Families, CFDA 93.558

Eligibility

To be eligible for Temporary Assistance for Needy Families (TANF) child welfare emergency assistance, all applicants must meet the income level requirements as established by the state. In April 2006, the Department of Human Services (department) implemented a new policy that required income verification be documented in the case files.

During our testing of 42 TANF child welfare emergency assistance transactions, 19 did not contain documentation of income verification. Of these 19, 16 were prior to the department's new policy implementation and 3 were after the policy was implemented.

We recommend department management ensure income verification used for eligibility determinations is retained in accordance with department and federal requirements.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: In April 2006 the department provided a statewide training to all existing Child Welfare eligibility specialists on the new procedures for documenting income verification on the eligibility form. The materials were added to the Child Welfare eligibility staff procedure manual.

Corrective Action Plan: The department will provide refresher training to Child Welfare eligibility specialists reminding them of the requirement to document income verification in the narrative section of the eligibility form.

The department will implement an internal quality assurance process including a monthly report indicating when a Child Welfare TANF-EA eligibility determination has been completed without the required narrative.

07-39

Oregon Department of Human Services

State Children's Health Insurance Program, CFDA 93.737

Eligibility

Material Weakness

Federal funding from the State Children's Health Insurance Program (SCHIP) provides health assistance to uninsured, low-income children. To be eligible for SCHIP funded assistance, an applicant must have family income that is less than 185 percent of the federal poverty level, not be eligible for Medicaid, submit an application that identifies resources and is signed by all adults in the filing group, and provide proof of income. The Department of Human Services'

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(department) procedures for determining eligibility require compliance with the criteria noted above, but allow case workers flexibility in calculating family income as part of the eligibility determination process.

During our review of 40 case files, we identified errors and missing or incomplete documentation related to an applicant's determination of eligibility. Specifically, we found the following:

- Three case files were inappropriately determined eligible due to an incorrect income determination by the case worker. Two case files were determined eligible even though the average income exceeded 185 percent of the federal poverty level and the third case file included a child who should have been funded with Medicaid because they were below the allowable federal poverty level for their age group (133 percent for a child five years old). Questioned costs for these items total \$95.
- Three applications were not signed by all adults in the household.
- Five applications were not supported by sufficient documentation to calculate average income and two applications did not include a declaration of resources. For two of these applications, information from another state agency indicated there was additional income for the time period requested and there was no documentation that the case worker followed up on this information. Income and resource information is an important factor in determining eligibility for SCHIP funding.

Likely questioned costs exceed \$10,000 when projected to the population.

We recommend department management strengthen controls over the eligibility process to ensure that applications are complete and that income determinations are accurate and adequately supported. Further, department management should periodically remind staff of the importance of obtaining independent third party information, or questioning the applicant to verify information reported on client applications.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

- *The department is currently revising the OHP 7210 Oregon Health Plan Application. The revision will shorten the application, which will provide emphasis to the income and resource questions by removing many other questions to separate forms. The revision will also include a new question to specifically ask if an applicant is self-employed rather than rely on completion of a companion form to indicate self-employment. Training for the new OHP 7210 will include reminders to review for the applicant's signature. It will also remind eligibility workers to compare the information on the form to the prior application (if available) and to compare it against any other available income resources, including the Employment Department and Work Number screens.*

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- *Signature requirements will be included in a March Skill Maintenance Challenge. Skill Maintenance Challenges are written by Self Sufficiency Program medical policy trainers to address identified training needs. In May, a Skill Maintenance Challenge specific to income and resource verification will be distributed.*
- *In April an Application Exercise will be distributed. Application Exercise documents are developed by the Self Sufficiency Program Accuracy Team based on issues identified through their medical case reviews. Application Exercises include a scenario pre-printed on a sample page from a DHS 415F Application for Services. Eligibility workers are guided through a review of the application scenario and are reminded how to address missing or incomplete information and narrate their actions.*
- *Eight 2008 Accuracy Summits will be conducted across the state this summer. The 2008 Accuracy Summits address program accuracy needs identified from field staff and managers, as well as program and program integrity staff. The sessions will include eligibility reminders, including income and resource verification requirements.*
- *The 'Medical Decision Tree' training tool is currently used to assist staff in determining medical program eligibility. The department plans to automate the medical program eligibility decision process using a web-based computer system application version of the training tool.*
- *The new application will act as a medical benefit calculator for eligibility workers. Eligibility workers will enter client information for each applicant, including income, household composition and other eligibility factors. The new application will review the eligibility factors for each medical category, including countable income, and present an eligibility decision. The new web-based application is scheduled for implementation by the end of 2008.*
- *CAF SSP program staff is working in partnership with OIS to modernize CAF SSP eligibility systems. In addition to updating some legacy computer systems, a more intuitive user interface will be implemented. Applicant information will be entered on a common data interface screen and the data will be used to populate other screens or systems, reducing data entry errors and improving the accuracy of the client data.*
- *Income calculations will be automated. For example, workers will enter basic wage information and the system will perform a variety of calculations and present eligibility decisions for a number of programs. The new income calculation functionality will improve the accuracy of earned income calculations.*
- *New imaging technology will streamline the eligibility determination process and allow workers instant access to documents, including income documentation. Use of imaging technology will reduce the amount of paper documents that can potentially be misplaced or misfiled and increase the accuracy of the information used to determine eligibility.*
- *The modernization efforts will be implemented in phases, beginning in late 2008 and continuing throughout 2009.*

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07-40

Office of Private Health Partnerships

State Children's Health Insurance Program, CFDA 93.767

Eligibility and Allowable Costs

Material Weakness

Questioned Costs \$4290

The Office of Private Health Partnerships (department) administers the Family Health Insurance Assistance Program (FHIAP). Through FHIAP, eligible uninsured Oregonians can receive premium subsidies for the purchase of private health insurance. State Children's Health Insurance Program (SCHIP) funds are used to pay the insurance premium subsidies and costs associated with administering FHIAP.

Federal requirements state that eligibility for SCHIP is to be determined every 12 months; subsidy payments are only allowable for insurance plans that meet the federal benchmark and should not include administrative costs related to premiums covered under COBRA;¹ an applicant's income cannot exceed 185 percent of the federal poverty level; and, an applicant's liquid assets cannot exceed \$10,000. In our review of 61 case files, we identified errors in eligibility determinations and subsidy payment calculations. Specifically, we found the following:

1. Subsidy payments were made after the 12 month eligibility period for four of the case files reviewed. When the redetermination was performed, the individuals were determined ineligible. Total questioned costs are \$2,258.
2. Subsidy payments were made toward a plan that did not meet the federal benchmark. The department's information system correctly coded the subsidy to be paid with state funds. However, the department manually changed the transaction coding, without management review, causing the subsidy to be funded with SCHIP funding. Total questioned costs are \$491.
3. Subsidy payments for one of the case files reviewed inappropriately covered the 2 percent administrative fee for insurance coverage through COBRA, resulting in questioned costs totaling \$166.
4. An incorrect family size was entered into the department's information system, which resulted in the use of an incorrect subsidy percent and questioned costs of \$209.
5. An applicant's subsidy level was calculated by the department based on wage information obtained from a state database rather than the pay stubs supplied by the applicant for the time period. As a result, the applicant's subsidy level was incorrectly

¹ The Consolidated Omnibus Budget Reconciliation Act (COBRA) was passed in 1986 and helps workers and their families keep their group health coverage during times of voluntary or involuntary job loss and certain other cases. The law gives workers the right to choose to temporarily continue group health benefits provided by the plan under certain circumstances where coverage under the plan would otherwise end.

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calculated to be 90 percent instead of the 50 percent calculated using pay stubs. The subsidy was incorrectly funded with Medicaid and SCHIP funds instead of totally funded by SCHIP funds. This error resulted in an overpayment of Medicaid funds of \$1,499 and an overpayment of SCHIP funds of \$1,166.

6. An applicant's case file was not complete and did not include sufficient documentation to verify eligibility. The department had tax records indicating the applicant had a bank account even though the applicant did not identify the account on their application. Bank account information is important in determining eligibility as it provides support for the amount of the client's liquid assets.

During the audit period, the department implemented procedures to review eligibility determinations, case files, and payments made. However, because those procedures were recently implemented and we noted current year exceptions, we were unable to determine whether those procedures were working as intended by management.

In total, we identified \$4,290 in questioned costs for SCHIP. When projected to the population, questioned costs exceed \$10,000.

We recommend department management evaluate their review process over eligibility determinations and subsidy payment calculations to ensure the process is working as intended and payments are made only for eligible individuals. We also recommend the department strengthen its payment review process to ensure all coding changes have documented support and are appropriately approved. Further, we recommend the department recover overpayments made.

AGENCY'S RESPONSE:

As part of our response, we would like to take the opportunity to address each of the errors identified in this finding.

1. *Subsidy payments were made after the 12-month eligibility period for four of the case files reviewed.*

The agency agrees with this finding and corrective action is being taken.

These errors were made as a direct result of caseload issues and redirected work assignments resulting from Maintenance of Effort (MOE) challenges. Since the time that the errors were made program management staff identified process changes enabling us to mitigate the risk of subsidies being paid beyond the 12-month eligibility period.

The agency has submitted a database change request to create a script to identify accounts approaching the end of the subsidy eligibility period. Once identified these applications will be given priority-processing status to ensure a determination is made and notification is sent before the end of the 12-month eligibility period.

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The agency has moved this request to the database change priority list. The script will be implemented upon completion of development and testing. The agency's goal is to implement by April 15, 2008.

As an interim solution, FHIAP has already implemented a process change for prioritizing redetermination applications. Applications used to be worked in the order they were received. They are now filed and then worked based on subsidy eligibility end date; applications closest to the end of their 12-month eligibility period are worked first.

This change has already been implemented.

2. *Subsidy payments were made toward a plan that did not meet the federal benchmark.*

The agency agrees with this finding and is taking corrective action.

The agency created an electronic change log that records changes made to the database in defined critical fields. The change log includes the date and time of change; the field changed; the data before and after the change; and the ID of the person making the change.

The change log was created using software purchased specifically for this purpose. Testing was performed in November and December 2007 where technical "bugs" were found to create problems in the live system. The agency worked to identify and correct this problem. The log was retested in January and February with additional technical issues being identified. IT staff worked to resolve these issues, thus delaying completion of the corrective action.

The change log is now ready for implementation and will be fully implemented on March 17, 2008.

Additionally, fiscal staff continues to randomly audit payments on a weekly basis to verify that funding codes are correct.

3. *Subsidy payments for one of the case files reviewed, inappropriately covered the 2 percent administrative fee for insurance coverage through COBRA.*

The agency agrees with this finding, but no corrective action will be taken.

The agency agrees that an error was made on this file based on the procedure in place at the time. Prior to this audit, it was the agency's practice to deduct the 2 percent administration fee before making subsidy payment. The decision to deduct the fee was made several years ago, although there are no documented statutes, rules or policies requiring it.

Since the issue was raised by the Secretary of State's office during the audit, however, agency management has reconsidered this unwritten policy. In deciding to discontinue

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the practice of deducting administration fees from COBRA subsidies, agency management considered the fact that all health insurance premiums contain these costs, and yet we don't deduct this portion of the premium prior to subsidy payment for any other member.

While it is unclear why this practice started for COBRA, in order to maintain consistency with other premium subsidy payments, the practice is being discontinued immediately. The new policy will be documented in writing for agency staff.

4. *An incorrect family size was entered into the department's information system.*

The agency agrees with this finding and has taken corrective action.

In addition to implementing a formal employee training program for new employees, conducting ongoing training at eligibility staff meetings, and publishing a new Procedure Manual that incorporates procedures for each eligibility process, a random audit process has been implemented in the eligibility work unit. Application processing is audited on a daily basis by assigned staff.

This corrective action was implemented in November 2007 and has strengthened the accuracy of eligibility decisions.

5. *An applicant's subsidy level was calculated by the department based on wage information obtained from a state database rather than the pay stubs supplied by the applicant for the time period.*

The agency agrees with this finding and has taken corrective action.

According to written procedure, eligibility staff may use online wage information to supplement income information supplied with the application. There are situations when it is acceptable to use online wage information exclusively, i.e. when looking at a complete calendar quarter (Jan-March, Apr-June, July-Sept, or Oct-Dec). There are also situations when online wage information can be used to supplement missing pay stubs. In this file, however, income information was submitted with the application, but the eligibility specialist used online wage information instead. Application processing is now audited on a daily basis by assigned staff to catch this type of processing error.

This corrective action was implemented in November 2007 and has strengthened the accuracy of eligibility decisions.

6. *An applicant's case file was not complete and did not include sufficient documentation to verify eligibility.*

The agency disagrees with this finding and will not be taking corrective action.

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It is not the agency's regular practice to request bank statements except for self-employment files. Asset information is self-reported.

07-41

Office of Private Health Partnerships

State Children's Health Insurance Program, CFDA 93.767

Maintenance of Effort – Advance Subsidy Payments

In 2002 the Centers for Medicare and Medicaid Services authorized a five-year waiver associated with the Oregon Health Plan 2 and includes the Family Health Insurance Assistance Program (FHIAP). The waiver required the amount of state funds expended for the FHIAP program be maintained or increased above the state fiscal year 2002 level during the operation of the waiver. The waiver also allowed insurance premium subsidies for certain persons over the age of 18 (adults) and eligible for FHIAP to be paid for with State Children's Health Insurance Program (SCHIP) funding. The waiver expired as of October 31, 2007.

In order to meet the maintenance of effort requirement as of October 31, 2007, the Office of Private Health Partnerships (department) made advanced payments for insurance premium subsidies for the periods of December 2007 through February 2008. Per the department, it only prepaid insurance premium subsidies to certain insurance carriers because those premiums remain constant throughout the year. Further, it ensured that insurance premium subsidies were advance funded only for individuals who had a history of paying the member portion on time.

Although the department took great care in determining which insurance premium subsidies to prepay, we question whether advanced payments are allowed to be counted toward meeting the department's maintenance of effort because they were paid prior to the department incurring an obligation to pay the premiums. Had the department not made the advanced insurance premium subsidy payments, it would not have met the required maintenance of effort.

In addition, the advanced insurance premium subsidy payments noted above and the subsidy payments for the November 2007 insurance premiums included payment for adults. Insurance premiums for adults were no longer allowed to be funded with SCHIP funding as of November 1, 2007, due to the expiration of the waiver noted above. Even though they were determined eligible at the time the subsidies were paid (October 2007), they were not eligible in the time period covered by the insurance (November 2007 through February 2008). SCHIP funded subsidies paid in October 2007 that were for premiums covering November 2007 through February 2008 totaled \$4.2 million.

We recommend department management consult with the Center for Medicare and Medicaid Services to determine whether it was appropriate to prepay subsidy payments to meet the maintenance of effort requirements and regarding the allowability of advance insurance premium subsidies funded with SCHIP for ineligible adults.

AGENCY'S RESPONSE:

The agency disagrees with this finding.

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The agency believes it operated within its contractual obligation with the Centers for Medicare and Medicaid Services (CMS). Prior to making advance subsidy payments, the agency worked with the Department of Human Services (DHS) and the Department of Administrative Services (DAS) to discuss the appropriateness of the payment.

While no corrective action will be taken, the agency agrees to consult with DHS by April 30, 2008 regarding any further pursuit of this issue with CMS.

Note: Effective November 1, 2007, the agency's waiver renewal effective date, Maintenance of Effort is no longer required. Therefore, although we are budgeted to maintain this level of service, this ceases to be an issue for future audits.

07-42

Oregon Department of Human Services

Adoption Assistance, CFDA 93.659

Allowable Costs

Questioned Costs \$15,440

Each state having a Federal Title IV-E Adoption Assistance program is required to enter into adoption assistance agreements with the adoptive parents of children with special needs. Under those agreements, a state may make adoption assistance payments to the adoptive parents. These adoption assistance payments may not exceed the foster care payments that would have been made if the adopted child were in foster care. In addition, an adoption assistance agreement must be in place prior to the payment of monthly benefits and a new agreement must be signed prior to any change in payment amounts.

We examined 40 transactions and related adoption case files and identified one exception. Specifically, the adoption assistance payment for one client should have been \$714 per month; however, the payment made was \$772. This error is the result of the assistance payment being incorrectly entered at the full amount while a state budget reduction had reduced payments by 7.5 percent. When the budget reduction was cancelled all payments were automatically increased. The overpayment of \$58 per month began in November 2003 and continued through December 2007 for a total overpayment of \$2,895, of which \$1,770 was federal funds.

In addition, during a separate audit by the Oregon Audits Division of the department's child welfare information system, an exception was identified where an adoption assistance case received \$4,977 per month from June 2007 through October 2007, instead of the approved \$497 monthly payment, resulting in a total overpayment of \$22,400, of which \$13,670 was federal funds. When brought to department management's attention, the department took action to collect the overpayment and stated that corrections would be made to the next quarterly federal report.

In both of the above instances, the department's review process did not detect these errors.

We recommend department management create and implement policies and procedures for the timely and adequate review of adoption assistance entries into the child welfare information system. We further recommend that department management consider reviewing adoption

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assistance cases entered into the child welfare information system, during the budget reduction period, to ensure payment amounts were entered correctly. Finally, we recommend the department ensure all overpayments are collected.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: The Department of Administrative Services (DAS) recently adopted policy that requires management to periodically review and test the performance of internal controls. Consistent with that policy, the department's adoption assistance program began a process that crosschecks data entered into the two data bases, Adoption Recruitment Management System (ARMS) and Integrated Information System (IIS).

This internal review process currently identifies miscoding errors related to IV-E eligibility on newly negotiated agreements. In January 2008 the program requested an additional monthly report that allows review of newly negotiated and renegotiated amounts for children who have existing agreements.

The department is currently developing a new child welfare system (OR-Kids, formerly SACWIS) that will contain better procedures for detecting errors.

The recommendation to review adoption assistance cases entered into the system during the budget reduction period is already being addressed. The department is currently resolving a lawsuit resulting from the payment reduction. As a part of the lawsuit, all cases that existed during that time have been examined.

The errors identified through the audit have been resolved and adjustments made so that no claim was made to IV-E.

Corrective Action Plan: The department will implement the crosschecks of the ARMS and IIS databases and write a procedure to support this process. These procedures will be used during the interim until OR-Kids is developed. The budget reduction cases have been reviewed.

07-43

Oregon Department of Human Services

Child Care Development Fund Cluster

Allowable Costs

Questioned Costs \$13,396

The Oregon Council on Developmental Disabilities (council), in its role as an advocate for persons with developmental disabilities, administers an inclusive child care program related to special needs children. The Department of Human Services (department) is the state agency designated to provide the fiscal control and accounting services for the council. The department, on behalf of the council, entered into an interagency agreement with the Oregon

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Employment Department, the lead state agency for the child care development fund program. According to the interagency agreement, monthly invoices, along with itemized expenditure reports, must be submitted to the Oregon Employment Department for federal reimbursement of the actual costs incurred.

Based on our review of the department's documentation, we noticed the department was adding a 5 percent administration fee to the monthly invoices submitted to the Oregon Employment Department for payment. According to the program coordinator, the 5 percent fee is calculated using actual council program expenditures and is for indirect administrative costs related to council staff. For the current fiscal year, \$13,396 was invoiced to the Oregon Employment Department for indirect administrative costs, which are not supported by the accounting records. The interagency agreement does not include a provision for reimbursement of indirect costs. In addition, the department did not provide any documentation to support that the council had incurred this amount of indirect costs or how the costs were allocated among its programs. Further, as the council's expenditures are charged to more than one federal program, an indirect cost rate should have been developed in accordance with OMB Circular A-87.

We recommend department management ensure child care expenditures, submitted to the Oregon Employment Department for reimbursement, are allowable under the interagency agreement and are supported in the accounting records. Furthermore, if indirect costs are allocated to this federal program, department management should ensure the allocation is done in accordance with OMB Circular A-87.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: Currently OCDD funding sources are excluded from the department's cost allocation plan. This has two consequences:

- *Although OCDD is billing 5% CCDF for indirect costs, no indirect costs are being charged under the approved cost allocation plan to OCDD's portion of CCDF funds; and*
- *Administrative expenditures that could lawfully be charged to OCDD funding sources are being allocated to the ASD General Fund budget.*

In short, enough costs exist to justify the 5% billing, but the costs are not being allocated to OCDD's funding sources.

Corrective Action Plan: The department will revise its cost allocation procedure to allocate sufficient costs to OCDD funding sources.

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07-44

Oregon Department of Human Services
Immunization Grants, CFDA 93.268
Subrecipient Monitoring - Site Visit Protocol

The Department does not have written policies and procedures for site visit protocol. According to the 2002 VFC Operations Guide, Immunization programs should develop written procedures for site visit protocol. The Program should document its guidance for completing site visits and the site visit questionnaire. Lack of written guidance leaves the details of some of the work that is performed when completing the site visit questionnaire unclear and possibly inconsistently followed.

We recommend the department document the approved site visit protocol. This protocol should be available for review by program employees so that proper monitoring procedures are performed.

AGENCY'S RESPONSE:

The department agrees with this finding.

The 2002 VFC Operations Guide (in effect during the audit time period) stated that grantees should, rather than must, develop written policies and procedures for site visit protocol. The Immunization Program had frequent communication with both the CDC Program Officer and VFC Specialist, ensuring that CDC approved of the Oregon Immunization Program's methodology.

The Immunization Program's protocol was to require that an experienced health educator accompany a new VFC health educator to all site visits until fully trained. On-site training ensured that expectations were communicated in an immediate and practical manner. Feedback to the new health educator is current and directly reflects the situation at hand. As previously mentioned, CDC staff approved this methodology.

In response to this finding and updated CDC requirements in the September 2007 VFC Operations Guide, the Immunization Program has developed a timeline documenting due dates and identifying responsible staff for policies and procedures to formally define site visit protocols (VFC operations Guide – Requirements, Policies and Procedures).

07-45

Oregon Department of Human Services
Immunization Grants, CFDA 93.268
Reporting - Cash Transaction Report Not Reviewed

Program staff prepares the PSC 272 and signs as Certifying Official and submits the form to the Division of Payment Management of DHHS. This report is not reviewed or approved by a supervisor prior to submission. AICPA guidance requires that federal reports be reviewed and

approved prior to submission. The lack of supervisory review could allow reporting errors to go undetected.

We recommend the Department implement procedures to ensure all reports that are submitted to regulatory agencies are reviewed and approved by applicable supervisors prior to submission.

AGENCY'S RESPONSE:

The department agrees with this finding.

PHD, Financial Services, has developed a policy to address this finding: Procedures for preparing the quarterly 272 report (Federal Cash Transaction Report).

07-46

Oregon Department of Human Services

Medicaid Cluster

Special Tests and Provisions – Automated Data Process

Federal regulations require the Department of Human Services (department) to review the Automatic Data Process (ADP) system security installations involved in the administration of federal Health and Human Services programs on a biennial basis. The last ADP risk analysis performed on the department's Medicaid systems was as of September 2005 and resulted in several findings. As of March 2008, department management had not planned or contracted for the next ADP risk analysis as they are waiting until the revised MMIS system is implemented. Without an ADP risk analysis, department management is less able to determine whether information systems administering the Medicaid program are adequately safeguarding program assets, restricting unauthorized access, and maintaining program integrity.

We recommend department management ensure that the ADP risk analysis and system security reviews are conducted at least every two years, as required.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: The MMIS replacement system was originally scheduled to go live in July 2007, before the date on which a new assessment was required. Implementation was delayed. It is currently nearing completion and will go live in late summer of 2008.

Corrective Action Plan: The new MMIS system is currently planned for implementation in the third quarter of 2008. A system certification is required and should include a security assessment. If not, the department will schedule a security assessment immediately, followed by additional security assessments every two years.

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07-47

Oregon Department of Human Services
Medicaid Cluster
Cash Management

In accordance with the Cash Management Improvement Act (CMIA), when a federal program exceeds \$36.5 million in expenditures per year, the Department of Human Services (department) is required to follow the state's established check clearance pattern when requesting federal funds. Additionally, the state is liable for interest on federal funds from the date the funds are credited to a state account until the date those funds are paid out for program purposes.

For the state fiscal year ended June 30, 2007, the federal Medicaid expenditures for administration were \$136 million. The department did not apply the check clearance pattern, as established in the CMIA agreement, to approximately \$27 million of these expenditures. As a result, the department owes the federal government interest on those funds.

We recommend department management apply the check clearance pattern to all applicable Medicaid expenditures. Additionally, the department should work with the federal government to determine the amount of interest owed for state fiscal year 2007.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: The department identified this situation near the end of the 2006-07 fiscal year and began applying the check clearance pattern to these expenditures on July 1, 2007. The department estimates the liability to be approximately \$3,158.

Corrective Action Plan: The problem has already been corrected. The department will coordinate any interest payment with Department of Administrative Services.

07-48

Oregon Department of Human Services
Medicaid Cluster
Special Tests and Provisions – Provider Eligibility

Federal Medicaid regulations state that to receive payment for medical services provided, providers must be licensed in accordance with federal, state, and local laws and regulations and must make certain disclosures to the state. During our testing of 60 providers, we found the Department of Human Services (department) did not have current licenses on file for one physician and four pharmacists. However, we verified with the Oregon Board of Medical Examiners and the Oregon Board of Pharmacy that each of these providers held current licenses, as required. Without current licenses on file, the department increases the risk of making payments to unlicensed and ineligible providers.

We recommend department management implement procedures to ensure current licenses are maintained for all providers receiving Medicaid payments.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

Discussion: The department has always verified the existence of valid licenses at time of provider application, including documentation with copies of the licenses. However, until October 2007, the department had not obtained a copy of renewed licenses prior to expiration, because the existing MMIS system cannot track expiration dates. In October 2007 the provider enrollment team of Provider Services Unit started a manual process of sending request letters to providers with licenses expiring 60 days in the future. If the license is not received, the provider is excluded by business termination.

Corrective Action Plan: The situation has already been corrected through a manual process. The department's replacement MMIS will track license expiration dates and automatically generate demand letters to providers 90 days (and 30 days if necessary) in advance of the expiration date

07-49

Oregon Department of Human Services
Medicaid Cluster
Child Care Development Fund Cluster
State Children's Health Insurance Program
Temporary Assistance for Needy Families
Vocational Rehabilitation

Procurement, Suspension, and Debarment

Federal regulations prohibit contractors that are debarred or suspended from participation in federal programs or activities. The Department of Human Services (department) implemented a procedure in December 2005 to review and document whether a potential contractor has been suspended or debarred prior to execution of a contract or agreement. We reviewed 49 contracts with effective dates subsequent to the effective date of this procedure. None of the contract files contained the required documentation indicating the results of a review for suspension or debarment. We verified that none of 49 contracts were with contractors who were suspended or debarred.

We recommend department management ensure that contracting procedures are adhered to and the review for suspension and debarment is documented in accordance with department policy.

AGENCY'S RESPONSE:

The department agrees with this recommendation.

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Corrective Action Plan: The department has included a check box for debarment on the contract routing sheet. This routing sheet was shared with all staff via e-mail with instructions to begin using immediately.

In the long run, the Office of Contracts and Procurement manager will facilitate a workgroup to discuss and develop a contract check list for contract specialists. The workgroup will create the check list and provide direction for implementation.

07-50

Oregon Department of Human Services

Medicaid Cluster

Child Care Development Fund Cluster

State Children's Health Insurance Program

Temporary Assistance for Needy Families

Adoption Assistance

Vocational Rehabilitation

Allowable Costs - Cost Allocation

According to the Oregon Accounting Manual, the primary focus of internal control policies and procedures is to process transactions correctly to ensure that all valid transactions are recorded.

The Department of Human Services (department) utilizes a federally approved plan for allocating indirect costs to federal programs. These costs are allocated on a monthly basis using cost pools. The process for allocating the cost pools is based on a variety of methodologies, which include the use of spreadsheets to calculate numerous statistics. The department enters the statistics into the accounting system in order to allocate the pooled costs to the designated federal programs. The accuracy of the allocation process is dependent upon the department manually updating various spreadsheets each month. While reviewing the allocation process, we noted the following two errors in the department's spreadsheets:

- A formula had been deleted, which caused 25 statistics to be misstated. As a result, indirect costs were inappropriately allocated in the accounting system.
- Monthly report data was not updated using current data. As a result, two statistics were incorrectly calculated and indirect costs were inappropriately allocated in the accounting system.

We recommend department management design and implement internal control procedures over the cost allocation process to ensure that indirect costs are allocated in accordance with the department's federally approved cost allocation plan. We recommend department management determine the effect of the errors identified above and make appropriate corrections to the cost allocation plan.

AGENCY'S RESPONSE:

The department partially agrees with this recommendation.

Discussion: The cost allocation process is complex. It contains 200 cost allocation pools, over 900 cost allocation profiles, and a data intensive monthly process to generate statistics for each of these pools. It allocates \$960 million each biennium.

On examination of copies of the February 2007 allocation process, the auditors found two anomalies – a missing formula and a monthly data item that had not been updated.

The missing formula was intended to pull costs of making food stamp electronic transfers (\$397 in that month) into one of the 200 cost pools. Exclusion of these costs would result in the allocation of associated indirect costs (a fraction of \$397) to the other grants in the pool. This is a shift amount of 0.07% (seven one-hundredths of 1%) of the costs in that pool for one month.

The missing data update occurred because some random moment sampling data was received too late to be included in the February allocation. The data are averaged over three months. The result was a 0.02% shift in costs in one pool from the SSBG grant to the Title IV-E adoption assistance grant.

The department runs diagnostics each month to detect significant fluctuations in allocations for further examination. This process triggers additional examination if a fluctuation within a pool exceeds 5%. Both of these occurrences were well within that tolerance.

Although it appears the potential errors in this case are minimal, the experience demonstrates improvements are needed. Error rates associated with manual processes are too high to sustain large, complex, data intensive calculations. In the last two years, the department has automated much of the process and created error-checking procedures to weed out inappropriate costs and data. However linked spreadsheets still contain too much potential for errors and create documentation and version control problems.

Corrective Action Plan: The department is currently constructing a more robust, integrated database to manage the cost allocation process. The database will contain a simulation component that will allow the department to test alternative structures to mitigate the inevitable impact of late receipt of data and other operational issues that arise in complex systems. Due to the minimal effect of the found anomalies and the difficulty of doing retroactive adjustments, the department believes no adjustment to the February 2007 allocation is warranted.

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Section IV – Schedule of Prior Financial Statement Findings for the Years Ended June 30, 2006 and 2005

This section includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2006. It also includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2005 that were uncorrected at June 30, 2006.

Finding 06-1: Inaccurate Revenue Accruals (Material Weakness)

Recommendation: The Oregon Department of Human Services (department) management stop recording non-federal transactions as federal funds. We also recommend the department establish procedures to ensure all revenue is accrued properly at fiscal year end, and document the methodology for calculating the provider tax accrual.

Status: Corrective action was taken.

Finding 06-2: Lack of Documentation (Material Weakness)

Recommendation: The Oregon Department of Human Services (department) management ensure adequate supporting documentation is maintained for all recorded transactions.

Status: Partial corrective action was taken.

The department took corrective action to address lack of documentation for financial transactions. The department continues to work with the Department of Administrative Services (DAS) regarding the state policy requirement for Personnel Action Forms to be filed in personnel files even those auto generated by DAS for cost of living increases. DMAP continues to explore different imaging options and hope to have a system in place before the November receipts are received.

Finding 06-3: Weakness in Cash Controls (Material Weakness)

Recommendation: The Oregon Department of Human Services (department) management continue taking steps to ensure all cash account reconciliations are performed regularly and timely. We recommend management perform timely reviews of the reconciliations and ensure reconciling items are appropriate. Further, we recommend department management ensure that all suspense account balances are included in the cash balance at June 30.

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Status: Partial corrective action was taken.

The department continues to consider this recommendation part of an on-going process. We have had recruitment issues leading to the continual backlog in clearing cash account reconciling items. We have assigned two additional staff to assist with the reconciliation backlog and assigned a lead worker to assist with reconciliation review, mentoring and problem resolution. Technology is consistently applied in an effort to standardize reporting from the legacy interface systems. We continue to have issues getting reconciliation reports out of our legacy interface system. Standards are also set to provide efficient methods for staff to use in preparing reports. These actions combined with further gains from applying lean methodologies have improved our performance each year. (See finding 05-3.)

Finding 06-4: **Lack of Knowledge, Skills and Abilities (Material Weakness)**

Recommendation: The Oregon Department of Human Services (department) management ensure personnel have the requisite knowledge, skills, and abilities to accurately perform their assigned duties.

Status: Partial corrective action was taken.

The department considers this an on-going process as new employees are hired and existing employees transition into new positions. With the implementation of the Lean Daily Management System we continue to assess staff skills and knowledge base and provide a training development plan to support the employee assessment.

Finding 06-5: **Timeliness of Cash and Other Reconciliations (Material Weakness)**

Recommendation: The Oregon Department of Revenue (department) management ensure that the necessary reconciliations are prepared and reviewed in a timely manner to provide assurance that cash balances and financial records are complete and accurate and to ensure that funds collected are provided to other state programs in a timely manner.

Status: Corrective action was taken.

Finding 06-6: **Unclaimed Property System (UPS) Not Reconciled to SFMA**

Recommendation: The Oregon Department of State Lands (department) management research and correct errors within UPS so the underlying detailed

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data fully support the financial accounting information reported by the department. Once this recommendation is implemented, we recommend the department proceed by performing regular reconciliations between UPS and SFMA to identify and correct errors in a timely manner.

Status: Partial corrective action was taken.

Fiscal year 2006 receipts and claims have been reviewed and the majority of the differences have been identified. Due to staff turnover in both the fiscal and unclaimed property section combined with continually increasing operational workload issues, the project was not moving forward at a pace that would achieve the result within an appropriate timeframe.

In June 2007 the agency hired a temporary employee who is tasked specifically with reconciling prior years records as well as developing and implementing a regular reconciliation procedure for current and future years. Fiscal year 2007 receipts have been reviewed and the differences and recommended adjustments are identified. The focus is currently directed toward claims for the same time period.

Due to the September 7, 2007 accounting close date for July 31, 2007, the agency is not yet able to perform a reconciliation for fiscal year 2008, however the process for FY08 reconciliation will be initiated by the end of September and maintained going forward. (*See Finding 05-6*).

Finding 06-7: **Infrastructure Accounting**

Recommendation: The Oregon Department of Transportation (department):

- Develop a methodology to remove the cost and associated mileage of the replaced roadway surface and its associated accumulated depreciation for all project types
- Develop a methodology to update the useful life of the highway system as a result of ongoing road construction
- Re-evaluate the appropriateness of the depreciation percentage originally recorded for infrastructure in 2002 and
- Determine if a prior period adjustment is appropriate, and develop a methodology to monitor the depreciation rate of the highway system to ensure it does not become fully depreciated and more appropriately reflects the value of the asset.

Status: Partial corrective action was taken.

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The department has evaluated some project types and documented the methodology. Some adjustments have been made.

The department is reviewing the original entry and subsequent entries associated with depreciation and accumulated depreciation to determine the best way to address the rate of deprecation to ensure the highway does not become fully depreciated.

Finding 05-3: Incomplete, Inaccurate Cash Reconciliations (Material Weakness)

Recommendation: The Oregon Department of Human Services (department) management ensure all cash account reconciliations are assigned and performed regularly. Management should conduct a timely review of reconciliations to ensure they are performed accurately and contain adequate supporting documentation.

Status: Partial Corrective action was taken.

The Department has initiated a process to ensure that all cash account reconciliations are assigned and performed regularly. Management reviews continue to occur. We have assigned two additional staff to assist with the reconciliation backlog and assigned a lead worker to assist with reconciliation review, mentoring and problem resolution. (*See finding 06-3*).

Finding 05-4: Lack of Proper Revenue Accruals (Material Weakness)

Recommendation: The Oregon Department of Human Services (department) management establish controls to ensure revenue is recorded in the proper period. In addition, management should ensure personnel receive the appropriate training and guidance to accurately perform the duties assigned to them. (*See finding 06-1*)

Status: Corrective action was taken.

Finding 05-6: Unclaimed Property System (UPS) Does Not Reconcile to the Statewide Financial Management Application (SFMA)

Recommendation: The Oregon Department of State Lands (department) management research and correct errors within UPS and SFMA so the underlying detailed data fully supports the financial accounting information reported by the department. Once this recommendation is implemented, the department should proceed by performing regular

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reconciliations between UPS and SFMA to identify and correct errors in a timely manner.

Status: Partial corrective action was taken.

Fiscal year 2006 receipts and claims have been reviewed and the majority of the differences have been identified. Due to staff turnover in both the fiscal and unclaimed property section combined with continually increasing operational workload issues, the project was not moving forward at a pace that would achieve the result within an appropriate timeframe.

In June 2007 the agency hired a temporary employee who is tasked specifically with reconciling prior years records as well as developing and implementing a regular reconciliation procedure for current and future years. Fiscal year 2007 receipts have been reviewed and the differences and recommended adjustments are identified. The focus is currently directed toward claims for the same time period.

Due to the September 7, 2007 accounting close date for July 31, 2007, the agency is not yet able to perform a reconciliation for fiscal year 2008, however the process for FY08 reconciliation will be initiated by the end of September and maintained going forward. (See Finding 06-6).

Finding 05-7: **Inadequate Control Over Personal Member Information**

Recommendation: The Oregon Public Employees Retirement System (department):

- Discontinue the use of production data for test and development purposes and document in formal policy.
- Create test data to use in test and development regions.
- Actively identify and remove all confidential medical information that has been posted to the archival imaging system.
- Review and modify archival procedures to ensure that confidential medical information is not made available to persons not needing access.

Status: Partial corrective action was taken.

Two of the original four recommendations are considered resolved with the corrective actions described in the FY2006 status report.

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The two that remain and are being addressed in this status report are:

1. Discontinue the use of production data for test and development purposes and document in formal policy.
2. Create test data to use in test and development regions.

Recommendation 1: PERS created two policies (3.05.02.00.186.PP & 3.05.04.04.189.PP) controlling the use of actual data in test environments. The agency believes that prohibiting the use of actual data during the testing phase of complex projects can add additional risks to the project. Therefore, we have not totally discontinued the use of production data, since the PERS retirement plan and underlying systems are very complex and its data interactions are difficult to duplicate in a completely sanitized environment. Nevertheless, PERS management recognizes and fully embraces its responsibility in protecting personal information and will implement formal policies to achieve both data confidentiality and risk mitigation due to incomplete data test beds. These policies were developed in 2006 and to a large degree have been implemented.

Recommendation 2: In conjunction with Recommendation 1, PERS staff has investigated two different approaches to creating a fictitious set of data for initial unit testing of programs. The goal was to minimize the risk associated with having a full set of data in the test regions during initial program development and testing. The initial plan was to custom develop a set of “data scrambling” programs to address multiple testing needs. However, our software vendor costs projections for developing this software continued to rise significantly even though functionality for more complex testing, such as User Acceptance Testing, was withdrawn from the project scope. As a result, PERS then began evaluating Common Off The Shelf (COTS) software products as an alternative to the custom development proposal. We have completed our prototype of a very low cost COTS solution and actually built a “scrambled” database that could be used for Unit Testing. However, this too cannot be used for more complex testing, and as a result the “scrambled” database we created will not be deployed to our development staff. We are now planning to evaluate one or more medium to high end COTS products that should better meet our overall testing requirements. This evaluation should be completed by the end of 2007, and if successful will be deployed to our developers within the following two months.

Since RIMS is being decommissioned, the agency still believes it does not make good business sense to incur the costs of creating the fictitious data environments for RIMS at this time. The agency is

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also creating additional control points and time boxes to monitor access to actual data on the RIMS system by developers and testers. These procedures have been developed and have been partially implemented.

Section V – Schedule of Prior Federal Awards Findings and Questioned Costs for the Years Ended June 30, 2006 and 2005

This section includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2006. It also includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2005 that were uncorrected at June 30, 2006.

Finding 06-8: **Aging Cluster
On-site Subrecipient Reviews Not Performed (Material Weakness)**

Recommendation: The Oregon Department of Human Services (department) continue to allocate more resources to fulfill its responsibility to monitor subrecipients. The department implemented significant portions of the infrastructure necessary to perform on-site subrecipient monitoring visits, and we recommend the remaining pieces be completed. The department should consider taking a risk-based approach in scheduling monitoring of subrecipients, and should consider monitoring some subrecipients annually.

Status: Corrective action was taken.

Finding 06-9: **Child Support Enforcement, CFDA 93.563
Lack of Subrecipient Monitoring**

Recommendation: The Oregon Department of Justice (department) allocate sufficient resources to augment the resources expended in developing the monitoring policies and procedures in order to fulfill its responsibility to monitor subrecipients. The department should also consider using a risk-based approach in scheduling monitoring of subrecipients.

Status: Corrective action was taken.

Finding 06-10: **Medicaid Cluster
Allowable Costs**

Recommendation: The Oregon Department of Human Services (department) management ensure adequate supporting documentation is maintained to support amounts claimed.

Status: Corrective action was taken.

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Finding 06-11: **State Children's Health Insurance Program (SCHIP) CFDA
93.767
Allowable Activities**

Recommendation: The Oregon Department of Human Services (department) management ensure that transactions are properly calculated, documented, and an allowable activity.

Status: Corrective action was taken.

Finding 06-12: **State Children's Health Insurance Program (SCHIP) CFDA
93.767
Eligibility and Allowable Activities (Material Weakness)**

Recommendation: The Oregon Office of Private Health Partnerships (department) management implement a quality control or monitoring process over eligibility processes and subsidy payment calculations. We also recommend the department ensure all changes made are clearly documented. Finally, we recommend the department work with the federal government to resolve and correct the errors identified.

Status: Partial corrective action was taken.

For those instances reported in the prior year that the agency agreed with, the agency has taken the following actions to correct the prior year finding.

(1) The agency has implemented a formal employee training program for new employees, has conducted ongoing training at eligibility staff meetings, and has published a new Procedure Manual that incorporates procedures for each eligibility process, including income calculation. Additionally, the eligibility unit has implemented a new quality control review process, in which processed applications are randomly "audited" daily.

(2) FHIAP Member Accounts Services has strengthened the program's quality review process. The lead worker randomly audits group subsidy transactions daily for each worker.

(3) The agency created an electronic change log that will record changes made to the database in defined critical fields. The change log will include the date and time of change; the field changed; the data before and after the change; and the ID of the person making

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the change. The change log was created using software purchased specifically for this purpose. Testing was performed in November and December where bugs were found to create problems on the live system. We have been working to identify and correct this problem. It is currently in the process of being retested. If the problem has not been resolved, we are prepared to create a new log in the FileMaker Pro database, which will delay completion of this corrective action.

(4) Fiscal staff started randomly auditing payments on a weekly basis to verify that funding codes are correct beginning in February 2007.

In conclusion, an adjustment to the agency's federal funds request was made to adjust for a federal overpayment of \$2,478 to the Oregon Department of Human Services (DHS) in September 2007 for federal matching funds on July 2007 expenditures. These expenditures, with the adjustment, were billed to DHS in September 2007.

See current year finding 07-40.

Finding 06-13: **Temporary Assistance for Needy Families (TANF), CFDA
93.558
Earmarking**

Recommendation: The Oregon Department of Human Services (department) management closely monitor, throughout the year, administrative costs to ensure compliance with earmarking requirements. In addition, we recommend adjustments necessary to support the report are made in the financial records at the time the report is submitted to the federal government in order to fully comply with reporting requirements.

Status: Corrective action was taken.

Finding 06-14: **Temporary Assistance for Needy Families (TANF), CFDA
93.558
Allowable Costs**

Recommendation: The Oregon Department of Human Services (department) management ensure that funding transactions are allowable for federal programs and documented in accordance with OMB Circular A-87.

Status: Corrective action was taken.

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Finding 06-15: **Temporary Assistance for Needy Families (TANF), CFDA 93.558 Eligibility**

Recommendation: The Oregon Department of Human Services (department) management correct the identified error in the system. We further recommend that management take steps to ensure eligibility is correctly coded in the system so that federal funds are not charged for ineligible clients.

Status: Corrective action was taken.

Finding 06-16: **Adoption Assistance, CFDA 93.659 Eligibility (Material Weakness)**

Recommendation: The Oregon Department of Human Services (department) management correct the above 24 cases and work with the federal government to resolve the financial ramifications of these errors. In addition, we recommend the department review coding entries in IIS to verify the correct code is entered and ensure the department is not inappropriately billing the Federal government for ineligible clients.

Status: Partial corrective action was taken.

The coding on the cases identified during the audit has been corrected, and a manual process was instituted to review IV-E eligibility for opened Adoption Assistance cases. Program management is also working with OIS to complete a coding exception report for new cases.

Finding 06-17: **Adoption Assistance, CFDA 93.659 Eligibility**

Recommendation: The Oregon Department of Human Services (department) management correct this case in the system so that the appropriate funding source is used for assistance payments and return any disallowed costs to the federal government. We further recommend the department use all available information when determining eligibility and follow the eligibility guidelines established by the federal government.

Status: Corrective action was taken.

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Finding 06-18: Adoption Assistance, CFDA 93.659
Eligibility (Material Weakness)

Recommendation: The Oregon Department of Human Services (department) management retain all supporting documentation used for making eligibility determinations and for determining the monthly subsidy payment amount, in accordance with its retention schedule.

Status: Corrective action was taken.

Finding 06-19: Workforce Investment Act Cluster
Questioned Costs

Recommendation: The Oregon Department of Community Colleges and Workforce Development (department) take the necessary steps to recover the questioned travel reimbursements. We also recommend the department ensure that all expenditures are adequately reviewed.

Status: Corrective action was taken.

Finding 06-20: Workforce Investment Act Cluster
Unsupported Cost Allocation Plan

Recommendation: The Oregon Department of Community Colleges and Workforce Development (department) ensure it maintains adequate documentation to support its methodology and calculations for allocating costs and expenditures among different federal and state programs.

Status: Corrective action was taken.

Finding 06-21: Workforce Investment Act Cluster
Cash Management

Recommendation: The Oregon Department of Community Colleges and Workforce Development (department) thoroughly review the requests for federal funds and ensure that requests for federal funds are adequately supported, and the requests agree to expenditures already made.

Status: Partial Corrective Action was taken.

The department's new automated draw system allows for overall analytical review including amounts and frequency of cash draws. We review and follow-up on any unusual trends. We are in the process of selecting a sample of cash draws to compare against

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actual expenditures incurred prior to our planned monitoring visits this year.

Finding 06-22: **Capitalization Grants for Clean Water state Revolving Funds, CFDA 66.458
Untimely Loan Payments**

Recommendation: The Oregon Department of Environmental Quality (department) management ensure payments of loan principal and interest for CWSRF loans begin not later than one year after project completion.

Status: Corrective action was taken.

Finding 06-23: **Capitalization Grants for Clean Water state Revolving Funds, CFDA 66.458
Lack of Public Notice Documentation**

Recommendation: The Oregon Department of Environmental Quality (department) management ensure required environmental review procedures, including notice to the public of proposed projects, are followed. Additionally, management should ensure that all necessary documentation is retained in project files for the duration of the loan process.

Status: Partial corrective action was taken.

The State Revolving Fund program (SRF) within DEQ is making efforts to publicize in both the Intended Use Plan and a local newspaper every environmental report associated with projects proposed for program funding. Additionally, a checklist documenting when and where this notification occurred is being developed and we are working to fully implement its use.

The SRF program is developing a file structure checklist to be used to ensure all required documents and correspondence are organized and maintained in project files.
See current year finding 07-21.

Finding 05-14: **Aging Cluster, On-site Subrecipient Reviews Not Performed – (Material Weakness)**

Recommendation: The Oregon Department of Human Services (department) allocate more resources to fulfill its responsibility to monitor subrecipients. The department should consider taking a risk-based approach in

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scheduling monitoring of subrecipients, and should consider monitoring some subrecipients annually. (*See Finding 06-8.*)

Status: Corrective action was taken.

Finding 05-16: **Low Income Home Energy Assistance Program, CFDA 93.568, Non-compliance with Subrecipient Monitoring Provisions**

Recommendation: The Oregon Housing and Community Services Department (department) comply with its LIHEAP plan and devote sufficient resources to fulfill its subrecipient monitoring responsibilities.

Status: Corrective action was taken.

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

REPORT TITLE AND NUMBER	Department of Human Services: Information Audit of the Adoption Assistance Program; Report No. 2007-13
REPORT DATE	June 1, 2007
RESULTS IN BRIEF	<p>Oregon's Adoption Assistance program receives funding from both the state and federal government, with approximately 20 percent of adoptions funded solely by the state. The average monthly payment for state funded adoption assistance was \$444.</p> <p>The department's negotiation process for both federal and state funded adoption assistance focuses on the needs of the child and the ability of the family to incorporate the child into their lifestyle. The adoption assistance subsidy rate is negotiated only when adoptive parents request a higher than standard rate.</p> <p>In an attempt to contain the cost of the Adoption Assistance program, the department has implemented some cost containment measures, and has considered others.</p> <p>To obtain information about cost containment measures used by other states, we conducted a survey and reviewed other related information. We later followed up with states and found that most did not realize significant cost savings or slow the rate of growth as a result of the measures implemented.</p> <p>Only three of the states reported effective cost containment methods, and two of those methods have been implemented or attempted in Oregon.</p> <p>A third method, to limit monthly subsidy payments for young children without diagnosed special needs, could potentially provide an additional cost containment measure for Oregon.</p> <p>While reviewing state funded adoptions finalized between July 1, 2003 and June 30, 2005 we found that 31 children were incorrectly coded in the department's payment system. This resulted in incorrect billings of the federal government for monthly subsidy payments.</p>

We also found that the department does not conduct required annual reviews of adoptive families to re-determine eligibility for adoption assistance payments.

REPORT TITLE AND NUMBER **Oregon Department of Human Services: Combined Check Reconciliation System & Accounting Interface Application Controls Review; Report No. 2007-15**

REPORT DATE June 21, 2007

RESULTS IN BRIEF In general, the department's application controls provided reasonable assurance that most data would remain complete, accurate and valid during system input, processing and output. However, those controls were not as effective for manually adjusted transactions. Control weaknesses relating to these adjustments increased the likelihood that inappropriate or erroneous information could be entered into the system and transferred to the state's accounting system.

It was also unlikely the department could timely, or fully, restore system information from off-site backup tapes because some critical system files were not appropriately backed up to tape and because the department lacked a defined and tested recovery plan.

We also found that program change management controls did not always follow generally accepted control practices. Specifically, technical reviews of modified code were not always performed, approved code changes were not adequately safeguarded, and certain production data sets were directly modified by staff.

In addition, logical access controls did not adequately protect the system and its data.

REPORT TITLE AND NUMBER **Oregon Department of Fish and Wildlife: Federal Reimbursement and Cash Management Review; Report No. 2007-17**

REPORT DATE August 3, 2007

RESULTS IN BRIEF The department did not receive timely reimbursement for more than 65 percent of the contract expenditures it billed to federal agencies during fiscal year 2006.

Specifically, the reimbursement for \$27.3 million of the \$41.4 million in total federal billings took longer than 30 days from preparation to receipt of payment. Reimbursement of \$8.6 million took longer than 120 days. As a result, the department had less cash available to meet its operating needs.

Although some delays were due to factors beyond the department's immediate control, opportunities appear to exist that should reduce the future extent of delays. These potential opportunities center on improving receivables and contract management practices. Moreover, two strategies—charging federal agencies interest for delayed reimbursements and using monies available in the Deferred Maintenance Subaccount—may help the department reduce the impact of reimbursement delays.

REPORT TITLE AND NUMBER

Department of Administrative Services: Statewide Financial Management Application—Data Integrity Audit Follow Up; Report No. 2007-28

REPORT DATE

December 7, 2007

RESULTS IN BRIEF

The purpose of this audit was to follow up on the findings and recommendations in Report No. 2004-23, Department of Administrative Services: Statewide Financial Management Application (SFMA)—Data Integrity Audit.

The prior audit questioned the availability of agency source documentation to support transactions in the Statewide Financial Management Application (SFMA) and the accuracy of certain data fields in SFMA because recorded information did not agree with agencies' source documentation.

In December 2004, the department implemented a policy outlining minimum documentation requirements for accounting transactions by state agencies. The policy identified specific fields of data to be included in the documentation, adequate supporting information for system-generated transactions, and references to specific sections of the *Oregon Revised Statutes* and Oregon Administrative Rules regarding records retention.

We tested a sample of 403 transactions entered into SFMA by 39 state agencies and found that 395 (98 percent) were adequately supported. The remaining 8 transactions represented transactions from the Employment Department's application for allocating costs to various cost centers. The Employment Department could not provide documentation that fully supported these transactions.

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

Director	Charles A. Hibner, CPA
Deputy Director	William K. Garber, MPA, CGFM
Deputy Director	Mary E. Wenger, CPA

This report, a public record, is intended to promote the best possible management of public resources. Copies may be obtained from:

internet:	http://www.sos.state.or.us/audits/index.html
phone:	503-986-2255
mail:	Oregon Audits Division 255 Capitol Street NE, Suite 500 Salem, OR 97310

The courtesies and cooperation extended by officials and employees of the [Agency] during the course of this audit were commendable and sincerely appreciated.

Auditing to Protect the Public Interest and Improve Oregon Government