

Report No. 2009-07

March 31, 2009



Kate Brown, Secretary of State
Drummond Kahn, Interim Director, Audits Division

Secretary of State Audit Report

State of Oregon

Statewide Single Audit Report

For the Fiscal Year Ended June 30, 2008

State of Oregon
STATEWIDE SINGLE AUDIT REPORT

For the Year Ended June 30, 2008

Office of the Secretary of State

Kate Brown
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

Drummond Kahn, MS, CIA, CGFM, CGAP
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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, 2008, and is required for the State to continue receiving federal financial assistance, which, as shown in this report, totals approximately \$6.4 billion.

As required by the Single Audit Act, we issued a report dated January 12, 2009, 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, 2008.

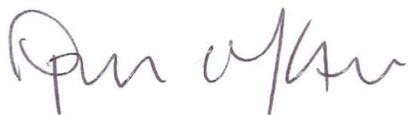
This report contains the remaining components required by the Single Audit Act:

- *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, 2008.
- *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, 2008, 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 17 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, 2007. In addition, it lists the status of prior year audit findings for the fiscal year ended June 30, 2006, 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, 2008. Management's responses and planned corrective actions are included in this schedule.

OREGON AUDITS DIVISION

A handwritten signature in dark ink, appearing to read "Drummond Kahn". The signature is fluid and cursive, with the first name being more prominent.

Drummond Kahn, MS, CIA, CGFM, CGAP
Interim 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, 2008, which collectively comprise the State of Oregon's basic financial statements and have issued our report thereon dated January 12, 2009. 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 and the other auditors 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 08-1 through 08-20 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 08-1 through 08-3 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, 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



Kate Brown
Secretary of State

January 12, 2009

Office of the Secretary of State

Kate Brown
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

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The Honorable Theodore R. Kulongoski
Governor of Oregon

**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, 2008. 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:

- 10.558 Child and Adult Care Food Program
- 12.401 National Guard Military Operations & Maintenance (O&M) Projects
- 93.268 Immunization Grants
- N/A Food Stamp Cluster
- N/A Disability Insurance/SSI Cluster
- N/A Special Education Cluster (IDEA)
- N/A Research and Development Cluster (5000)

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 \$280 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 08-21 through 08-27, 07-35 through 07-39 in the accompanying schedule of findings and questioned costs, the State of Oregon did not comply with requirements regarding Allowable Costs and Eligibility that are applicable to its Temporary Assistance for Needy Families; Activities Allowed or Unallowed, Eligibility, and Maintenance of Effort that are applicable to the State Children's Insurance Program. Compliance with such requirements is necessary, in our opinion, for the State of Oregon to comply with requirements applicable to those programs.

In our opinion, 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, 2008. 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 08-28 through 08-31, and 08-37.

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 08-21, 08-22, 08-27, 08-28, 08-32 through 08-36, and 07-35 through 07-39.

A *material weakness* is a significant deficiency, or combination of 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 08-21, 08-22, 08-28, 07-35, 07-36, and 07-39 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, 2008, and have issued our report thereon dated January 12, 2009. 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



Kate Brown
Secretary of State

March 12, 2009, except for the
Schedule of Expenditures of
Federal Awards, as to which the
date is January 12, 2009

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

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)						
		17PORP501	\$ 4,017	\$ -	\$ 4,017	\$ 4,017	\$ -
		HIDTAPASSTHRUDOJ	130,931	41,620	172,551	172,551	-
		I6PORP501Z	5,928	-	5,928	5,928	-
07.XXX	Total High Intensity Drug Trafficking Area (HIDTA)		<u>\$ 140,876</u>	<u>\$ 41,620</u>	<u>\$ 182,496</u>	<u>\$ 182,496</u>	<u>\$ -</u>
Total Office of National Drug Control Policy			<u>\$ 140,876</u>	<u>\$ 41,620</u>	<u>\$ 182,496</u>	<u>\$ 182,496</u>	<u>\$ -</u>
Department of Agriculture							
10.001	Agricultural Research_Basic and Applied Research		\$ 823,423	\$ -	\$ 823,423	\$ 823,423	\$ -
10.025	Plant and Animal Disease, Pest Control, and Animal Care		2,607,175	28,939	2,636,114	2,636,114	-
10.028	Wildlife Services		97,110	-	97,110	97,110	-
10.069	Conservation Reserve Program		64,334	-	64,334	64,334	-
10.156	Federal-State Marketing Improvement Program		1,856	-	1,856	1,856	-
10.163	Market Protection and Promotion		86,666	-	86,666	86,666	-
10.169	Specialty Crop Block Grant Program		14,783	-	14,783	14,783	-
10.200	Grants for Agricultural Research, Special Research Grants		1,558	-	1,558	1,558	-
10.220	Higher Education Multicultural Scholars Program		56,625	-	56,625	56,625	-
10.446	Rural Community Development Initiative		10,485	-	10,485	10,485	-
10.457	Commodity Partnerships for Risk Management Education		16,885	-	16,885	16,885	-
10.500	Cooperative Extension Service		4,019,396	-	4,019,396	4,019,175	221
10.550	Food Donation		93,252	11,006,777	11,100,029	11,100,029	-
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		54,134,814	13,817,617	67,952,431	67,952,431	-
10.558	Child and Adult Care Food Program		370,366	24,518,736	24,889,102	24,762,403	126,699
10.560	State Administrative Expenses for Child Nutrition		1,737,642	-	1,737,642	1,737,642	-
10.565	Commodity Supplemental Food Program		13,010	844,571	857,581	857,581	-
10.567	Food Distribution Program on Indian Reservations		35,755	88,208	123,963	123,963	-
10.574	Team Nutrition Grants		12,929	500	13,429	13,429	-
10.576	Senior Farmers Market Nutrition Program		768,196	-	768,196	768,196	-
10.578	WIC Grants to States (WGS)		179,146	76,129	255,275	255,275	-
10.580	Special Nutrition Assistance Program Outreach/Participation Program		32,511	-	32,511	32,511	-
10.652	Forestry Research		7,234	-	7,234	1,894	5,340
10.664	Cooperative Forestry Assistance		5,469,202	43,499	5,512,701	5,512,701	-
10.670	National Forest_Dependent Rural Communities		(698)	-	(698)	(698)	-
10.676	Forest Legacy Program		27,272	460,000	487,272	487,272	-
10.677	Forest Land Enhancement Program		137,065	-	137,065	137,065	-

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
10.679	Collaborative Forest Restoration		9,834	-	9,834	-	9,834
10.680	Forest Health Protection		1,392,477	34,440	1,426,917	1,426,917	-
10.769	Rural Business Enterprise Grants		5,000	-	5,000	5,000	-
10.773	Rural Business Opportunity Grants		22,957	-	22,957	398	22,559
10.905	Plant Materials for Conservation		43,907	-	43,907	43,907	-
10.912	Environmental Quality Incentives Program		99,202	-	99,202	99,202	-
10.XXX	Other Department of Agriculture Programs						
		07 CS 11060606 809	7,150	-	7,150	7,150	-
		2007 PA 11060202 033	15,000	-	15,000	15,000	-
10.XXX	Total Other Department of Agriculture Programs		\$ 22,150	-	\$ 22,150	\$ 22,150	\$ -
Total Department of Agriculture			\$ 72,413,519	\$ 50,919,416	\$ 123,332,935	\$ 123,168,282	\$ 164,653
Department of Commerce							
11.303	Economic Development_Technical Assistance		\$ 127,414	\$ -	\$ 127,414	\$ 127,414	\$ -
11.405	Anadromous Fish Conservation Act Program		343,704	-	343,704	343,704	-
11.407	Interjurisdictional Fisheries Act of 1986		239,488	-	239,488	239,488	-
11.417	Sea Grant Support		89,724	-	89,724	89,724	-
11.419	Coastal Zone Management Administration Awards		1,607,456	481,881	2,089,337	2,089,337	-
11.420	Coastal Zone Management Estuarine Research Reserves		527,380	-	527,380	527,380	-
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program		694,240	-	694,240	694,240	-
11.433	Marine Fisheries Initiative		5,589	-	5,589	5,589	-
11.436	Columbia River Fisheries Development Program		6,340,614	14,766	6,355,380	6,355,380	-
11.437	Pacific Fisheries Data Program		816,822	-	816,822	865,467	(48,645)
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program		2,823,689	3,937,266	6,760,955	6,755,883	5,072
11.439	Marine Mammal Data Program		41,391	-	41,391	41,062	329
11.441	Regional Fishery Management Councils		136,275	-	136,275	140,608	(4,333)
11.463	Habitat Conservation		48,976	-	48,976	48,976	-
11.473	Coastal Services Center		137,357	-	137,357	137,357	-
11.478	Center for Sponsored Coastal Ocean Research_Coastal Ocean Program		28,101	-	28,101	28,101	-
11.555	Public Safety Interoperable Communications Grant Program		2,022	-	2,022	2,022	-
11.XXX	Other Department of Commerce Programs						
		AB133F07SE4174	83,363	-	83,363	83,363	-
		AB133F07SE5281	7,401	-	7,401	7,401	-
		AB133F07SE5404	17,566	-	17,566	17,566	-
		AB133F07SE5405	13,851	-	13,851	13,851	-
		OFP50IPA97	(3,805)	-	(3,805)	(3,805)	-
		PO AB133F07SE3564	30,208	-	30,208	30,208	-

The accompanying notes are an integral part of this schedule.

11.XXX	Total Other Department of Commerce Programs	\$ 148,584	\$ –	\$ 148,584	\$ 148,584	\$ –
Total Department of Commerce		\$ 14,158,826	\$ 4,433,913	\$ 18,592,739	\$ 18,640,316	\$ (47,577)
Department of Defense						
12.106	Flood Control Projects	\$ 7,836,772	\$ 23,575	\$ 7,860,347	\$ 7,860,347	\$ –
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	80,369	–	80,369	80,369	–
12.114	Collaborative Research and Development	16,819	–	16,819	16,819	–
12.400	Military Construction, National Guard	12,490,025	–	12,490,025	12,490,025	–
12.401	National Guard Military Operation's and Maintenance (O&M) Projects	28,740,014	–	28,740,014	28,740,014	–
12.404	National Guard Civilian Youth Opportunities	3,023,341	–	3,023,341	3,023,341	–
12.431	Basic Scientific Research	19,857	–	19,857	–	19,857
12.551	National Security Education Program David L. Boren Fellowships	220,695	–	220,695	220,695	–
12.800	Air Force Defense Research Sciences Program	1,273	–	1,273	–	1,273
12.XXX	Other Department of Defense Programs					
	1000	11,516,964	–	11,516,964	11,516,964	–
	OR6213820917	1,391,539	63,912	1,455,451	1,455,451	–
12.XXX	Total Other Department of Defense Programs	\$ 12,908,503	\$ 63,912	\$ 12,972,415	\$ 12,972,415	\$ –
Total Department of Defense		\$ 65,337,668	\$ 87,487	\$ 65,425,155	\$ 65,404,025	\$ 21,130
Department of Housing and Urban Development						
14.103	Interest Reduction Payments_Rental and Cooperative Housing for Lower Income Families	\$ 19,971	\$ –	\$ 19,971	\$ 19,971	\$ –
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	518,573	15,037,896	15,556,469	15,556,469	–
14.231	Emergency Shelter Grants Program	35,968	1,043,501	1,079,469	1,079,469	–
14.235	Supportive Housing Program	18,502	1,274,915	1,293,417	1,293,417	–
14.239	HOME Investment Partnerships Program	8,593,415	3,377,815	11,971,230	11,971,230	–
14.241	Housing Opportunities for Persons with AIDS	1,219,703	(9,659)	1,210,044	1,210,044	–
Total Department of Housing and Urban Development		\$ 10,406,132	\$ 20,724,468	\$ 31,130,600	\$ 31,130,600	\$ –
Department of the Interior						
15.039	Fish, Wildlife, and Parks Programs on Indian Lands	\$ 8,031	\$ –	\$ 8,031	\$ 1,934	\$ 6,097
15.114	Indian Education_Higher Education Grant Program	2,049	–	2,049	2,049	–
15.214	Non-Sale Disposals of Mineral Material	–	554,892	554,892	554,892	–
15.221	Cooperative Agreements for Research in Public Lands Management	10,000	–	10,000	10,000	–
15.224	Cultural Resource Management	98,689	–	98,689	98,689	–
15.225	Recreation Resource Management	507,475	42,542	550,017	550,017	–
15.227	Distribution of Receipts to State and Local Governments	–	150,024	150,024	150,024	–
15.228	National Fire Plan – Wildland Urban Interface Community Fire Assistance	1,097,887	38,295	1,136,182	1,085,540	50,642
15.231	Fish, Wildlife and Plant Conservation Resource Management	14,507	–	14,507	14,507	–
15.242	National Fire Plan – Rural Fire Assistance	14,384	–	14,384	14,384	–
15.504	Water Reclamation and Reuse Program	249,950	–	249,950	249,950	–
15.608	Fish and Wildlife Management Assistance	151,955	482,724	634,679	620,853	13,826
15.614	Coastal Wetlands Planning, Protection and Restoration Act	–	532,405	532,405	532,405	–
15.615	Cooperative Endangered Species Conservation Fund	492,525	151,302	643,827	643,827	–

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
15.616	Clean Vessel Act		61,415	140,727	202,142	202,142	-
15.625	Wildlife Conservation and Restoration		(14,496)	-	(14,496)	(14,496)	-
15.626	Hunter Education and Safety Program		560,286	5,400	565,686	565,686	-
15.630	Coastal Program		6,019	-	6,019	6,019	-
15.632	Conservation Grants Private Stewardship for Imperiled Species		81,305	-	81,305	81,305	-
15.633	Landowner Incentive Program		223,450	496,336	719,786	719,786	-
15.634	State Wildlife Grants		806,714	21,412	828,126	828,126	-
15.638	Tribal Landowner Incentive Program		35,161	-	35,161	35,161	-
15.647	Migratory Bird Conservation		162,325	-	162,325	162,325	-
15.649	Service Training and Technical Assistance (Generic Training)		3,261,402	-	3,261,402	3,261,402	-
15.808	U.S. Geological Survey_Research and Data Collection		351,779	-	351,779	351,779	-
15.810	National Cooperative Geologic Mapping Program		235,075	-	235,075	235,075	-
15.904	Historic Preservation Fund Grants-In-Aid		577,909	229,557	807,466	807,466	-
15.916	Outdoor Recreation_Acquisition, Development and Planning		12,432	303,529	315,961	315,961	-
15.921	Rivers, Trails and Conservation Assistance		4,492	-	4,492	4,492	-
15.923	National Center for Preservation Technology and Training		47,493	-	47,493	47,493	-
15.XXX	Other Department of the Interior Programs						
		07WRSS0010	206,671	-	206,671	206,671	-
		08 100	14,826	-	14,826	14,826	-
		08 101	55,210	-	55,210	55,210	-
		08 40	414,848	-	414,848	414,848	-
		08 86	257,023	-	257,023	257,023	-
		13420 7 J738	5,516	-	5,516	5,516	-
		134207M085	4,940	-	4,940	4,940	-
		134207M085	14,724	-	14,724	14,724	-
		142505FG1L1150	23,218	-	23,218	23,218	-
		142506FC1L1228	441,296	-	441,296	441,296	-
		142507FG1L1291	23,705	-	23,705	23,705	-
		20060141000	387	-	387	387	-
		H1530080001	4,387	-	4,387	4,387	-
		H9430010001	12,821	-	12,821	12,821	-
		Not Available	4,771	-	4,771	-	4,771
		OPRD	413	-	413	413	-
		TASK J9430050018	14,946	-	14,946	14,946	-
15.XXX	Total Other Department of the Interior Programs		<u>\$ 1,499,702</u>	<u>\$ -</u>	<u>\$ 1,499,702</u>	<u>\$ 1,494,931</u>	<u>\$ 4,771</u>
	Total Department of the Interior		<u>\$ 10,559,915</u>	<u>\$ 3,149,145</u>	<u>\$ 13,709,060</u>	<u>\$ 13,633,724</u>	<u>\$ 75,336</u>

The accompanying notes are an integral part of this schedule.

Department of Justice

16.200	Community Relations Service	\$ 151,683	\$ -	\$ 151,683	\$ 151,683	\$ -
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	158,825	-	158,825	158,825	-
16.203	Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	(22)	-	(22)	(22)	-
16.523	Juvenile Accountability Block Grants	2,378	374,862	377,240	377,240	-
16.524	Legal Assistance for Victims	1,012	155,304	156,316	156,316	-
16.525	Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	8,253	-	8,253	8,253	-
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States	423,651	362,909	786,560	786,560	-
16.548	Title V_Delinquency Prevention Program	18,177	225,626	243,803	243,803	-
16.549	Part E_State Challenge Activities	-	25,988	25,988	25,988	-
16.550	State Justice Statistics Program for Statistical Analysis Centers	50,008	-	50,008	50,008	-
16.554	National Criminal History Improvement Program (NCHIP)	56,942	-	56,942	56,942	-
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	157,745	-	157,745	151,744	6,001
16.575	Crime Victim Assistance	177,085	5,001,185	5,178,270	5,178,270	-
16.576	Crime Victim Compensation	1,295,635	-	1,295,635	1,295,635	-
16.579	Edward Byrne Memorial Formula Grant Program	440,589	2,670,940	3,111,529	3,062,584	48,945
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	2,952	565,821	568,773	568,773	-
16.582	Crime Victim Assistance/Discretionary Grants	141,860	-	141,860	141,860	-
16.585	Drug Court Discretionary Grant Program	15,086	-	15,086	15,086	-
16.588	Violence Against Women Formula Grants	105,250	1,382,565	1,487,815	1,487,815	-
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	81,343	-	81,343	-	81,343
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	77,652	-	77,652	-	77,652
16.593	Residential Substance Abuse Treatment for State Prisoners	210,900	107,353	318,253	318,253	-
16.595	Community Capacity Development Office	1,727,009	2,133,762	3,860,771	3,860,771	-
16.606	State Criminal Alien Assistance Program	7,973,659	-	7,973,659	7,973,659	-
16.610	Regional Information Sharing Systems	478,446	-	478,446	-	478,446
16.710	Public Safety Partnership and Community Policing Grants	85,451	-	85,451	85,451	-
16.726	Juvenile Mentoring Program	(5,516)	-	(5,516)	(5,516)	-
16.727	Enforcing Underage Drinking Laws Program	269,510	354,297	623,807	623,807	-
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program	649,244	-	649,244	649,244	-
16.738	Edward Byrne Memorial Justice Assistance Grant Program	181,913	1,378,714	1,560,627	1,560,627	-
16.741	Forensic DNA Backlog Reduction Program	537,312	-	537,312	537,312	-
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	249,551	-	249,551	249,551	-
16.748	Convicted Offender and/or Arrestee DNA Backlog Reduction Program (In-House Analysis and Data Review)	135,018	-	135,018	135,018	-
16.XXX	Other Department of Justice Programs					
	2004PMBX0019	3,909	-	3,909	3,909	-
16.XXX	Total Other Department of Justice Programs	\$ 3,909	\$ -	\$ 3,909	\$ 3,909	\$ -
Total Department of Justice		\$ 15,862,510	\$ 14,739,326	\$ 30,601,836	\$ 29,909,449	\$ 692,387

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, 2008 (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 Labor							
17.002	Labor Force Statistics		\$ 1,257,017	\$ -	\$ 1,257,017	\$ 1,257,017	\$ -
17.005	Compensation and Working Conditions		138,231	-	138,231	138,231	-
17.225	Unemployment Insurance		686,647,167	-	686,647,167	686,647,167	-
17.235	Senior Community Service Employment Program		50,817	1,239,066	1,289,883	1,289,883	-
17.245	Trade Adjustment Assistance		14,219,068	-	14,219,068	14,219,068	-
17.261	WIA Pilots, Demonstrations, and Research Projects		316,378	70,872	387,250	387,250	-
17.266	Work Incentive Grants		28,483	591,966	620,449	620,449	-
17.267	Incentive Grants – WIA Section 503		59,139	616,468	675,607	675,607	-
17.268	H-1B Job Training Grants		-	311,112	311,112	311,112	-
17.503	Occupational Safety and Health_State Program		5,451,421	-	5,451,421	5,451,421	-
17.600	Mine Health and Safety Grants		103,906	-	103,906	103,906	-
Total Department of Labor			\$ 708,271,627	\$ 2,829,484	\$ 711,101,111	\$ 711,101,111	\$ -
Department of State							
19.418	Educational Exchange, American Studies Institute		\$ 352,229	\$ -	\$ 352,229	\$ -	\$ 352,229
19.423	Exchange_English Language Specialist/Speaker Program		89,262	-	89,262	89,262	-
19.430	International Education Training and Research		27,440	-	27,440	27,440	-
19.XXX	Other Department of State Programs						
		07-8-060	9,600	-	9,600	9,600	-
		PC-05-8-058	247	-	247	247	-
		PC-06-8-114	160	-	160	160	-
19.XXX	Total Other Department of State Programs		\$ 10,007	-	\$ 10,007	\$ 10,007	\$ -
Total Department of State			\$ 478,938	\$ -	\$ 478,938	\$ 126,709	\$ 352,229
Department of Transportation							
20.106	Airport Improvement Program		\$ 3,756,406	\$ 37,475	\$ 3,793,881	\$ 3,793,881	\$ -
20.218	National Motor Carrier Safety		2,174,602	-	2,174,602	2,174,602	-
20.219	Recreational Trails Program		152,606	658,578	811,184	811,184	-
20.232	Commercial Driver License State Programs		764,813	-	764,813	764,813	-
20.505	Federal Transit_Metropolitan Planning Grants		-	814,283	814,283	814,283	-
20.509	Formula Grants for Other Than Urbanized Areas		1,516,632	6,814,037	8,330,669	8,330,669	-
20.514	Public Transportation Research		-	1,331	1,331	1,331	-
20.515	State Planning and Research		131,258	-	131,258	131,258	-
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		247,653	340,351	588,004	588,004	-
20.614	National Highway Transportation Safety Administration (NHTSA) Discretionary Safety Grants		86,775	-	86,775	86,775	-

The accompanying notes are an integral part of this schedule.

20.700	Pipeline Safety Program Base Grants	248,215	–	248,215	248,215	–
20.701	University Transportation Centers Program	76,760	–	76,760	41,929	34,831
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	35,370	5,103	40,473	40,473	–
Total Department of Transportation		\$ 9,191,090	\$ 8,671,158	\$ 17,862,248	\$ 17,827,417	\$ 34,831
Department of the Treasury						
21.XXX	Other Department of Treasury Programs					
	NFMC	\$ 76	\$ –	\$ 76	\$ 76	\$ –
21.XXX	Total Other Department of Treasury Programs	\$ 76	\$ –	\$ 76	\$ 76	\$ –
Total Department of the Treasury		\$ 76	\$ –	\$ 76	\$ 76	\$ –
Office of Personnel Management						
27.001	Federal Civil Service Employment	\$ 184,646	\$ –	\$ 184,646	\$ 184,646	\$ –
27.011	Intergovernmental Personnel Act (IPA) Mobility Program	587,393	–	587,393	587,393	–
Total Office of Personnel Management		\$ 772,039	\$ –	\$ 772,039	\$ 772,039	\$ –
Equal Employment Opportunity Commission						
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964	\$ 531,450	\$ –	\$ 531,450	\$ 531,450	\$ –
Total Equal Employment Opportunity Commission		\$ 531,450	\$ –	\$ 531,450	\$ 531,450	\$ –
General Services Administration						
39.002	Disposal of Federal Surplus Real Property	\$ –	\$ 102,528	\$ 102,528	\$ 102,528	\$ –
39.003	Donation of Federal Surplus Personal Property	116,459	470,113	586,572	586,572	–
Total General Services Administration		\$ 116,459	\$ 572,641	\$ 689,100	\$ 689,100	\$ –
National Endowment for the Arts						
45.024	Promotion of the Arts Grants to Organizations and Individuals	\$ 325	\$ –	\$ 325	\$ 325	\$ –
45.025	Promotion of the Arts Partnership Agreements	39,163	403,165	442,328	442,328	–
Total National Endowment for the Arts		\$ 39,488	\$ 403,165	\$ 442,653	\$ 442,653	\$ –
National Endowment for the Humanities						
45.149	Promotion of the Humanities Division of Preservation and Access	\$ 98,845	\$ –	\$ 98,845	\$ 98,845	\$ –
Total National Endowment for the Humanities		\$ 98,845	\$ –	\$ 98,845	\$ 98,845	\$ –
Institute Of Museum and Library Services						
45.301	Museums for America	\$ 68,196	\$ –	\$ 68,196	\$ 234	\$ 67,962
45.310	Grants to States	950,324	821,864	1,772,188	1,689,634	82,554
45.312	National Leadership Grants	285,077	–	285,077	285,077	–
45.313	Laura Bush 21st Century Librarian Program	26,139	–	26,139	–	26,139
Total Institute Of Museum and Library Services		\$ 1,329,736	\$ 821,864	\$ 2,151,600	\$ 1,974,945	\$ 176,655
National Science Foundation						
47.041	Engineering Grants	\$ 74,621	\$ –	\$ 74,621	\$ 74,621	\$ –
47.049	Mathematical and Physical Sciences	210,345	–	210,345	–	210,345
47.050	Geosciences	103,432	–	103,432	103,432	–
47.070	Computer and Information Science and Engineering	180,532	–	180,532	180,532	–

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
47.074	Biological Sciences		228,802	-	228,802	228,802	-
47.075	Social, Behavioral, and Economic Sciences		5,438	-	5,438	5,438	-
47.076	Education and Human Resources		1,691,998	862,558	2,554,556	2,458,964	95,592
Total National Science Foundation			\$ 2,495,168	\$ 862,558	\$ 3,357,726	\$ 3,051,789	\$ 305,937
Small Business Administration							
59.037	Small Business Development Centers		\$ 97,829	\$ -	\$ 97,829	\$ -	\$ 97,829
59.XXX	Other Small Business Administration Programs						
		SBAHQ06I0066	110,246	-	110,246	110,246	-
59.XXX	Total Other Small Business Administration Programs		\$ 110,246	\$ -	\$ 110,246	\$ 110,246	\$ -
Total Small Business Administration			\$ 208,075	\$ -	\$ 208,075	\$ 110,246	\$ 97,829
Department of Veterans Affairs							
64.015	Veterans State Nursing Home Care		\$ 3,101,475	\$ -	\$ 3,101,475	\$ 3,101,475	\$ -
64.125	Vocational and Educational Counseling for Servicemembers and Veterans		33,000	-	33,000	33,000	-
64.XXX	Other Department of Veterans Affairs Programs						
		V101223CP4749	167,274	-	167,274	167,274	-
64.XXX	Total Other Department of Veterans Affairs Programs		\$ 167,274	\$ -	\$ 167,274	\$ 167,274	\$ -
Total Department of Veterans Affairs			\$ 3,301,749	\$ -	\$ 3,301,749	\$ 3,301,749	\$ -
Environmental Protection Agency							
66.032	State Indoor Radon Grants		\$ 91,576	\$ -	\$ 91,576	\$ 91,576	\$ -
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		217,224	-	217,224	217,224	-
66.202	Congressionally Mandated Projects		44,263	-	44,263	44,263	-
66.432	State Public Water System Supervision		1,287,340	412,788	1,700,128	1,700,128	-
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements – Section 104(b)(3) of the Clean Water Act		65,651	524	66,175	66,175	-
66.454	Water Quality Management Planning		101,776	-	101,776	101,776	-
66.460	Nonpoint Source Implementation Grants		206,844	1,192,623	1,399,467	1,399,467	-
66.461	Regional Wetland Program Development Grants		270,655	-	270,655	270,655	-
66.463	Water Quality Cooperative Agreements		60,977	-	60,977	60,977	-
66.468	Capitalization Grants for Drinking Water State Revolving Funds		1,775,120	16,190,096	17,965,216	17,965,216	-
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs		39,748	-	39,748	39,748	-
66.472	Beach Monitoring and Notification Program Implementation Grants		249,919	-	249,919	249,919	-

The accompanying notes are an integral part of this schedule.

66.474	Water Protection Grants to the States	154,326	–	154,326	154,326	–
66.514	Science To Achieve Results (STAR) Fellowship Program	82,320	–	82,320	82,320	–
66.605	Performance Partnership Grants	8,348,436	69,377	8,417,813	8,417,813	–
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	205,912	–	205,912	205,912	–
66.609	Protection of Children and Older Adults (Elderly) from Environmental Health Risks	15,992	–	15,992	15,992	–
66.610	Surveys, Studies, Investigations and Special Purpose Grants within the Office of the Administrator	649,962	–	649,962	649,962	–
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	520,392	–	520,392	520,392	–
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	435,604	11,108	446,712	446,712	–
66.708	Pollution Prevention Grants Program	–	37,940	37,940	37,940	–
66.709	Multi-Media Capacity Building Grants for States and Tribes	70,923	–	70,923	70,923	–
66.714	Pesticide Environmental Stewardship Regional Grants	21,368	–	21,368	21,368	–
66.716	Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	(5,755)	3,182	(2,573)	(2,573)	–
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	352,318	–	352,318	352,318	–
66.804	State and Tribal Underground Storage Tanks Program	322,445	–	322,445	322,445	–
66.805	Leaking Underground Storage Tank Trust Fund Program	925,331	–	925,331	925,331	–
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	283,083	–	283,083	283,083	–
66.817	State and Tribal Response Program Grants	1,338,188	–	1,338,188	1,338,188	–
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	107,415	–	107,415	107,415	–
66.950	Environmental Education and Training Program	97,492	–	97,492	97,492	–
Total Environmental Protection Agency		\$ 18,336,845	\$ 17,917,638	\$ 36,254,483	\$ 36,254,483	\$ –
Nuclear Regulatory Commission						
77.006	U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	\$ 146,753	\$ –	\$ 146,753	\$ 146,753	\$ –
Total Nuclear Regulatory Commission		\$ 146,753	\$ –	\$ 146,753	\$ 146,753	\$ –
Department of Energy						
81.041	State Energy Program	\$ 530,063	\$ –	\$ 530,063	\$500,400	\$ 29,663
81.042	Weatherization Assistance for Low-Income Persons	138,254	2,086,231	2,224,485	2,224,485	–
81.049	Office of Science Financial Assistance Program	16,833	–	16,833	16,833	–
81.064	Office of Scientific and Technical Information	92,300	–	92,300	–	92,300
81.086	Conservation Research and Development	78,051	–	78,051	–	78,051
81.087	Renewable Energy Research and Development	336,869	–	336,869	152,481	184,388
81.104	Office of Environmental Waste Processing	652,651	18,200	670,851	670,851	–
81.105	National Industrial Competitiveness through Energy, Environment, and Economics	122,158	–	122,158	122,158	–
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	259,700	–	259,700	194,841	64,859
81.119	State Energy Program Special Projects	131,103	4,620	135,723	135,723	–
81.121	Nuclear Energy Research, Development and Demonstration	273,031	–	273,031	–	273,031

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
81.XXX	Other Department of Energy Programs						
		00001159	(46)	-	(46)	(46)	-
		00028303	45,044	793,414	838,458	838,458	-
		07 27	(14,125)	-	(14,125)	(14,125)	-
		07 57	228,184	-	228,184	(124,670)	352,854
		07 65	712,987	-	712,987	712,987	-
		07 67	(836)	-	(836)	(836)	-
		07 73	(2,082)	-	(2,082)	(2,082)	-
		07 74	(6,978)	-	(6,978)	(6,978)	-
		08 85	117,079	-	117,079	181,153	(64,074)
		08 89	811,067	-	811,067	1,128,364	(317,297)
		1411 07 J008	(97,302)	-	(97,302)	(97,302)	-
		1411 07 J009	(15,389)	-	(15,389)	(15,389)	-
		17640	(5,486)	-	(5,486)	(5,486)	-
		1982 013 02	186,169	-	186,169	186,169	-
		1984 021 00	334,537	190,365	524,902	524,902	-
		1984 025 00	404,375	-	404,375	404,375	-
		1986 050 00	(141,621)	-	(141,621)	(141,621)	-
		1987 100 02	283,423	-	283,423	283,423	-
		1988 053 04	470,782	-	470,782	470,782	-
		1988 053 05	21,799	-	21,799	21,799	-
		1988 053 08	130,217	-	130,217	130,217	-
		1989 035 00	937,934	-	937,934	937,934	-
		1991 078 00	89,945	-	89,945	89,945	-
		1992 026 04	678,304	-	678,304	678,304	-
		1992 068 00	236,521	290,722	527,243	527,243	-
		1993 040 00	295,845	-	295,845	295,845	-
		1993 060 00	818,559	-	818,559	818,559	-
		1993 066 00	1,065,888	-	1,065,888	1,065,888	-
		1994 042 00	388,488	-	388,488	388,488	-
		1994 054 00	92,145	-	92,145	92,145	-
		1996 040 00	23,813	-	23,813	23,813	-
		1998 007 04	179,680	-	179,680	179,680	-
		1998 016 00	299,917	-	299,917	299,917	-

The accompanying notes are an integral part of this schedule.

	2007 402 00	150,266	–	150,266	150,266	–
	35267	179,579	–	179,579	179,579	–
	35288	165,376	–	165,376	165,376	–
	35333	44,802	–	44,802	44,802	–
	35446	50,775	–	50,775	50,775	–
	35494	668,398	726,113	1,394,511	1,394,511	–
	35730	679,114	–	679,114	679,114	–
	35809	699,093	–	699,093	699,093	–
	36462	361,471	–	361,471	361,471	–
	402 00	67,241	–	67,241	13,322	53,919
	405 007	(955)	–	(955)	(955)	–
	405 008	19,010	–	19,010	19,010	–
	98B116566 84 21	(4,031)	–	(4,031)	(4,031)	–
	PRELIM (was 06 77)	(35,819)	–	(35,819)	(35,819)	–
81.XXX	Total Other Department of Energy Programs	<u>\$ 11,613,157</u>	<u>\$ 2,000,614</u>	<u>\$ 13,613,771</u>	<u>\$ 13,588,369</u>	<u>\$ 25,402</u>
	Total Department of Energy	<u>\$ 14,244,170</u>	<u>\$ 4,109,665</u>	<u>\$ 18,353,835</u>	<u>\$ 17,606,141</u>	<u>\$ 747,694</u>
Department of Education						
84.002	Adult Education-Basic Grants to States	\$ 1,091,484	\$ 4,523,832	\$ 5,615,316	\$ 5,615,316	\$ –
84.010	Title I Grants to Local Educational Agencies	1,601,286	118,421,762	120,023,048	120,023,048	–
84.011	Migrant Education_State Grant Program	1,383,863	9,339,772	10,723,635	10,723,635	–
84.013	Title I Program for Neglected and Delinquent Children	601,428	824,221	1,425,649	1,425,649	–
84.015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	203,870	–	203,870	203,870	–
84.016	Undergraduate International Studies and Foreign Language Programs	41,187	–	41,187	41,187	–
84.037	Perkins Loan Cancellations	840,303	–	840,303	840,303	–
84.048	Career and Technical Education-Basic Grants to States	2,013,291	10,482,371	12,495,662	12,495,293	369
84.069	Leveraging Educational Assistance Partnership	895,503	–	895,503	895,503	–
84.116	Fund for the Improvement of Postsecondary Education	108,389	–	108,389	83,781	24,608
84.126	Rehabilitation Services_Vocational Rehabilitation Grants to States	39,216,670	54,303	39,270,973	39,270,973	–
84.129	Rehabilitation Long-Term Training	366,165	–	366,165	366,165	–
84.133	National Institute on Disability and Rehabilitation Research	24,673	–	24,673	–	24,673
84.141	Migrant Education_High School Equivalency Program	490,637	–	490,637	490,637	–
84.153	Business and International Education Projects	50,048	–	50,048	50,048	–
84.160	Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind	204,800	125,293	330,093	330,093	–
84.165	Magnet Schools Assistance	14,455	–	14,455	–	14,455
84.169	Independent Living_State Grants	278,866	–	278,866	278,866	–
84.177	Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	505,103	–	505,103	505,103	–
84.181	Special Education-Grants for Infants and Families	8,327,280	5,027,645	13,354,925	5,223,864	8,131,061
84.184	Safe and Drug-Free Schools and Communities_National Programs	24,045	–	24,045	–	24,045
84.185	Byrd Honors Scholarships	433,500	–	433,500	433,500	–
84.186	Safe and Drug-Free Schools and Communities-State Grants	354,356	3,007,527	3,361,883	3,361,885	(2)

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.187	Supported Employment Services for Individuals with Significant Disabilities		326,831	-	326,831	326,831	-
84.195	Bilingual Education_Professional Development		252,213	-	252,213	252,213	-
84.196	Education for Homeless Children and Youth		84,717	468,521	553,238	553,238	-
84.200	Graduate Assistance in Areas of National Need		76,074	-	76,074	76,074	-
84.213	Even Start_State Educational Agencies		53,459	1,428,733	1,482,192	1,482,192	-
84.215	Fund for the Improvement of Education		234,673	-	234,673	-	234,673
84.224	Assistive Technology		130,061	274,303	404,364	359,130	45,234
84.235	Rehabilitation Services Demonstration and Training Programs		91,760	-	91,760	91,760	-
84.243	Tech-Prep Education		70,092	1,045,049	1,115,141	1,115,141	-
84.257	National Institute for Literacy		5,707	-	5,707	-	5,707
84.265	Rehabilitation Training-State Vocational Rehabilitation Unit In-Service Training		53,370	-	53,370	53,370	-
84.282	Charter Schools		294,127	6,078,515	6,372,642	6,372,642	-
84.287	Twenty-First Century Community Learning Centers		309,593	9,932,838	10,242,431	10,242,431	-
84.298	State Grants for Innovative Programs		197,107	980,286	1,177,393	1,177,393	-
84.299	Indian Education-Special Programs		820,055	-	820,055	820,055	-
84.305	Education Research, Development and Dissemination		216,185	-	216,185	128,956	87,229
84.318	Education Technology State Grants		144,689	2,546,886	2,691,575	2,691,575	-
84.323	Special Education – State Personnel Development		772,977	280,954	1,053,931	958,689	95,242
84.324	Research in Special Education		636,889	138,381	775,270	761,144	14,126
84.325	Special Education – Personnel Development to Improve Services and Results for Children with Disabilities		2,688,391	8,125	2,696,516	2,696,516	-
84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		1,563,811	240,839	1,804,650	1,656,132	148,518
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)		299,677	75,135	374,812	361,607	13,205
84.331	Grants to States for Incarcerated Youth Offenders		36,294	-	36,294	36,294	-
84.332	Comprehensive School Reform Demonstration		30,220	913,061	943,281	943,281	-
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs		1,935,636	630,513	2,566,149	2,566,149	-
84.336	Teacher Quality Enhancement Grants		(32)	-	(32)	-	(32)
84.350	Transition to Teaching		15,468	-	15,468	15,468	-
84.351	Arts in Education		38,452	-	38,452	-	38,452
84.357	Reading First State Grants		3,262,883	7,246,830	10,509,713	7,770,257	2,739,456
84.358	Rural Education		56,684	565,072	621,756	621,756	-
84.365	English Language Acquisition Grants		302,826	6,874,663	7,177,489	7,177,489	-
84.366	Mathematics and Science Partnerships		537,092	1,433,346	1,970,438	1,500,996	469,442
84.367	Improving Teacher Quality State Grants		614,788	25,921,856	26,536,644	26,536,644	-

The accompanying notes are an integral part of this schedule.

84.368	Grants for Enhanced Assessment Instruments	15,105	610,516	625,621	625,621	–
84.369	Grants for State Assessments and Related Activities	7,683,854	–	7,683,854	7,680,244	3,610
84.372	Statewide Data Systems	229,735	–	229,735	229,735	–
84.373	Special Education Technical Assistance on State Data Collection	3,263	–	3,263	–	3,263
84.377	School Improvement Grants	–	1,203	1,203	1,203	–
84.928	National Writing Project	167,299	–	167,299	–	167,299
84.XXX	Other Department of Education Programs					
	ED03CO0078	114,987	–	114,987	114,987	–
	ED08CO0071	1,164	–	1,164	1,164	–
84.XXX	Total Other Department of Education Programs	\$ 116,151	\$ –	\$ 116,151	\$ 116,151	\$ –
Total Department of Education		\$ 83,439,378	\$ 219,502,351	\$ 302,941,729	\$ 290,657,096	\$ 12,284,633
Elections Assistance Commission						
90.401	Help America Vote Act Requirements Payments	\$ 2,250,431	\$ –	\$ 2,250,431	\$ 2,250,431	\$ –
Total Elections Assistance Commission		\$ 2,250,431	\$ –	\$ 2,250,431	\$ 2,250,431	\$ –
United States Institute of Peace						
91.001	Unsolicited Grant Program	\$ 12,500	\$ –	\$ 12,500	\$ 12,500	\$ –
Total United States Institute of Peace		\$ 12,500	\$ –	\$ 12,500	\$ 12,500	\$ –
Department of Health and Human Services						
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	\$ 81,227	\$ –	\$ 81,227	\$ 81,227	\$ –
93.041	Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	14,021	970	14,991	14,991	–
93.042	Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	184,177	–	184,177	184,177	–
93.043	Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	–	90,439	90,439	90,439	–
93.048	Special Programs for the Aging Title IV and Title II Discretionary Projects	565,058	–	565,058	565,058	–
93.052	National Family Caregiver Support, Title III, Part E	162,562	1,627,244	1,789,806	1,789,806	–
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants	21,512	–	21,512	–	21,512
93.103	Food and Drug Administration Research	126,645	–	126,645	126,645	–
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	53,050	–	53,050	–	53,050
93.110	Maternal and Child Health Federal Consolidated Programs	267,491	(2,917)	264,574	231,934	32,640
93.113	Environmental Health	13,385	–	13,385	–	13,385
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	638,423	208,544	846,967	846,967	–
93.127	Emergency Medical Services for Children	143,303	–	143,303	143,303	–
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	263,517	–	263,517	263,517	–
93.136	Injury Prevention and Control Research and State and Community Based Programs	417,794	370,376	788,170	788,170	–
93.150	Projects for Assistance in Transition from Homelessness (PATH)	2,809	553,998	556,807	556,807	–
93.184	Disabilities Prevention	(33,495)	102,740	69,245	69,245	–

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.185	Immunization Research, Demonstration, Public Information and Education-Training and Clinical Skills Improvement Projects		(980)	–	(980)	(980)	–
93.197	Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		90,711	–	90,711	90,711	–
93.204	Surveillance of Hazardous Substance Emergency Events		102,310	87	102,397	102,397	–
93.217	Family Planning_Services		702,902	1,683,537	2,386,439	2,386,439	–
93.226	Research on Healthcare Costs, Quality and Outcomes		12,141	–	12,141	–	12,141
93.230	Consolidated Knowledge Development and Application (KD&A) Program		4,753	30,090	34,843	34,843	–
93.234	Traumatic Brain Injury State Demonstration Grant Program		118,590	–	118,590	118,590	–
93.235	Abstinence Education Program		359,702	248,958	608,660	608,660	–
93.240	State Capacity Building		276,313	5,000	281,313	281,313	–
93.241	State Rural Hospital Flexibility Program		3,685	–	3,685	3,685	–
93.242	Mental Health Research Grants		16,500	–	16,500	–	16,500
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance		485,159	222,881	708,040	696,868	11,172
93.251	Universal Newborn Hearing Screening		286,023	–	286,023	286,023	–
93.262	Occupational Safety and Health Program		26,138	–	26,138	26,138	–
93.268	Immunization Grants		29,021,285	223,927	29,245,212	29,239,650	5,562
93.279	Drug Abuse and Addiction Research Programs		(208,312)	–	(208,312)	(208,312)	–
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance		19,560,292	7,309,879	26,870,171	26,870,171	–
93.393	Cancer Cause and Prevention Research		39,665	–	39,665	–	39,665
93.556	Promoting Safe and Stable Families		3,801,018	545,647	4,346,665	4,346,665	–
93.558	Temporary Assistance for Needy Families		181,212,767	1,170,957	182,383,724	182,383,724	–
93.563	Child Support Enforcement		20,156,912	7,704,860	27,861,772	27,861,772	–
93.566	Refugee and Entrant Assistance_State Administered Programs		3,425,707	–	3,425,707	3,425,707	–
93.568	Low-Income Home Energy Assistance		656,151	26,730,404	27,386,555	27,386,555	–
93.569	Community Services Block Grant		273,950	4,902,137	5,176,087	5,176,087	–
93.571	Community Services Block Grant Formula and Discretionary Awards Community Food and Nutrition Programs		(155)	–	(155)	(155)	–
93.576	Refugee and Entrant Assistance_Discretionary Grants		572,490	–	572,490	572,490	–
93.579	U.S. Repatriation		560	–	560	560	–
93.584	Refugee and Entrant Assistance_Targeted Assistance Grants		1,373,512	–	1,373,512	1,373,512	–
93.586	State Court Improvement Program		423,376	–	423,376	423,376	–
93.587	Promote the Survival and Continuing Vitality of Native American Languages		1,768	–	1,768	–	1,768

The accompanying notes are an integral part of this schedule.

93.589	Refugee Assistance-Naturalization and Citizenship Activities	4,146	–	4,146	–	4,146
93.590	Community-Based Child Abuse Prevention Grants	307,134	6,956	314,090	314,090	–
93.597	Grants to States for Access and Visitation Programs	41,309	102,995	144,304	144,304	–
93.599	Chafee Education and Training Vouchers Program (ETV)	876,895	–	876,895	876,895	–
93.600	Head Start	1,193,000	–	1,193,000	1,193,000	–
93.612	Native American Programs	18,585	–	18,585	–	18,585
93.617	Voting Access for Individuals with Disabilities_Grants to States	79,352	3,021	82,373	82,373	–
93.618	Voting Access for Individuals with Disabilities_Grants for Protection and Advocacy Systems	50,204	16,204	66,408	66,408	–
93.623	Basic Center Grant	266,799	–	266,799	254,109	12,690
93.630	Developmental Disabilities Basic Support and Advocacy Grants	811,006	–	811,006	659,169	151,837
93.643	Children's Justice Grants to States	326,204	–	326,204	306,721	19,483
93.645	Child Welfare Services_State Grants	3,501,551	–	3,501,551	3,431,945	69,606
93.648	Child Welfare Services Training Grants	1,491,024	–	1,491,024	211,087	1,279,937
93.658	Foster Care_Title IV-E	57,839,591	717,531	58,557,122	57,309,884	1,247,238
93.659	Adoption Assistance	32,109,843	–	32,109,843	32,109,843	–
93.667	Social Services Block Grant	11,304,787	2,490,404	13,795,191	13,795,191	–
93.669	Child Abuse and Neglect State Grants	276,694	–	276,694	276,694	–
93.670	Child Abuse and Neglect Discretionary Activities	415,075	–	415,075	415,075	–
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	87,084	1,244,811	1,331,895	1,331,895	–
93.674	Chafee Foster Care Independence Program	2,613,884	–	2,613,884	2,613,884	–
93.767	State Children's Insurance Program	67,078,852	–	67,078,852	67,078,852	–
93.768	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities	742,224	85,542	827,766	827,766	–
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	1,685,181	–	1,685,181	1,623,846	61,335
93.793	Medicaid Transformation Grants	119,965	–	119,965	119,965	–
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	6,323	–	6,323	–	6,323
93.859	Biomedical Research and Research Training	(34,139)	–	(34,139)	(34,139)	–
93.865	Child Health and Human Development Extramural Research	1	–	1	–	1
93.889	National Bioterrorism Hospital Preparedness Program	2,458,593	3,271,407	5,730,000	5,730,000	–
93.917	HIV Care Formula Grants	6,944,422	1,029,653	7,974,075	7,974,075	–
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	718,558	24,395	742,953	742,953	–
93.940	HIV Prevention Activities-Health Department Based	1,605,242	1,560,327	3,165,569	3,165,569	–
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	645,321	143,928	789,249	789,249	–
93.945	Assistance Programs for Chronic Disease Prevention and Control	6,779	23,759	30,538	30,538	–
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	145,840	–	145,840	145,840	–
93.955	Health and Safety Programs for Construction Work	55,728	–	55,728	–	55,728
93.958	Block Grants for Community Mental Health Services	414,911	3,283,127	3,698,038	3,698,038	–
93.959	Block Grants for Prevention and Treatment of Substance Abuse	3,091,970	11,852,425	14,944,395	14,944,395	–
93.977	Preventive Health Services_Sexually Transmitted Diseases Control	1,360,238	48,319	1,408,557	1,408,557	–

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.988	Grants Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		641,401	261,998	903,399	903,399	-
93.991	Preventative Health and Health Services Block Grant		553,159	55,095	608,254	608,254	-
93.994	Maternal and Child Health Services Block Grant to the States		3,751,813	2,774,417	6,526,230	6,526,230	-
93.XXX	Other Department of Health and Human Services Programs 270-03-6002		44,894	-	44,894	-	44,894
93.XXX	Total Other Department of Health and Human Services Programs		\$ 44,894	\$ -	44,894	-	44,894
Total Department of Health and Human Services			\$ 471,367,855	\$ 82,726,072	\$ 554,093,927	\$ 550,914,729	\$ 3,179,198
Corporation For National and Community Service							
94.003	State Commissions		\$ 269,385	\$ -	\$ 269,385	\$ 93,259	\$ 176,126
94.004	Learn and Serve America_School and Community Based Programs		32,392	162,806	195,198	195,198	-
94.005	Learn and Serve America_Higher Education		99,904	7,967	107,871	107,872	(1)
94.006	AmeriCorps		895,872	1,339,048	2,234,920	2,091,672	143,248
94.007	Planning and Program Development Grants		38,300	-	38,300	1,823	36,477
94.009	Training and Technical Assistance		65,994	-	65,994	65,994	-
Total Corporation For National and Community Service			\$ 1,401,847	\$ 1,509,821	\$ 2,911,668	\$ 2,555,818	\$ 355,850
Department of Homeland Security							
97.007	Homeland Security Preparedness Technical Assistance Program		\$ 1,090,804	\$ 342,555	\$ 1,433,359	\$ 1,433,359	\$ -
97.008	Urban Areas Security Initiative		410,294	2,709,918	3,120,212	3,120,212	-
97.012	Boating Safety Financial Assistance		163,351	1,761,385	1,924,736	1,924,736	-
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants		489,852	258,314	748,166	321,319	426,847
97.018	National Fire Academy Training Assistance		16,436	-	16,436	16,436	-
97.023	Community Assistance Program-State Support Services Element (CAP-SSSE)		101,635	-	101,635	101,635	-
97.032	Crisis Counseling		9,161	-	9,161	9,161	-
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)		3,163,465	9,306,404	12,469,869	12,469,869	-
97.039	Hazard Mitigation Grant		267,797	1,522	269,319	1,522	267,797
97.040	Chemical Stockpile Emergency Preparedness Program		2,215,796	7,962,247	10,178,043	10,178,043	-
97.041	National Dam Safety Program		50,576	-	50,576	50,576	-
97.042	Emergency Management Performance Grants		731,698	2,762,200	3,493,898	3,493,898	-
97.043	State Fire Training Systems Grants		23,770	-	23,770	23,770	-
97.046	Fire Management Assistance Grant		18,243	26,188	44,431	44,431	-
97.047	Pre-Disaster Mitigation		60,553	2,872,773	2,933,326	2,933,326	-
97.053	Citizen Corps		31,994	178,638	210,632	210,632	-
97.070	Map Modernization Management Support		174,270	-	174,270	174,270	-

The accompanying notes are an integral part of this schedule.

97.071	Metropolitan Medical Response System	–	212,599	212,599	212,599	–
97.073	State Homeland Security Program (SHSP)	1,914,534	6,482,684	8,397,218	8,397,218	–
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	409,290	2,575,890	2,985,180	2,985,180	–
97.075	Rail and Transit Security Grant Program	–	915,447	915,447	915,447	–
97.078	Buffer Zone Protection Program (BZPP)	–	188,965	188,965	188,965	–
97.082	Earthquake Consortium	539,876	–	539,876	539,876	–
Total Department of Homeland Security		\$ 11,883,395	\$ 38,557,729	\$ 50,441,124	\$ 49,746,480	\$ 694,644
United States Agency for International Development						
98.001	USAID Foreign Assistance for Programs Overseas	\$ 58,499	\$ –	\$ 58,499	\$ –	\$ 58,499
98.012	USAID Development Partnerships for University Cooperation and Development	78,638	32,250	110,888	–	110,888
Total United States Agency for International Development		\$ 137,137	\$ 32,250	\$ 169,387	\$ –	\$ 169,387
Food Stamp Cluster						
10.551	Supplemental Nutrition Assistance Program	\$ 523,743,688	\$ –	\$ 523,743,688	\$ 523,743,688	\$ –
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	40,081,654	4,150,952	44,232,606	44,232,606	–
Total Food Stamp Cluster		\$ 563,825,342	\$ 4,150,952	\$ 567,976,294	\$ 567,976,294	\$ –
Child Nutrition Cluster						
10.553	School Breakfast Program	\$ 498,398	\$ 26,605,826	\$ 27,104,224	\$ 27,104,224	\$ –
10.555	National School Lunch Program	1,000,343	78,160,728	79,161,071	79,161,071	–
10.556	Special Milk Program for Children	–	153,677	153,677	153,677	–
10.559	Summer Food Service Program for Children	164,895	3,857,440	4,022,335	4,022,335	–
Total Child Nutrition Cluster		\$ 1,663,636	\$108,777,671	\$ 110,441,307	\$ 110,441,307	\$ –
Emergency Food Assistance Cluster						
10.568	Emergency Food Assistance Program (Administrative Costs)	\$ 113,791	\$ 607,374	\$ 721,165	\$ 721,165	\$ –
10.569	Emergency Food Assistance Program (Food Commodities)	–	2,731,450	2,731,450	2,731,450	–
Total Emergency Food Assistance Cluster		\$ 113,791	\$ 3,338,824	\$ 3,452,615	\$ 3,452,615	\$ –
Schools and Roads Cluster						
10.665	Schools and Roads_Grants to States	\$ 143,225	\$153,423,190	\$ 153,566,415	\$ 153,423,190	\$ 143,225
10.666	Schools and Roads_Grants to Counties	48,496	–	48,496	47,702	794
Total Schools and Roads Cluster		\$ 191,721	\$153,423,190	\$ 153,614,911	\$ 153,470,892	\$ 144,019
Public Works and Economic Development Cluster						
11.307	Economic Adjustment Assistance	\$ 70,848	\$ –	\$ 70,848	\$ 70,848	\$ –
Total Public Works and Economic Development Cluster		\$ 70,848	\$ –	\$ 70,848	\$ 70,848	\$ –
Section 8 Project-Based Cluster						
14.182	Lower Income Housing Assistance Program – Section 8 New Construction/Substantial Rehabilitation	\$ 50,257,853	\$ –	\$ 50,257,853	\$50,257,853	\$ –
Total Section 8 Project-Based Cluster		\$ 50,257,853	\$ –	\$ 50,257,853	\$ 50,257,853	\$ –

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
CDBG – Entitlement and Small Cities Cluster							
14.218	Community Development Block Grants/Entitlement Grants		\$ 79,951	\$ –	\$ 79,951	\$ –	\$ 79,951
Total CDBG – Entitlement and Small Cities Cluster			\$ 79,951	\$ –	\$ 79,951	\$ –	\$ 79,951
Fish and Wildlife Cluster							
15.605	Sport Fish Restoration Program		\$ 7,287,191	\$ 851,651	\$ 8,138,842	\$ 8,138,842	\$ –
15.611	Wildlife Restoration		5,654,382	–	5,654,382	5,654,382	–
Total Fish and Wildlife Cluster			\$ 12,941,573	\$ 851,651	\$ 13,793,224	\$ 13,793,224	\$ –
Employment Service Cluster							
17.207	Employment Service/Wagner-Peyser Funded Activities		\$ 12,936,117	\$ –	\$ 12,936,117	\$ 12,936,117	\$ –
17.801	Disabled Veterans' Outreach Program (DVOP)		1,536,828	–	1,536,828	1,536,828	–
17.804	Local Veterans' Employment Representative Program		381,659	–	381,659	381,659	–
Total Employment Service Cluster			\$ 14,854,604	\$ –	\$ 14,854,604	\$ 14,854,604	\$ –
WIA Cluster							
17.258	WIA Adult Program		\$ 1,131,030	\$ 13,217,363	\$ 14,348,393	\$ 14,348,393	\$ –
17.259	WIA Youth Activities		1,192,952	13,508,813	14,701,765	14,701,765	–
17.260	WIA Dislocated Workers		1,220,765	21,145,787	22,366,552	22,366,552	–
Total WIA Cluster			\$ 3,544,747	\$ 47,871,963	\$ 51,416,710	\$ 51,416,710	\$ –
Highway Planning and Construction Cluster							
20.205	Highway Planning and Construction		\$ 417,667,462	\$ 13,541,977	\$ 431,209,439	\$ 430,965,012	\$ 244,427
Total Highway Planning and Construction Cluster			\$ 417,667,462	\$ 13,541,977	\$ 431,209,439	\$ 430,965,012	\$ 244,427
Federal Transit Cluster							
20.507	Federal Transit _Formula Grants		\$ 3,765	\$ –	\$ 3,765	\$ –	\$ 3,765
Total Federal Transit Cluster			\$ 3,765	\$ –	\$ 3,765	\$ –	\$ 3,765
Highway Safety Cluster							
20.600	State and Community Highway Safety		\$ 1,385,116	\$ 769,278	\$ 2,154,394	\$ 2,154,394	\$ –
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants		304,469	933,784	1,238,253	1,238,253	–
20.602	Occupant Protection		22,905	414,833	437,738	437,738	–
20.604	Safety Incentive Grants for Use of Seatbelts		123,192	265,667	388,859	388,859	–
20.605	Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons		318,253	–	318,253	318,253	–
20.609	Safety Belt Performance Grants		281,358	335,696	617,054	617,054	–
20.610	State Traffic Safety Information System Improvement Grants		11,310	90,602	101,912	101,912	–
20.612	Incentive Grant Program to Increases Motorcyclist Safety		37,924	–	37,924	37,924	–

The accompanying notes are an integral part of this schedule.

20.613	Child Safety and Child Booster Seats Incentive Grants		3,248	113,072	116,320	116,320	—
Total Highway Safety Cluster		\$	2,487,775	\$ 2,922,932	\$ 5,410,707	\$ 5,410,707	\$ —
Transit Services Programs Cluster							
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	\$	104,293	\$ 8,184,642	\$ 8,288,935	\$ 8,288,935	\$ —
20.516	Job Access Reverse Commute		—	366,850	366,850	366,850	—
20.521	New Freedom Program		—	7,680	7,680	7,680	—
Total Transit Services Programs Cluster		\$	104,293	\$ 8,559,172	\$ 8,663,465	\$ 8,663,465	\$ —
Special Education Cluster (IDEA)							
84.027	Special Education_Grants to States	\$	7,211,045	\$109,231,783	\$ 116,442,828	\$ 116,158,578	\$ 284,250
84.173	Special Education_Preschool Grants		669,478	5,288,001	5,957,479	5,578,600	378,879
Total Special Education Cluster (IDEA)		\$	7,880,523	\$114,519,784	\$ 122,400,307	\$ 121,737,178	\$ 663,129
TRIO Cluster							
84.042	TRIO_Student Support Services	\$	1,824,354	\$ —	\$ 1,824,354	\$ 1,824,354	\$ —
84.044	TRIO_Talent Search		303,211	—	303,211	303,211	—
84.047	TRIO_Upward Bound		696,484	—	696,484	696,484	—
84.217	TRIO_McNair Post-Baccalaureate Achievement		693,615	—	693,615	693,615	—
Total TRIO Cluster		\$	3,517,664	\$ —	\$ 3,517,664	\$ 3,517,664	\$ —
Aging Cluster							
93.044	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	\$	404,671	\$ 3,770,088	\$ 4,174,759	\$ 4,174,759	\$ —
93.045	Special Programs for the Aging_Title III, Part C_Nutrition Services		60,941	6,096,564	6,157,505	6,157,505	—
93.053	Nutrition Services Incentive Program		29,358	1,576,602	1,605,960	1,605,960	—
Total Aging Cluster		\$	494,970	\$ 11,443,254	\$ 11,938,224	\$ 11,938,224	\$ —
CCDF Cluster							
93.575	Child Care and Development Block Grant	\$	19,462,305	\$ 4,294,254	\$ 23,756,559	\$ 23,755,024	\$ 1,535
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		46,227,397	—	46,227,397	46,227,395	2
Total CCDF Cluster		\$	65,689,702	\$ 4,294,254	\$ 69,983,956	\$ 69,982,419	\$ 1,537
Medicaid Cluster							
93.775	State Medicaid Fraud Control Units	\$	1,116,483	\$ —	\$ 1,116,483	\$ 1,116,483	\$ —
93.777	State Survey and Certification of Health Care Providers and Suppliers		5,559,745	—	5,559,745	5,559,745	—
93.778	Medical Assistance Program		2,147,335,033	408,859	2,147,743,892	2,147,743,892	—
Total Medicaid Cluster		\$	2,154,011,261	\$ 408,859	\$2,154,420,120	\$2,154,420,120	\$ —
Disability Insurance/SSI Cluster							
96.001	Social Security_Disability Insurance	\$	22,665,368	\$ —	\$ 22,665,368	\$ 22,665,368	\$ —
Total Disability Insurance/SSI Cluster		\$	22,665,368	\$ —	\$ 22,665,368	\$ 22,665,368	\$ —
Student Financial Assistance Programs							
84.007	Federal Supplemental Education Opportunity Grants	\$	4,592,473	\$ —	\$ 4,592,473	\$ 4,592,473	\$ —

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.032	Federal Family Education Loans		152,020,794	-	152,020,794	152,020,794	-
84.033	Federal Work-Study Program		5,199,949	-	5,199,949	5,199,949	-
84.063	Federal Pell Grant Program		54,070,353	-	54,070,353	54,070,353	-
84.268	Federal Direct Student Loans		215,431,344	-	215,431,344	215,431,344	-
84.375	Academic Competitiveness Grants		1,106,662	-	1,106,662	1,106,662	-
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants		2,672,557	-	2,672,557	2,672,557	-
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		20	-	20	20	-
Total Student Financial Assistance Programs			\$ 435,094,152	\$ -	\$ 435,094,152	\$ 435,094,152	\$ -
Research and Development Cluster							
10.001	Agricultural Research_Basic and Applied Research		\$ 1,851,127	\$ -	\$1,851,127	\$ 1,851,037	\$ 90
10.025	Plant and Animal Disease, Pest Control, and Animal Care		13,741	-	13,741	13,741	-
10.200	Grants for Agricultural Research, Special Research Grants		2,121,797	483,925	2,605,722	1,656,426	949,296
10.202	Cooperative Forestry Research		787,666	-	787,666	787,666	-
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act		4,433,852	-	4,433,852	4,433,852	-
10.206	Grants for Agricultural Research_Competitive Research Grants		2,714,832	259,912	2,974,744	2,470,205	504,539
10.207	Animal Health and Disease Research		68,131	-	68,131	68,131	-
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants		53,656	-	53,656	53,656	-
10.212	Small Business Innovation Research		(1,755)	-	(1,755)	-	(1,755)
10.219	Biotechnology Risk Assessment Research		150,126	17,227	167,353	167,353	-
10.225	Community Food Projects		2,269	-	2,269	2,269	-
10.250	Agricultural and Rural Economic Research		65,476	-	65,476	64,153	1,323
10.303	Integrated Programs		676,069	110,048	786,117	623,846	162,271
10.304	Homeland Security_Agricultural		139,452	-	139,452	16,747	122,705
10.305	International Science and Education Grants		52,785	-	52,785	52,785	-
10.307	Organic Agriculture Research and Extension Initiative		110,263	21,029	131,292	131,292	-
10.446	Rural Community Development Initiative		72,532	-	72,532	72,532	-
10.455	Community Outreach and Assistance Partnership Program		36,574	-	36,574	-	36,574
10.456	Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)		127,649	-	127,649	119,346	8,303
10.457	Commodity Partnerships for Risk Management Education		24,178	-	24,178	24,178	-
10.459	Commodity Partnerships for Small Agricultural Risk Management Education Sessions		59,588	-	59,588	59,588	-
10.500	Cooperative Extension Service		517,767	-	517,767	194,368	323,399
10.551	Supplemental Nutrition Assistance Program		4,295,209	64,845	4,360,054	-	4,360,054
10.558	Child and Adult Care Food Program		1,845	-	1,845	1,845	-

The accompanying notes are an integral part of this schedule.

10.560	State Administrative Expenses for Child Nutrition	1,035	–	1,035	–	1,035
10.652	Forestry Research	409,834	–	409,834	381,480	28,354
10.664	Cooperative Forestry Assistance	4,916,776	–	4,916,776	4,854,195	62,581
10.670	National Forest Dependent Rural Communities	2,547	–	2,547	–	2,547
10.672	Rural Development, Forestry, and Communities	255,089	23,600	278,689	205,320	73,369
10.677	Forest Land Enhancement Program	50,170	–	50,170	50,170	–
10.678	Forest Stewardship Program	9,331	–	9,331	9,331	–
10.680	Forest Health Protection	24,929	–	24,929	24,929	–
10.769	Rural Business Enterprise Grants	24,764	–	24,764	24,764	–
10.901	Resource Conservation and Development	46,780	–	46,780	46,780	–
10.902	Soil and Water Conservation	586,614	172,513	759,127	730,181	28,946
10.912	Environmental Quality Incentives Program	122,522	–	122,522	81,513	41,009
10.960	Technical Agricultural Assistance	3,360	–	3,360	–	3,360
10.961	Scientific Cooperation and Research	1	–	1	1	–
10.XXX	Other Department of Agriculture Programs					
	03-CR-11061820-055	19,472	–	19,472	19,472	–
	06-CR-11061503-015 MOD 2	29,676	–	29,676	29,676	–
10.XXX	Total Other Department of Agriculture Programs	\$ 49,148	\$ –	\$ 49,148	\$ 49,148	\$ –
11.300	Investments for Public Works and Economic Development Facilities	95,049	–	95,049	95,049	–
11.302	Economic Development Support for Planning Organizations	12,934	–	12,934	–	12,934
11.417	Sea Grant Support	2,831,944	408,753	3,240,697	2,970,119	270,578
11.419	Coastal Zone Management Administration Awards	115,646	57,655	173,301	–	173,301
11.420	Coastal Zone Management Estuarine Research Reserves	34,061	–	34,061	34,061	–
11.426	Financial Assistance for National Centers for Central Coastal Ocean Science	64,286	–	64,286	–	64,286
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	44,348	–	44,348	44,348	–
11.430	Undersea Research	34,125	–	34,125	34,125	–
11.431	Climate and Atmospheric Research	679,755	8,168	687,923	657,530	30,393
11.432	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	1,103,084	10,533	1,113,617	1,096,361	17,256
11.433	Marine Fisheries Initiative	1,344	–	1,344	1,344	–
11.434	Cooperative Fishery Statistics	10	–	10	10	–
11.436	Columbia River Fisheries Development Program	170,783	–	170,783	117,324	53,459
11.437	Pacific Fisheries Data Program	66,924	–	66,924	66,924	–
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	149,062	–	149,062	113	148,949
11.439	Marine Mammal Data Program	347,241	–	347,241	145,762	201,479
11.440	Environmental Sciences, Applications, Data, and Education	1,573,635	456,271	2,029,906	2,029,906	–
11.452	Unallied Industry Projects	189,971	–	189,971	189,971	–
11.454	Unallied Management Projects	5,000	–	5,000	5,000	–
11.455	Cooperative Science and Education Program	1,402,459	–	1,402,459	1,402,459	–
11.460	Special Oceanic and Atmospheric Projects	372,364	10,071	382,435	382,435	–
11.462	Hydrologic Research	35,000	–	35,000	35,000	–
11.463	Habitat Conservation	155,639	–	155,639	–	155,639
11.468	Applied Meteorological Research	35,000	–	35,000	–	35,000
11.469	Congressionally Identified Awards and Projects	54,576	–	54,576	54,576	–
11.472	Unallied Science Program	372,853	–	372,853	8,477	364,376

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
11.473	Coastal Services Center		224,472	-	224,472	104,138	120,334
11.474	Atlantic Coastal Fisheries Cooperative Management Act		12,238	-	12,238	12,238	-
11.478	Center for Sponsored Coastal Ocean Research_ Coastal Ocean Program		125,984	-	125,984	125,984	-
11.XXX	Other Department of Commerce Programs						
		AB133F06SE3676	79,143	-	79,143	79,143	-
11.XXX	Total Other Department of Commerce Programs		\$ 79,143	\$ -	\$ 79,143	\$ 79,143	\$ -
12.100	Aquatic Plant Control		7,560	-	7,560	7,560	-
12.107	Navigation Projects		9,459	-	9,459	-	9,459
12.114	Collaborative Research and Development		1,143,525	447,526	1,591,051	1,591,051	-
12.300	Basic and Applied Scientific Research		6,396,090	44,648	6,440,738	5,846,118	594,620
12.401	National Guard Military Operations and Maintenance (O&M) Projects		51,178	-	51,178	-	51,178
12.420	Military Medical Research and Development		2,955,289	122,633	3,077,922	2,548,521	529,401
12.431	Basic Scientific Research		2,797,805	184,434	2,982,239	2,891,890	90,349
12.550	National Flagship Language Program Grants To U.S. Institutions Of Higher Education		51,954	-	51,954	-	51,954
12.551	National Security Education Program David L. Boren Fellowships		1,047,680	580,924	1,628,604	273	1,628,331
12.630	Basic, Applied, and Advanced Research in Science and Engineering		357,324	17,511	374,835	101,862	272,973
12.800	Air Force Defense Research Sciences Program		2,152,084	194,089	2,346,173	2,096,858	249,315
12.910	Research and Technology Development		2,609,109	-	2,609,109	339,989	2,269,120
12.XXX	Other Department of Defense Programs						
		0160 S HE178	125,432	-	125,432	-	125,432
		3100479	42,654	-	42,654	-	42,654
		H98230-07-C-0412	438,988	16,720	455,708	455,708	-
		Not Available	10,619	-	10,619	-	10,619
		W66QKZ72481481 TASK 01	8,549	-	8,549	8,549	-
		W912HZ-08-P-0003	42,638	-	42,638	42,638	-
		W9132T-06-C-0010	12,670	-	12,670	12,670	-
12.XXX	Total Other Department of Defense Programs		\$ 681,550	\$ 16,720	\$ 698,270	\$ 519,565	\$ 178,705
14.506	General Research and Technology Activity		5,183	-	5,183	5,183	-
14.XXX	Other Department of Housing and Urban Development						
		7010-24- B2H	98,800	-	98,800	-	98,800
14.XXX	Total Other Department of Housing and Urban Development		\$ 98,800	\$ -	\$ 98,800	\$ -	\$ 98,800
15.038	Minerals and Mining on Indian Lands		4,641	-	4,641	-	4,641
15.224	Cultural Resource Management		48,425	-	48,425	38,397	10,028
15.225	Recreation Resource Management		621,005	66,049	687,054	674,083	12,971
15.228	National Fire Plan – Wildland Urban Interface Community Fire Assistance		1,538	-	1,538	-	1,538

The accompanying notes are an integral part of this schedule.

15.231	Fish, Wildlife and Plant Conservation Resource Management	33,021	–	33,021	776	32,245
15.242	National Fire Plan – Rural Fire Assistance	30,630	–	30,630	30,630	–
15.423	Minerals Management Service (MMS) Environmental Studies Program (ESP)	2,925	–	2,925	–	2,925
15.504	Water Reclamation and Reuse Program	13,055	5,800	18,855	18,855	–
15.506	Water Desalination Research and Development Program	(4,097)	–	(4,097)	(4,097)	–
15.507	Water 2025	66,595	–	66,595	70,817	(4,222)
15.605	Sport Fish Restoration Program	74,970	–	74,970	–	74,970
15.608	Fish and Wildlife Management Assistance	691,200	36,786	727,986	406,266	321,720
15.611	Wildlife Restoration	64,424	–	64,424	37,180	27,244
15.615	Cooperative Endangered Species Conservation Fund	8,067	–	8,067	–	8,067
15.630	Coastal Program	16,743	–	16,743	16,743	–
15.631	Partners for Fish and Wildlife	20,388	–	20,388	20,388	–
15.634	State Wildlife Grants	144,841	–	144,841	–	144,841
15.637	Migratory Bird Joint Ventures	19,291	–	19,291	–	19,291
15.649	Service Training and Technical Assistance (Generic Training)	22,768	–	22,768	22,768	–
15.650	Research Grants (Generic)	79,910	–	79,910	79,910	–
15.805	Assistance to State Water Resources Research Institutes	83,138	–	83,138	83,138	–
15.807	Earthquake Hazards Reduction Program	367,531	12,321	379,852	342,880	36,972
15.808	U.S. Geological Survey_Research and Data Collection	1,811,460	–	1,811,460	1,811,460	–
15.809	National Spatial Data Infrastructure Cooperative Agreements Program	(326)	–	(326)	–	(326)
15.810	National Cooperative Geologic Mapping Program	3,112	–	3,112	3,112	–
15.811	Gap Analysis Program	226,324	–	226,324	226,324	–
15.812	Cooperative Research Units Program	1,248,258	–	1,248,258	1,248,258	–
15.904	Historic Preservation Fund Grants-In-Aid	2	–	2	2	–
15.915	Technical Preservation Services	326,473	–	326,473	312,184	14,289
15.916	Outdoor Recreation_Acquisition, Development and Planning	397,822	16,484	414,306	414,306	–
15.922	Native American Graves Protection and Repatriation Act	64,088	–	64,088	64,088	–
15.XXX	Other Department of the Interior Programs					
	004-07	2,000	–	2,000	2,000	–
	06MBSA7009	4,465	–	4,465	4,465	–
	11450-4-J506	3,667	–	3,667	3,667	–
	5120	323	–	323	–	323
	77-1084634	81,554	–	81,554	–	81,554
	81450-5-J520	2,881	–	2,881	2,881	–
	81450-6-J524	21,365	29,842	51,207	51,207	–
	H8W07060001 TASK	6,689	–	6,689	6,689	–
	J8W07070015					
	H8W07060001 TASK	19,728	–	19,728	19,728	–
	J8W07070021					
	H8W07060001 TASK	9,753	–	9,753	9,753	–
	J8W07070022					
	J9430060007	13,299	–	13,299	13,299	–
	Not Available	43,784	–	43,784	43,784	–
	PAA-07-0015	23,514	–	23,514	23,514	–

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		TASK J8W07060010	14,975	-	14,975	14,975	-
		TASK J9430050027	7,006	-	7,006	7,006	-
15.XXX	Total Other Department of the Interior Programs		<u>\$ 255,003</u>	<u>\$ 29,842</u>	<u>\$ 284,845</u>	<u>\$ 202,968</u>	<u>\$ 81,877</u>
16.523	Juvenile Accountability Block Grants		28,410	-	28,410	-	28,410
16.542	Part D – Research, Evaluation, Technical Assistance and Training		110,466	-	110,466	110,466	-
16.548	Title V_ Delinquency Prevention Program		12,730	-	12,730	12,730	-
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants		165,470	-	165,470	165,470	-
16.575	Crime Victim Assistance		39,285	-	39,285	-	39,285
16.582	Crime Victim Assistance/Discretionary Grants		10,728	-	10,728	-	10,728
16.595	Community Capacity Development Office		6,920	-	6,920	-	6,920
16.727	Enforcing Underage Drinking Laws Program		13,644	-	13,644	-	13,644
16.730	Reduction and Prevention of Children's Exposure to Violence		6,287	-	6,287	-	6,287
16.738	Edward Byrne Memorial Justice Assistance Grant Program		10,828	-	10,828	-	10,828
16.741	Forensic DNA Backlog Reduction Program		167,746	-	167,746	167,746	-
17.XXX	Other Department of Labor Programs						
		S6070-PSU C-5835	24,507	-	24,507	-	24,507
		S9101-PSU C-6222	2,830	-	2,830	-	2,830
17.XXX	Total Other Department of Labor Programs		<u>\$ 27,337</u>	<u>-</u>	<u>\$ 27,337</u>	<u>-</u>	<u>\$ 27,337</u>
19.430	International Education Training and Research		69,790	-	69,790	-	69,790
20.108	Aviation Research Grants		162,701	159,445	322,146	322,146	-
20.109	Air Transportation Centers of Excellence		46,769	-	46,769	46,769	-
20.200	Highway Research and Development Program		438,544	-	438,544	-	438,544
20.205	Highway Planning and Construction		1,210,209	50,377	1,260,586	-	1,260,586
20.215	Highway Training and Education		74,837	-	74,837	-	74,837
20.509	Formula Grants for Other Than Urbanized Areas		96,444	-	96,444	-	96,444
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities		255,450	-	255,450	255,450	-
20.515	State Planning and Research		681,380	-	681,380	-	681,380
20.600	State and Community Highway Safety		198,227	-	198,227	-	198,227
20.611	Incentive Grant Program to Prohibit Racial Profiling		156,828	-	156,828	-	156,828
20.612	Incentive Grant Program to Increases Motorcyclist Safety		49,352	-	49,352	-	49,352
20.701	University Transportation Centers Program		1,870,659	6,774	1,877,433	1,839,730	37,703
20.761	Biobased Transportation Research		308,589	206,242	514,831	514,831	-
20.XXX	Other Department of Transportation Programs						
		B-29	8,231	27,241	35,472	-	35,472
		DTMA1V06041	106	-	106	106	-
		DTMA1V06103	1,303	-	1,303	1,303	-

The accompanying notes are an integral part of this schedule.

	Not Available	29,835	–	29,835	–	29,835
20.XXX	Total Other Department of Transportation Programs	\$ 39,475	\$ 27,241	\$ 66,716	\$ 1,409	\$ 65,307
43.001	Aerospace Education Services Program	183,501	69,575	253,076	177,308	75,768
43.002	Technology Transfer	3,754,595	422,671	4,177,266	2,865,959	1,311,307
43.XXX	Other NASA programs					
	#PSU-07.1	9,077	–	9,077	–	9,077
	NNC05AA29A	193,845	–	193,845	193,845	–
	NNC08QA05P	10,463	–	10,463	10,463	–
	NNG04GJ41G	46,373	–	46,373	46,373	–
	NNG04GJ84G	19,107	75,600	94,707	94,707	–
	NNG04GM20G	9,609	–	9,609	9,609	–
	NNG06GA52G	32,942	8,795	41,737	41,737	–
	NNG06GB42G	43,845	–	43,845	43,845	–
	NNG06GE17G	44,901	–	44,901	44,901	–
	NNX07AJ26G	52,375	–	52,375	52,375	–
	NNX07AR36H	16,898	–	16,898	16,898	–
	NNX07AU05G	105,430	–	105,430	105,430	–
43.XXX	Total Other NASA programs	\$ 584,865	\$ 84,395	\$ 669,260	\$ 660,183	\$ 9,077
45.149	Promotion of the Humanities_Division of Preservation and Access	11,754	19,945	31,699	31,699	–
45.160	Promotion of the Humanities_Fellowships and Stipends	12,708	–	12,708	12,708	–
45.161	Promotion of the Humanities_Research	73,095	–	73,095	73,095	–
45.163	Promotion of the Humanities_Professional Development	138,670	–	138,670	138,670	–
45.310	Grants to States	(6,678)	–	(6,678)	–	(6,678)
47.041	Engineering Grants	3,338,640	13,916	3,352,556	2,175,342	1,177,214
47.049	Mathematical and Physical Sciences	4,395,187	308,643	4,703,830	4,667,805	36,025
47.050	Geosciences	18,912,689	661,870	19,574,559	17,716,882	1,857,677
47.070	Computer and Information Science and Engineering	3,400,597	279,266	3,679,863	3,442,130	237,733
47.074	Biological Sciences	9,825,216	834,933	10,660,149	9,951,770	708,379
47.075	Social, Behavioral, and Economic Sciences	1,740,933	131,148	1,872,081	1,809,758	62,323
47.076	Education and Human Resources	3,590,980	1,179,963	4,770,943	4,333,249	437,694
47.078	Polar Programs	1,409,536	56,265	1,465,801	1,354,816	110,985
47.079	International Science and Engineering (OISE)	24,914	–	24,914	24,914	–
47.080	Office of Cyberinfrastructure	346,991	–	346,991	346,991	–
64.XXX	Other Department of Veterans Affairs Programs					
	IPA 06-251	7,811	–	7,811	7,811	–
64.XXX	Total Other Department of Veterans Affairs Programs	\$ 7,811	–	\$ 7,811	\$ 7,811	\$ –
66.001	Air Pollution Control Program Support	29,055	–	29,055	–	29,055
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	1,249	–	1,249	1,249	–
66.112	Surveys, Studies, Investigations, Training, Demonstrations, and Special Purpose Grants for Regional Geographic Initiatives	30,529	–	30,529	30,529	–
66.115	Surveys, Studies, Investigations, Training, Demonstrations, and Special Purpose Grants for EPA Region 10 Regional Geographic Initiative	47,663	–	47,663	–	47,663
66.202	Congressionally Mandated Projects	12,121	–	12,121	12,121	–

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements – Section 104(b)(3) of the Clean Water Act		64,847	–	64,847	64,847	–
66.454	Water Quality Management Planning		10,358	–	10,358	–	10,358
66.460	Nonpoint Source Implementation Grants		60,636	–	60,636	–	60,636
66.461	Regional Wetland Program Development Grants		30,431	–	30,431	28,437	1,994
66.462	National Wetland Program Development Grants and Five-Star Restoration Training Grant		64,500	–	64,500	–	64,500
66.469	Great Lakes Program		32,901	–	32,901	–	32,901
66.500	Environmental Protection-Consolidated Research		3,890	2,591	6,481	6,481	–
66.509	Science to Achieve Results (STAR) Research Program		624,347	50,289	674,636	662,403	12,233
66.510	Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development		50,780	–	50,780	50,780	–
66.511	Office of Research and Development Consolidated Research/Training/Fellowships		640,442	5,855	646,297	646,297	–
66.512	Regional Environmental Monitoring and Assessment Program (REMAP) Research Projects		178,825	–	178,825	178,825	–
66.513	Greater Research Opportunities (GRO) Fellowships For Undergraduate/Graduate Environmental Study		14,741	–	14,741	14,741	–
66.514	Science To Achieve Results (STAR) Fellowship Program		13,292	–	13,292	13,292	–
66.516	P3 Award: National Student Design Competition for Sustainability		20,971	–	20,971	20,971	–
66.605	Performance Partnership Grants		43,222	–	43,222	–	43,222
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		25,907	–	25,907	–	25,907
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		58,390	–	58,390	–	58,390
66.714	Pesticide Environmental Stewardship Regional Grants		6,773	–	6,773	(2,183)	8,956
66.716	Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies		1,627,596	16,177	1,643,773	1,647,180	(3,407)
66.814	Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements		32,412	163	32,575	32,575	–
66.926	Indian Environmental General Assistance Program(GAP)		19,581	–	19,581	–	19,581
66.951	Environmental Education Grants		1,301	–	1,301	1,301	–
77.006	U. S. Nuclear Regulatory Commission Nuclear Education Grant Program		18,905	–	18,905	7,236	11,669
81.049	Office of Science Financial Assistance Program		9,349,331	1,114,413	10,463,744	8,840,799	1,622,945
81.064	Office of Scientific and Technical Information		110,922	–	110,922	–	110,922
81.086	Conservation Research and Development		103,192	–	103,192	103,192	–

The accompanying notes are an integral part of this schedule.

81.087	Renewable Energy Research and Development	178,137	25,462	203,599	–	203,599
81.089	Fossil Energy Research and Development	85,652	–	85,652	4,733	80,919
81.104	Office of Environmental Waste Processing	220,637	–	220,637	–	220,637
81.113	Defense Nuclear Nonproliferation Research	433,432	–	433,432	433,432	–
81.114	University Reactor Infrastructure and Education Support	582,556	664,547	1,247,103	1,247,103	–
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	22,723	–	22,723	–	22,723
81.119	State Energy Program Special Projects	45,647	–	45,647	–	45,647
81.121	Nuclear Energy Research, Development and Demonstration	990,804	–	990,804	507,856	482,948
81.XXX	Other Department of Energy Programs					
	00026625	6,107	–	6,107	6,107	–
	00030961	15,558	–	15,558	15,558	–
	00031010	27,627	–	27,627	27,627	–
	0034379	70,103	–	70,103	70,103	–
	08-16	15,000	–	15,000	–	15,000
	54081	9,388	–	9,388	–	9,388
	DOE BER 3	3,407	–	3,407	–	3,407
81.XXX	Total Other Department of Energy Programs	<u>\$ 147,190</u>	<u>–</u>	<u>\$ 147,190</u>	<u>\$ 119,395</u>	<u>\$ 27,795</u>
84.002	Adult Education-Basic Grants to States	430,298	–	430,298	–	430,298
84.015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	23,431	–	23,431	–	23,431
84.017	International Research and Studies	109,331	–	109,331	109,331	–
84.027	Special Education_Grants to States	238,181	–	238,181	–	238,181
84.083	Women's Educational Equity Act Program	14,879	–	14,879	–	14,879
84.116	Fund for the Improvement of Postsecondary Education	500,234	19,404	519,638	508,587	11,051
84.133	National Institute on Disability and Rehabilitation Research	2,181,077	394,920	2,575,997	2,297,066	278,931
84.149	Migrant Education_College Assistance Migrant Program	375,659	–	375,659	375,659	–
84.173	Special Education_Preschool Grants	125,376	–	125,376	–	125,376
84.184	Safe and Drug-Free Schools and Communities_National Programs	(1,854)	–	(1,854)	–	(1,854)
84.186	Safe and Drug-Free Schools and Communities_State Grants	99,288	–	99,288	–	99,288
84.195	Bilingual Education_Professional Development	169,550	4,392	173,942	173,942	–
84.213	Even Start_State Educational Agencies	13,986	–	13,986	–	13,986
84.215	Fund for the Improvement of Education	247,816	–	247,816	–	247,816
84.229	Language Resource Centers	350,757	–	350,757	313,035	37,722
84.235	Rehabilitation Services Demonstration and Training Programs	38,781	–	38,781	–	38,781
84.257	National Institute for Literacy	151,057	–	151,057	151,057	–
84.287	Twenty-First Century Community Learning Centers	202,345	–	202,345	750	201,595
84.293	Foreign Language Assistance	101,097	–	101,097	–	101,097
84.305	Education Research, Development and Dissemination	767,112	504,641	1,271,753	1,138,762	132,991
84.323	Special Education – State Personnel Development	300,705	148,799	449,504	–	449,504
84.324	Research in Special Education	3,007,416	423,870	3,431,286	3,167,771	263,515
84.325	Special Education – Personnel Development to Improve Services and Results for Children with Disabilities	148,896	–	148,896	115,993	32,903
84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	2,923,556	1,620,195	4,543,751	4,373,745	170,006

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.327	Special Education_ Technology and Media Services for Individuals with Disabilities		1,554,547	241,886	1,796,433	1,796,433	-
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)		68,486	-	68,486	-	68,486
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs		5,480	-	5,480	-	5,480
84.350	Transition to Teaching		157,429	11,400	168,829	168,829	-
84.366	Mathematics and Science Partnerships		225,483	-	225,483	-	225,483
84.367	Improving Teacher Quality State Grants		804,402	166,870	971,272	842,827	128,445
84.368	Grants for Enhanced Assessment Instruments		500	-	500	-	500
84.373	Special Education_ Technical Assistance on State Data Collection		113,070	-	113,070	113,070	-
84.XXX	Other Department of Education Programs						
		30065	5,000	-	5,000	-	5,000
		S6401-PSU	7,538	-	7,538	-	7,538
84.XXX	Total Other Department of Education Programs		\$ 12,538	-	\$ 12,538	-	\$ 12,538
93.009	Compassion Capital Fund		60,650	-	60,650	-	60,650
93.043	Special Programs for the Aging_ Title III, Part D_ Disease Prevention and Health Promotion Services		5,410	-	5,410	-	5,410
93.044	Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers		7,440	-	7,440	-	7,440
93.048	Special Programs for the Aging_ Title IV and Title II_ Discretionary Projects		50,486	-	50,486	-	50,486
93.087	Enhance The Safety Of Children Affected By Parental Methamphetamine Or Other Substance Abuse		69,205	-	69,205	-	69,205
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		363,579	-	363,579	-	363,579
93.113	Environmental Health		3,105,747	-	3,105,747	2,965,801	139,946
93.114	Applied Toxicological Research and Testing		4,308	-	4,308	4,308	-
93.121	Oral Diseases and Disorders Research		838,600	-	838,600	808,391	30,209
93.136	Injury Prevention and Control Research and State and Community Based Programs		316,596	440,994	757,590	757,590	-
93.137	Community Programs to Improve Minority Health Grant Program		314	-	314	314	-
93.172	Human Genome Research		3,055,209	-	3,055,209	2,950,313	104,896
93.173	Research Related to Deafness and Communication Disorders		1,839,123	-	1,839,123	1,838,292	831
93.184	Disabilities Prevention		205	-	205	-	205
93.213	Research and Training in Complementary and Alternative Medicine		1,244,760	-	1,244,760	1,206,586	38,174
93.226	Research on Healthcare Costs, Quality and Outcomes		85,783	-	85,783	11,797	73,986
93.234	Traumatic Brain Injury State Demonstration Grant Program		108,290	10,000	118,290	-	118,290
93.239	Policy Research and Evaluation Grants		11,237	-	11,237	-	11,237

The accompanying notes are an integral part of this schedule.

93.242	Mental Health Research Grants	805,162	267,783	1,072,945	866,265	206,680
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	599,080	–	599,080	–	599,080
93.262	Occupational Safety and Health Program	442,491	163,899	606,390	606,390	–
93.263	Occupational Safety and Health_Training Grants	75,501	–	75,501	75,501	–
93.272	Alcohol National Research Service Awards for Research Training	35,467	–	35,467	35,467	–
93.273	Alcohol Research Programs	983,855	48,265	1,032,120	1,009,393	22,727
93.276	Drug-Free Communities Support Program Grants	6,600	–	6,600	–	6,600
93.279	Drug Abuse and Addiction Research Programs	3,246,975	836,854	4,083,829	3,796,263	287,566
93.281	Mental Health Research Career/Scientist Development Awards	155,804	–	155,804	155,804	–
93.282	Mental Health National Research Service Awards for Research Training	174,551	–	174,551	174,551	–
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance	11,370	–	11,370	–	11,370
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	225,096	20,868	245,964	245,964	–
93.310	Trans-NIH Research Support	135,958	–	135,958	135,958	–
93.333	Clinical Research	30,110	1,016	31,126	–	31,126
93.361	Nursing Research	108,984	–	108,984	–	108,984
93.389	National Center for Research Resources	2,637,099	–	2,637,099	2,542,040	95,059
93.390	Academic Research Enhancement Award	18,185	–	18,185	–	18,185
93.393	Cancer Cause and Prevention Research	213,623	33,024	246,647	212,749	33,898
93.397	Cancer Centers Support Grants	24,996	–	24,996	24,996	–
93.399	Cancer Control	1,594,393	–	1,594,393	1,594,393	–
93.551	Abandoned Infants	208,336	–	208,336	208,336	–
93.575	Child Care and Development Block Grant	759,064	33,182	792,246	–	792,246
93.576	Refugee and Entrant Assistance_Discretionary Grants	290,681	–	290,681	290,681	–
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	49,576	–	49,576	–	49,576
93.600	Head Start	74,814	–	74,814	38,918	35,896
93.631	Developmental Disabilities Projects of National Significance	38,637	30,736	69,373	50,416	18,957
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	497,183	–	497,183	497,183	–
93.643	Children's Justice Grants to States	101,927	–	101,927	–	101,927
93.647	Social Services Research and Demonstration	118,008	68,217	186,225	186,225	–
93.658	Foster Care_Title IV-E	545,949	–	545,949	–	545,949
93.670	Child Abuse and Neglect Discretionary Activities	29,030	–	29,030	–	29,030
93.778	Medical Assistance Program	540,100	–	540,100	–	540,100
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	5,524	–	5,524	5,524	–
93.837	Cardiovascular Diseases Research	727,526	–	727,526	539,365	188,161
93.838	Lung Diseases Research	310,608	19,302	329,910	266,397	63,513
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	840,417	–	840,417	840,417	–
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	266,259	–	266,259	260,712	5,547
93.848	Digestive Diseases and Nutrition Research	1,106,753	–	1,106,753	1,106,753	–
93.849	Kidney Diseases, Urology and Hematology Research	57,875	–	57,875	–	57,875
93.853	Extramural Research Programs in the Neurosciences and	1,324,977	140,903	1,465,880	1,207,284	258,596

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, 2008 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
	Neurological Disorders						
93.855	Allergy, Immunology and Transplantation Research		1,431,548	38,424	1,469,972	1,430,223	39,749
93.856	Microbiology and Infectious Diseases Research		1,181,058	130,122	1,311,180	1,051,245	259,935
93.859	Biomedical Research and Research Training		6,452,614	54,961	6,507,575	5,660,556	847,019
93.865	Child Health and Human Development Extramural Research		3,777,864	138,902	3,916,766	3,847,948	68,818
93.866	Aging Research		1,930,321	228,572	2,158,893	1,982,035	176,858
93.867	Vision Research		20,135	(754)	19,381	-	19,381
93.879	Medical Library Assistance		24,243	-	24,243	24,243	-
93.894	Resource and Manpower Development in the Environmental Health Services		538,667	-	538,667	517,316	21,351
93.910	Family and Community Violence Prevention Program		162,834	88,263	251,097	251,097	-
93.945	Assistance Programs for Chronic Disease Prevention and Control		19,419	-	19,419	-	19,419
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		421,509	10,920	432,429	432,429	-
93.955	Health and Safety Programs for Construction Work		101,149	-	101,149	-	101,149
93.969	Geriatric Education Centers		91,900	-	91,900	-	91,900
93.974	Family Planning Service Delivery Improvement Research Grants		1,445	-	1,445	1,445	-
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		33,600	-	33,600	-	33,600
93.989	International Research and Research Training		104,000	-	104,000	-	104,000
93.XXX	Other Department of Health and Human Services Programs						
		00242.02054.001	40,020	-	40,020	-	40,020
		00242.02054.001 MOD	2,402	-	2,402	-	2,402
		SC-05-02054 001-03	35,683	-	35,683	-	35,683
93.XXX	Total Other Department of Health and Human Services Programs		<u>\$ 78,105</u>	<u>-</u>	<u>\$ 78,105</u>	<u>\$ -</u>	<u>\$ 78,105</u>
97.041	National Dam Safety Program		(374)	-	(374)	-	(374)
97.044	Assistance to Firefighters Grant		25	-	25	-	25
98.001	USAID Foreign Assistance for Programs Overseas		1,696,861	1,092,585	2,789,446	2,774,880	14,566
98.002	Cooperative Development Program (CDP)		-	(1,198)	(1,198)	-	(1,198)
98.005	Institutional Capacity Building (ICB)		17,078	38,726	55,804	-	55,804
Total Research and Development Cluster			<u>\$ 200,545,867</u>	<u>\$ 17,743,426</u>	<u>\$ 218,289,293</u>	<u>\$ 180,124,571</u>	<u>\$38,164,722</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$5,476,641,365</u>	<u>\$964,459,680</u>	<u>\$6,441,101,045</u>	<u>\$6,382,494,679</u>	<u>\$58,606,366</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, 2008

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 schedules 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, 2008, 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	\$ 11,100,029
10.565	Commodity Supplemental Food Program	Commodities	86,366
10.567	Food Distribution Program on Indian Reservations	Commodities	40,584
10.569	Emergency Food Assistance Program (Food Commodities)	Commodities	2,731,450
39.003	Donation of Federal Surplus Personal Property	Donated surplus property	586,572
93.268	Immunization Grants	Vaccines	<u>25,255,677</u>
	Total		<u>\$ 39,800,678</u>

Note 4. Loans and Loan Guarantees

Loans outstanding and new loans made during the year ended June 30, 2008 are as follows:

CFDA Number	Title	Outstanding Balance as of June 30, 2008	New Loans Made During the Year Ended June 30, 2008
11.307	Economic Adjustment Assistance	\$ 6,202,839	\$ 630,000
14.239	HOME Investment Partnerships Program	6,872,426	1,183,823
66.458	Capitalization Grants for Clean Water State Revolving Funds	1,849,500	0
84.038	Federal Perkins Loan Program_Federal Capital Contributions	79,171,196	18,397,506
	Total	<u>\$ 94,095,961</u>	<u>\$ 20,211,329</u>

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

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 \$686,647,167 reported as expenditures for the Unemployment Insurance program (CFDA 17.225), \$641,249,455 represented expenditures of State funds held in the Unemployment Trust Fund.

Note 6. Pass-Through Awards

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

<u>CFDA</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.001	University of Nebraska	90	25-6235-0145-006
10.001	University of Nebraska	3,244	25-6235-0079-006
10.200	South Dakota State University	3,915	483833
10.200	South Dakota State University	21,965	3FD042
10.200	South Dakota State University	74,668	3T3633
10.200	Texas Agriculture Experiment Station	8,819	570349
10.200	University of Alaska	5,695	PO FP606001 / UAF 06-0086
10.200	University of California	10,779	SA7233
10.200	University of California, Davis	(1,286)	06-012etx
10.200	University of California, Davis	(464)	06-023etx
10.200	University of California, Davis	(113)	06-009etx
10.200	University of California, Davis	99,289	07-011etx
10.200	University of Idaho	1,508	BAK300 OSU/P0014400
10.200	University of Idaho	1,623	BAK301_OSU/P0015215
10.200	University of Washington	(5)	748672
10.200	University of Washington	779	143005
10.200	University of Washington	1,093	567762
10.200	University of Washington	17,698	748621
10.200	University of Washington	19,969	319345
10.200	University of Washington	22,693	913579
10.200	University of Washington	22,915	2007-38500-18593
10.200	University of Washington	53,129	319438
10.200	University of Washington	75,540	464562
10.200	Utah State University	1,093	041535059
10.200	Utah State University	2,314	06155036
10.200	Utah State University	4,447	051687030
10.200	Utah State University	5,207	04-1535035
10.200	Utah State University	5,815	041535046
10.200	Utah State University	10,208	051687038
10.200	Utah State University	14,035	051687007
10.200	Utah State University	29,888	051687004
10.200	Utah State University	40,649	04-1535006
10.200	Utah State University	87,392	051687010
10.200	Washington State University	(1,000)	104828_G001909
10.200	Washington State University	63	107856_G002241
10.200	Washington State University	172	105047_G001873
10.200	Washington State University	528	105047_G002288

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>CFDA</u>			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.200	Washington State University	635	103152_G001714
10.200	Washington State University	1,160	G002053
10.200	Washington State University	1,534	G002076
10.200	Washington State University	1,918	103152_G001708
10.200	Washington State University	2,000	G002100
10.200	Washington State University	2,272	103152_G001706
10.200	Washington State University	2,596	104947_G001848
10.200	Washington State University	3,100	104947_G001847
10.200	Washington State University	3,603	G002134
10.200	Washington State University	3,870	105047_G002287
10.200	Washington State University	4,396	103215_G001693
10.200	Washington State University	7,985	103242_G001728
10.200	Washington State University	10,000	104446_G002311
10.200	Washington State University	10,416	G002026
10.200	Washington State University	11,357	104828_G001911
10.200	Washington State University	13,770	G002075
10.200	Washington State University	15,557	104947_G001849
10.200	Washington State University	16,219	103242_G001725
10.200	Washington State University	16,576	G002056
10.200	Washington State University	19,873	104947_G001846
10.200	Washington State University	20,883	G002097
10.200	Washington State University	21,660	104947_G001845
10.200	Washington State University	23,449	104828_G001914
10.200	Washington State University	25,010	G002052
10.200	Washington State University	26,594	G002098
10.200	Washington State University	27,774	G002099
10.200	Washington State University	30,659	G002102
10.200	Washington State University	34,394	104947_G001850
10.200	Washington State University	36,538	G002101
10.200	Washington State University	41,861	G002050
10.200	Washington State University	65,534	G002051
10.206	Auburn University	40,705	ACES/AYDP-YD-15-207
10.206	Auburn University	42,995	ACES/AYDP-YD-18-07
10.206	Michigan State University	98	61-4175A
10.206	Michigan Technology University	58,713	040636Z / PO P0061771
10.206	University of Arizona	20,257	PO Y452465
10.206	University of California, Davis	2,382	K011524-01
10.206	University of California, Davis	50,992	K016618-13
10.206	University of California, Davis	119,392	SUB07-000752-01
10.206	University of Maryland	5,775	Z521909
10.206	University of Maryland	38,156	Z507221
10.206	University of Minnesota	55,545	Q6736000101
10.206	University of Minnesota	157,212	Q4096504501
10.206	University of Wisconsin	30,122	X346861
10.250	Montana State University	1,323	G303-08-W1872
10.303	Cornell University	8,495	47038-7701
10.303	University of California	14,705	K009607-OR5
10.303	University of California, Davis	4,353	K009607-OR8
10.303	University of California, Davis	5,198	07-001492-OSU2

State of Oregon
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For the Year Ended June 30, 2008

<u>CFDA</u>		<u>Amount</u>	<u>ID Number</u>
<u>Number</u>	<u>Organization</u>		
10.303	University of California, Davis	6,367	07-001492-OSU4
10.303	University of California, Davis	7,732	07-001492-OSU5
10.303	University of California, Davis	15,974	07-001492-OSU1
10.303	University of California, Davis	16,327	K009607-OR7
10.303	University of California, Davis	46,147	K009607-OR3
10.303	University of Idaho	59,450	BJKE27-OSU-DAS / P0013813
10.303	Washington State University	1,378	103087_G002220
10.304	Cornell University	496	42681-7483
10.304	Kansas State University	967	S05019
10.304	Kansas State University	24,427	S08018
10.304	Purdue University	17,220	598-0379-1
10.304	Purdue University	34,773	8000017968-AG
10.304	University of California, Davis	5,836	K007797-21
10.304	University of California, Davis	19,465	07-002558-10
10.304	University of California, Davis	44,041	07-002558-11
10.304	University of California, Davis	89,318	K007797-11
10.307	Bandon Organic Growers	11,000	Not Available
10.455	Washington State University	36,574	106498_G002277
10.456	Organic Seed Alliance	8,303	06 IE 0831 0083-E
10.500	Auburn University	168,671	08-USDA-Army-OSU
10.500	Kansas State University	41,491	S08145
10.500	North Carolina State University	1,304	2006-0457-33
10.500	Organic Materials Review Institute	10,194	061554006
10.500	Pennsylvania State University	8,559	3307-OSU-USDA-3713
10.500	University of California, Davis	917	06-002687-02
10.500	University of California, Davis	3,986	07-001988-02
10.500	University of Nebraska	32,362	26-6365-0001-322
10.500	University of Wyoming	1,442	UTSTUNV46459OR
10.500	University of Wyoming	4,427	UTSTUNV46460OR
10.500	University of Wyoming	6,806	UTSTUNV46465OR
10.500	Utah State University	615	061306001
10.500	Utah State University	36,238	061554005
10.500	Washington State University	1,133	G002009
10.500	Washington State University	6,831	11838-G001812
10.500	Washington State University	36,120	G002213
10.652	Fort Lewis College	5,340	Not Available
10.652	National Fish & Wildlife Foundation	43,070	2005-006-008
10.652	Nature Conservancy	10,000	CSG_GCCI_113006
10.664	Loyola University Chicago	10,321	Not Available
10.664	Northern Arizona University	8,317	FOR348Y-01
10.664	Northern Arizona University	18,856	FOR34CL-01
10.664	University of Washington	45,975	336127
10.665	Clackamas County	130,953	1936002286000
10.665	Douglas County	6,884	Not Available
10.665	Grant County	6,739	1936002295
10.665	Klamath Falls	39,511	1936002301
10.665	Umatilla County	12,372	1936001993000
10.670	Sustainable Northwest	4,275	I-08-01-NBMEWP
10.672	Multnomah County	73,369	4600006934

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>CFDA</u>			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.679	Collaborative Forest Restoration	9,834	Not Available
10.773	Naseo Nat'l Assn State Energy Office	25,770	52
10.902	Chemeketa Community College	(144)	645 06
10.902	Chemeketa Community College	7,498	528 07
10.902	Chemeketa Community College	26,642	597 06
10.912	IPM Institute of North America, Inc.	3,620	2633818314
10.912	Wy'East Resource Conservation & Development Council	83,410	Not Available
11.302	Portland Development Commission	12,934	Not Available
11.417	Pacific Shellfish Institute	55,826	Not Available
11.417	Pacific States Marine Fisheries Commission	10,460	06-75
11.417	Pacific States Marine Fisheries Commission	20,434	05-45
11.417	Pacific States Marine Fisheries Commission	25,174	08-32
11.417	Pacific States Marine Fisheries Commission	43,043	07-77
11.417	Pacific States Marine Fisheries Commission	44,664	08-12
11.417	Pacific States Marine Fisheries Commission	61,226	07-14
11.417	University of Alaska	10,698	PO FP700694 / UAF 07-0029
11.417	University of California, San Diego	10,000	PO 10278545
11.419	University of New Hampshire	9,398	08-047
11.419	University of New Hampshire	104,808	07-049
11.419	Washington State Military Department	18,340	E07-401
11.426	College of Charleston	9,019	520553-UORE
11.426	Sunburst Sensors, LLC	147	2008-1417
11.426	University of Hawaii	78,844	PO Z816780
11.430	Caribbean Marine Research Center	10,757	CMRC-03-NRMH-04-05C
11.431	University of South Carolina	10,516	08-1495 /PO 81760 (13040-FA04)
11.431	University of South Carolina	43,209	06-1212 / PO 51929
11.432	University of Alaska	46,696	PO FP502772 / UAF 05-0067
11.432	University of Hawaii	29,324	PO Z707965
11.432	University of Miami	8,497	6-6440A-3712 / P131564
11.432	University of Miami	8,553	668953 / P745916
11.437	Pacific States Marine Fisheries Commission	834,191	936002376
11.438	Klamath Tribes	28,291	1-991-07
11.439	Hubbs-Sea World Research Institute	21,634	Not Available
11.439	North Pacific Marine Science Foundation	30,377	NA05NMF4391068-51
11.439	North Pacific Marine Science Foundation	35,646	NA07NMF4390197
11.439	North Pacific Marine Science Foundation	54,002	NA05NMF4391068-70
11.439	Pacific States Marine Fisheries Commission	22,248	936002376
11.439	Texas A&M Research Foundation	45,202	S070039
11.439	Texas A&M Research Foundation	48,113	S070038
11.441	North Pacific Fishery Management Council	23,339	920060367
11.441	Pacific Fishery Management Council	66,611	910982918
11.441	Pacific States Marine Fisheries Commission	(6,882)	936002376
11.463	Cascade Pacific RC&D	34,487	2007-13
11.463	National Fish & Wildlife Foundation	14,231	521384139
11.463	National Fish & Wildlife Foundation	100,324	2006-0093-008
11.463	Nature Conservancy	27,460	TNCMI/NOAA 6-3936-01
11.468	East West Center	35,000	HC12255
11.472	North Pacific Research Board	190	719
11.472	North Pacific Research Board	580	B60

State of Oregon
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<u>CFDA</u>		<u>Amount</u>	<u>ID Number</u>
<u>Number</u>	<u>Organization</u>		
11.472	North Pacific Research Board	9,249	709
11.472	North Pacific Research Board	17,168	R0301
11.472	North Pacific Research Board	29,221	723
11.472	North Pacific Research Board	30,832	728
11.472	North Pacific Research Board	44,650	605
11.472	North Pacific Research Board	48,734	518
11.472	North Pacific Research Board	51,006	B67
11.472	North Pacific Research Board	90,609	619
11.472	North Pacific Research Board	121,220	629
11.473	University of Washington	120,334	457268
12.107	Washington Department of Ecology	9,459	C0800090
12.300	Arete Associates	37,662	S-44002.01.4700
12.300	Columbia Power Technologies	247,147	2007-13
12.300	Institute for the Study of Learning and Expertise	16,068	OSU-01
12.300	North Carolina State University	83,582	2005-1749-01
12.300	Puko's Scientific	15,163	Not Available
12.300	University of California, Berkeley	123,208	SA5311-11244 AMEND. 3
12.300	University of Rhode Island	17,796	032002/535495
12.300	University of Washington	33,302	141303
12.300	Woods Hole Oceanographic Institution	34,396	A100495
12.420	Cornell University	11,969	53998-8633
12.420	HemCon, Inc.	521,634	Not Available
12.420	Oregon Biomedical Engineering Institute, Inc.	53,489	2005 W81XW-OSU-01
12.420	Providence Health System of Oregon	50,952	OMLC-03-02
12.431	Academy of Applied Science	2,600	SUBGRANT 06-23
12.431	Academy of Applied Science	19,857	ACAD OF APPLIED SCIENCE
12.431	AKT America	22,182	Not Available
12.431	University of Connecticut	18,006	758408
12.431	University of Connecticut	47,503	802208
12.431	Voxel Corporation	21,000	UO270830
12.550	Institute of International Education	24,997	NSEP-U631006-UO-ARA-STAMP
12.551	Institute of International Education	74,982	NSEP-U631013-UO-CHN-DI07-08
12.551	Institute of International Education	1,308,253	NSEP-U631006-UO-CHN MOD. 3
12.551	University of Maryland	87,152	Z914730 MOD. C
12.630	Oreganization for Economic Initiatives	171,185	Not Available
12.630	Stanford University	101,787	20109120-36615-A
12.800	Brown University	139,109	104 / PO P996645
12.800	Covalent Associates	199	OSU-0503-001
12.800	Cytec Corporation	3,708	GS35F0529J
12.800	University of Arizona	13,695	PO Y451324
12.800	University of California, Berkeley	23,197	SA4457-32432PG AMEND. 5
12.800	University of Illinois, Urbana-Champaign	126,397	A5992 / 2005-3462-1-00
12.910	Lockheed Martin Corporation	164,264	TT0704778
12.910	Lockheed Martin Corporation	262,186	PO TT0688415
12.910	Marine Biological Laboratory	12,030	27314
12.910	Massachusetts Institute of Technology	294,968	5710002087
12.910	SRI International	47,951	55-000656-TO-10
12.910	SRI International	58,496	55-000656-TO-09
12.910	SRI International	146,295	55-000656-TO-08

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For the Year Ended June 30, 2008

<u>CFDA</u>			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
12.910	SRI International	163,966	55-000656-TO-07
12.910	SRI International	184,410	55-000656-TO-06
12.910	SRI International	541,009	55-000656-TO-05
12.910	The Boeing Company	(1,888)	PCO KQ5992 / PC 173728
12.910	University of California, Berkeley	20,808	SA4475-32446 AMEND. 6
12.910	University of California, Berkeley	658,667	SA4997-10929
12.910	Washington State University	180,968	108956_G002273
14.218	City of Portland	(2)	35599
14.218	City of Portland	79,953	37686
15.038	Confederated Tribes of the Umatilla Indian Reservation	4,641	034-027
15.039	Confederated Tribes of Warm Springs	7,700	390383362
15.224	Montana State University	1,082	G244-06-W0094
15.224	Montana State University	1,901	G255-06-W0094
15.224	Montana State University	4,821	G238-07-W-0094
15.224	Montana State University	5,119	G122-06-W0094
15.225	Umpqua Basin Watershed Council	14,542	Not Available
15.228	Curry County Emergency Services	70,940	Not Available
15.231	Nature Conservancy	38,889	Not Available
15.423	Southwest Statistical Consulting, LLC	2,925	Not Available
15.608	Ducks Unlimited	45,531	US-UT-28-2
15.608	National Fish & Wildlife Foundation	1,499	521384139
15.608	National Fish & Wildlife Foundation	13,826	2006-0175-005
15.608	Pacific States Marine Fisheries Commission	7,834	06-09
15.608	Pacific States Marine Fisheries Commission	20,000	07-15
15.608	Pacific States Marine Fisheries Commission	53,727	08-10
15.608	South Dakota Game Fish and Parks	25	Not Available
15.608	Texas A&M Research Foundation	3,424	S050085
15.608	Texas A&M Research Foundation	417,534	S020058
15.611	Ducks Unlimited	23,049	US-WA-122-1
15.611	National Fish & Wildlife Foundation	1,440	2006-0123-003
15.611	Nature Conservancy	9,245	ORFO 03-01-10-13
15.634	Alaska Department of Fish and Game	39,818	COOP 05-006
15.637	Ducks Unlimited	19,291	US-WA-208-1
15.638	Burns Paiute Tribe	35,000	930573054
15.807	Central Washington University	(1,600)	Not Available
15.807	Southern California Earthquake Center	32,025	119939
15.809	University of Colorado	(326)	154-1940
15.811	University of Wyoming	20,195	DOIUSGS43607OSU
15.915	Northwest Management Incorporated	14,289	Not Available
16.523	Rand Corporation	28,410	992008007
16.579	Relief Nursery, Inc.	20,000	SA-04-028 AMEND. 1
16.579	Union County	13,581	1011
16.579	Yamhill County	22,904	1012
16.589	Linn County	81,339	1009
16.590	Lane County	77,651	1013
16.595	Rockwood Weed & Seed	6,920	Not Available
16.610	State of California	478,446	9900
16.730	Multnomah County	6,287	46000056446
16.738	Jevenile Rights Project, Inc.	10,828	AMENDMENT NUMBER 3

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008

<u>CFDA</u>		<u>Amount</u>	<u>ID Number</u>
<u>Number</u>	<u>Organization</u>		
19.418	Institute of International Education	485,532	Not Available
19.430	Institute of International Education	69,790	Not Available
20.200	Georgia Institute of Technology	130,964	E-20-J77-S1
20.200	Purdue University	53,234	571-0120-01
20.205	Georgia Institute of Technology	1,093	E-20-G12-S1
20.205	Metro	2,171	927161
20.205	Michigan State University	36,044	61-7972/07-01
20.507	Metro	3,765	74
20.509	Association of Oregon Counties	96,444	Not Available
20.515	Georgia Department of Transportation	22,866	7-01
20.701	University of Alaska	37,703	PO FP800689 / UAF 08-0042
20.701	University Transportation Center	34,831	USDOT DTRT06-G-0017
43.001	Earth and Space Research	9,320	EPO-06-697
43.001	Montana State University	2,748	G258-08-W1951
43.001	University of Washington	(39)	478805
43.001	Voxtel Corporation	14,000	NNM06AA41C
43.001	Voxtel Corporation	100,000	NNM07AA27C
43.002	Colorado State University	59,235	G-6524-1
43.002	Earth and Space Research	48,443	PO 06-75 05-112B
43.002	Jet Propulsion Lab	26,177	1316978
43.002	Jet Propulsion Lab	30,561	1285685
43.002	Jet Propulsion Lab	82,017	1249878
43.002	Jet Propulsion Lab	126,050	1294728
43.002	Jet Propulsion Lab	188,312	1206715
43.002	Jet Propulsion Lab	240,698	1283976
43.002	Jet Propulsion Lab	243,735	1206714
43.002	Jet Propulsion Lab	283,524	1283973
43.002	NVE Corporation	30,810	PO 10896
43.002	Pacific Northwest National Lab	15,000	53060
43.002	Pacific Northwest National Lab	41,781	40000
43.002	Pacific Northwest National Lab	73,395	35482
43.002	The Boeing Company	41,264	PO 4CS2057
43.002	University of California, Santa Barbara	18,916	KK4134
43.002	Woods Hole Oceanographic Institution	46,424	A100541
45.024	Western States Arts Federation	2,250	TWP070034
45.024	Western States Arts Federation	2,500	TWP070047
47.041	Colorado State University	15,055	G-3277-1
47.041	Nano-Electrochem, Inc.	14,956	2007-01
47.041	Network for Earthquake Engineering Simulation Consortium, Inc.	105,000	RA-2007-OSU
47.041	Network for Earthquake Engineering Simulation Consortium, Inc.	1,132,961	OMSA-2004, v3.1
47.041	Tufts University	33,696	NSF 498
47.041	Umpqua Research Company	56,686	AG209
47.041	University of California, Berkeley	24,147	SA5810-18081 / PO 1338304
47.041	University of California, Berkeley	98,823	SA5696-23584 / PO 1315264
47.041	University of California, Berkeley	150,702	SA5809-23584 / PO 1325998
47.041	University of California, San Diego	75,000	PO 10274043
47.041	University of California, San Diego	225,206	PO 102480065

State of Oregon
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<u>CFDA</u>			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
47.041	University of Hawaii	184,207	Not Available
47.041	Voxtel Corporation	24,997	0II-0611239
47.041	Washington State University	13,368	G001668
47.049	Clemson University	188,945	1040-7558-206-2093552
47.049	University of Notre Dame	3,800	Not Available
47.049	University of Washington	32,564	Not Available
47.050	Columbia University	50,933	001
47.050	Consortium for Ocean Leadership	4,741	JSA 8-01
47.050	HT Harvey and Associates	70,463	1724-02
47.050	Incorporated Research Institution for Seismology	21,304	489
47.050	Incorporated Research Institution for Seismology	105,679	478
47.050	Joint Oceanographic Institutions	(3,070)	PO T311A11
47.050	Joint Oceanographic Institutions	(110)	TO T301A11
47.050	Joint Oceanographic Institutions	(86)	TO T311B11
47.050	Joint Oceanographic Institutions	2,128	PO T303A11
47.050	Joint Oceanographic Institutions	9,804	JSA 7-02
47.050	Joint Oceanographic Institutions	14,415	JSA 7-04
47.050	Joint Oceanographic Institutions	38,677	PO T0316A11
47.050	Monterey Bay Aquarium Research Institute	56,288	PO 0611586
47.050	Oregon Health & Science University	1,014,191	GSTCN0001A7.OSU
47.050	Research Foundation, State University of New York	27,550	1050516-3-37470
47.050	University of Alaska	120,755	PO FP802513 / UAF 08-0037
47.050	University of California, San Diego	4,848	PO 10247181
47.050	University of California, San Diego	7,539	PO 10278073
47.050	University of California, San Diego	19,734	PO 10275066
47.050	University of California, San Diego	30,262	PO 10277106
47.050	University of California, San Diego	101,042	PO 10248896
47.050	University of Hawaii	11,657	PO Z624325
47.050	University of North Carolina, Chapel Hill	690	5-54668
47.050	University of North Carolina, Chapel Hill	19,404	123444
47.050	University of Washington	2,934	380568
47.050	University of Washington	10,444	380561
47.050	University of Washington	131,457	938093
47.050	Villanova University	31,130	5-25568
47.050	Washington State University	2,091	100746_G001635
47.050	Woods Hole Oceanographic Institution	3,291	A100334
47.050	Woods Hole Oceanographic Institution	4,946	A100551 / WBS 6.3.4
47.050	Woods Hole Oceanographic Institution	15,035	A100551 / WBS 6.3.2
47.050	Woods Hole Oceanographic Institution	30,498	A100540
47.050	Woods Hole Oceanographic Institution	31,361	A100525
47.050	Woods Hole Oceanographic Institution	32,295	A100514
47.050	Woods Hole Oceanographic Institution	52,337	A100528
47.050	Woods Hole Oceanographic Institution	62,574	A100551 / WBS 6.3.1
47.050	Woods Hole Oceanographic Institution	129,813	A100551 / WBS 1.3.1 & 1.3.2
47.070	Evergreen State College	32,805	Not Available
47.070	Oregon Health & Science University	44,489	GSTCN0001A7.PSU
47.070	Oregon Health & Science University	94,813	GCLMR5008A
47.070	University of California, Los Angeles	22,046	0070 G JE855
47.070	University of California, San Diego	(5,189)	PO 10242093

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47.070	University of California, Santa Barbara	39,734	KK6106
47.074	Arizona State University	170	PO SC 19103M00386 / 03-054
47.074	Carnegie Institute	181,195	6-2091-02
47.074	Idaho State University	5,821	05-181A
47.074	Indiana University	4,727	EP5229 AMEND. 2
47.074	Michigan State University	23,012	612135OREGONSU
47.074	Michigan State University	248,690	61-2556OU
47.074	North Dakota State University	(34)	4971-03
47.074	University of California	23,207	K016855-02
47.074	University of California, Merced	11,461	DEB-0542545 UO
47.074	University of California, Santa Barbara	6,368	KK7100
47.074	University of Hawaii	245,137	PO Z795332
47.074	University of Portland	18,280	IOB-0615648
47.074	University of Tennessee	22,421	OR878-001.04
47.075	National Bureau of Economic Research	64,785	27-3383-00-0-79-636-7700
47.076	Association of Science-Technology Centers	137,432	ESI-0638981
47.076	Crystal Clear Technologies	96,045	0620568-UO11785
47.076	Education and Human Resources	85,446	DUE 0603221
47.076	Georgia State University	20,091	ELT48-33
47.076	Mathematical Association of America	23,935	Not Available
47.076	Montana State University	38,831	GC048-02-Z2484
47.076	Northwest Regional Educational Laboratory	5,021	Not Available
47.076	Portland Community College	29,535	Not Available
47.076	University of California, Berkeley	17,811	SA5168-11062 / PO 1158965
47.076	University of Colorado	8,605	PO 60438
47.076	University of Colorado	55,847	154-2277 / PO 53905
47.076	WestEd	110,070	5060.01.001
47.078	Ohio State University	80,115	GRT8213500/60000263
47.078	University of Washington	11,920	524541
47.078	Yale University	18,280	Y-05-0029 AMEND. 2
59.037	Lane Community College	28,193	AGREEMENT #
59.037	Lane Community College	30,250	8-603001-Z-0039-25
59.037	Small Business Development Center	13,514	Not Available
59.037	Small Business Development Center	25,871	PER JAMIE ALBERT
66.001	University of Houston	29,055	R-07-0190
66.115	University of Idaho	43,123	JBK870_SB_001
66.439	David Evans and Associates, Inc.	17,875	Not Available
66.454	Costa Pacific Communities	10,358	Not Available
66.461	Lane Council of Governments	4,989	Not Available
66.462	National Fish & Wildlife Foundation	64,735	Not Available
66.462	Natureserve	3,614	OR-013-FY07
66.469	Great Lakes Environmental Center	32,901	PO 6539 / EPA 68-C-4-003, 3-58
66.509	University of Nevada – Reno	12,233	UNR-08-30
66.714	American Farmland Trust	20,825	R10 2006-04
66.716	Iowa Department of Agriculture and Land Stewardship	6,800	Not Available
66.926	Confederated Tribes of Siletz Indians of Oregon	19,581	Not Available
77.006	Rutgers, The State University of New Jersey	11,669	4-22609 / 10355 / PO S938840
81.041	Washington State University	29,663	76
81.049	Argonne National Laboratory	291,365	7F-01101

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81.049	Battelle Memorial Institute	7,025	29612
81.049	Ceres, Inc.	259,850	DE-FG02-05ER64111
81.049	Lawrence Livermore National Laboratory	9,953	B555258
81.049	Lawrence Livermore National Laboratory	11,958	B573268
81.049	Lawrence Livermore National Laboratory	17,059	B563989
81.049	Lawrence Livermore National Laboratory	32,905	B573132
81.049	Lawrence Livermore National Laboratory	58,207	B575932
81.049	National Renewable Energy Laboratory	292,267	XAT-4-33624-11
81.049	Northern Arizona University	65,408	MPC35TA-A7
81.049	Oregon Nanoscience & Microtechnologies Institute	(18,365)	DOE BER 2
81.049	Pacific Northwest National Lab	10,000	47552
81.049	Pacific Northwest National Lab	13,621	53501
81.049	Pacific Northwest National Lab	15,246	57494-1
81.049	Pacific Northwest National Lab	18,789	58519
81.049	Pacific Northwest National Lab	27,904	57494-2
81.049	Pacific Northwest National Lab	52,601	48145
81.049	Pacific Northwest National Lab	74,212	22902
81.049	Peregrine Power, LLC	209,187	2006-11
81.049	Purdue University	19,634	541-0546-01
81.049	Sandia National Laboratories	1,091	822801
81.049	Second Wind, Inc.	43,450	2007-09
81.049	United Solar Ovonic Corporation	87,104	AMENDMENT 1
81.049	University of Washington	14,981	PO 488093
81.049	Washington State University	32,006	G001997_104349
81.049	Westinghouse Electric Company	209,500	PO 4500234844
81.064	University of Utah	95,455	2205056 AMEND. 18
81.086	The Regents of the Univ of Cal	77,974	1943067788
81.087	Consortium for Plant Biotech Research	13,426	GO12026-226
81.087	Consortium for Plant Biotech Research	17,715	GO12026-203A
81.087	Idaho Dept of Water Resources	66,585	22
81.087	MRI National Renewable Energy Laboratory	148,497	XAT-4-33624-08 MOD. 8
81.087	MRI National Renewable Energy Laboratory	174,138	ZXL-5-44205-11 MOD. 9
81.087	University Central Florida	127,675	69
81.089	Montana State University	5,053	G298-08-W2036
81.089	Montana State University	18,196	G135-06-W0831
81.089	Oak Ridge National Laboratory	2,572	4000068298
81.089	UT-Battelle, LLC	5,981	4000066157
81.104	Vanderbilt University	265,343	19067-S2
81.117	Confederated Tribes of Warm Springs	2,004	Not Available
81.117	National Assoc of State Universities & Land-Grant Colleges	3,661	Not Available
81.117	Technical Assistance Renewable Energy	54,171	TOA KLDJ-5-55052-00
81.117	Washington State University	10,688	76
81.121	Georgia Institute of Technology	21,293	DPO# 2500016121/R8895-G1
81.121	Idaho National Laboratory	2,657	00044868-00002
81.121	Idaho National Laboratory	3,215	00044868-00009
81.121	Idaho National Laboratory	27,978	00044868-00007
81.121	Idaho National Laboratory	103,171	00044868-00006
81.121	Idaho National Laboratory	149,800	00044868-00001

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81.121	Idaho National Laboratory	241,533	00044868-00004
81.121	Idaho National Laboratory	394,855	00044868-00003
84.015	New York University	16,916	F5682-01
84.027	Republic of Palau	23,750	04-003
84.027	Republic of Palau	98,576	05-009
84.083	Immigrant and Refugee Community Organization	14,879	Not Available
84.116	Bonner Foundation	43	Not Available
84.116	Community-Campus Partnerships for Health	11,051	Not Available
84.116	Georgia State University	17,911	FLAF1
84.116	Miami University	8,039	C02481_G00962 / P116J040039
84.133	Obslap Research, LLC	9,311	Not Available
84.133	Oregon Health & Science University	6,107	GCDRC0139A I
84.133	Oregon Health & Science University	14,940	GCDRC0139A J
84.133	Oregon Health & Science University	17,821	GSONO0239-PSU
84.133	Oregon Health & Science University	156,735	GSONO0145A C
84.133	University of Illinois, Chicago	14,625	2005-0249-05-00
84.133	University of Kansas	56,220	FY2004-000
84.133	University of Montana	8,615	PG08-26032-05
84.133	Western Washington University	40,773	52545-D
84.165	Portland Public Schools	32,667	54145
84.173	Portland Public Schools	356,844	9632A
84.181	Lane Education Service District	144,184	Not Available
84.181	Lane Education Service District	7,320,224	EC CARES 2007-08
84.184	Big Brothers Big Sisters of Metropolitan Portland	(1,854)	Not Available
84.184	Farmington Municipal Schools	17,927	2008-01
84.186	Multnomah County	8,102	4600006972
84.186	Multnomah County	91,186	12035
84.215	David Douglas School District	111,664	SUBGRANT NO. 1
84.215	Douglas County School District #4	4,339	V215L032113
84.215	High Desert Education Service District	153,212	214 AMEND. 2
84.215	Lancaster County School District	44,132	Not Available
84.215	Portland Public Schools	(64,524)	PPS1J-0000061239
84.215	Portland Public Schools	(8,823)	Not Available
84.215	Portland Public Schools	240,603	M-54890-TO-1
84.215	Vancouver Education Service District	49,317	7251000000
84.215	Virginia Commonwealth University	49	Not Available
84.224	Access Technologies, Inc.	45,234	Not Available
84.229	University of Wisconsin-Madison	24,000	07-8529
84.287	Central School District	12,000	Not Available
84.287	Metropolitan Family Services	9,841	Not Available
84.293	Lane County School District 4J	36,000	Not Available
84.293	New Jersey Department of Education	83,128	06-5063-199-01
84.293	Wyoming Department of Education	68,241	Not Available
84.305	Pacific Institutes for Research	71,705	AMEND #2
84.305	RTI International	161,459	16-312-0208116
84.323	California Institute on Human Services	12,155	103568
84.323	Louisiana Department of Education	10,000	Not Available
84.323	Napa County Office of Education	24,310	13894
84.323	Nevada Department of Education	8,765	243481 AMEND. 3

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84.323	Oklahoma State Department of Education	2,187	12354-08
84.324	Oregon Research Institute	149,863	MODIFICATION 4
84.324	University of Kentucky Research Foundation	92,519	466320-03-234
84.325	Portland Community College	32,903	2170-06
84.326	California State University Northridge	14,017	SUB CON 4033629
84.326	California State University Northridge	66,952	SUB CON 4033629 AMEND 1
84.326	Direction Service, Inc.	28,799	H326D030001
84.326	University of Guam	10,607	ROP
84.326	University of Guam	10,609	FSM
84.326	University of Guam	11,553	CNMI
84.326	University of Guam	12,070	GUAM
84.326	University of Guam	12,101	AMERICAN SAMOA
84.326	University of Guam	12,753	RMI
84.326	University of South Florida	5,079	5830-1242-00-B
84.334	Portland Public Schools	613	Not Available
84.334	Portland Public Schools	4,867	M-54890-TO-4 & 7
84.336	Southern OR Educ Svc District	(32)	Not Available
84.351	Portland Public Schools	38,452	52721
84.357	American Samoa Government	234,558	C56206
84.366	High Desert Education Service District	256,774	2004-08
84.366	Willamette Educational School District	10,094	Not Available
84.369	South Carolina Department of Education	50,900	Not Available
84.928	The National Writing Project Corporation	(51)	92-OR01 AMD 18
84.928	The National Writing Project Corporation	7,000	92-OR03 AMEND #22
84.928	The National Writing Project Corporation	26,696	#21/92-OR01
84.928	The National Writing Project Corporation	27,119	Not Available
93.009	Looking Glass Children and Family Services	60,650	Not Available
93.042	American Institutes for Research	11,386	SC-02-1825-03 MOD. 5
93.043	Rogue Valley Council of Governments	5,871	Not Available
93.048	Rogue Valley Council of Governments	50,486	Not Available
93.086	Longview Wellness Center	8,881	13589
93.086	Longview Wellness Center	15,000	13178
93.087	Multnomah County	69,205	4600006965
93.104	Mid-County Center for Living	40,249	Not Available
93.104	Multnomah Education Service District	53,050	DOI 47-5/05-06
93.104	Multnomah Education Service District	323,330	DOI 47-2/05-06
93.110	Longview Wellness Center	40,000	Not Available
93.113	Louisiana State University	110,810	19193
93.113	Oregon Law Center	28,994	Not Available
93.113	University of Pennsylvania	12,915	5-42364-A
93.113	University of Pennsylvania	59,212	5-42364-B MOD. 3
93.121	Mayo Clinic	30,209	R56DE140366A1
93.172	Stanford University	240,576	15890850-33465-G AMEND. 2
93.173	University of Iowa	831	PO#4000533057
93.184	Special Olympics	(1,091)	Not Available
93.213	Oregon Health & Science University	73,146	GNEURO276A A
93.226	Oregon Health & Science University	573	GORPN0007A-A2
93.226	Oregon Health & Science University	9,029	GORPN0007A-A1
93.226	Oregon Health & Science University	9,035	GINTR0034A

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93.226	Oregon Health & Science University	107,239	GINTR0034B AMEND. 3
93.239	University of Washington	14,750	333612
93.242	University of California, Davis	94,498	SUB0700223
93.242	University of Pittsburgh	60,015	108118-1
93.243	African American Health Coalition	36,594	Not Available
93.243	Children's Relief Nursery	9,166	Not Available
93.243	Clark County Washington	25,486	2007-MH-57
93.243	Clark County Washington	89,458	2008-MH-02
93.243	Josephine County	156,111	Not Available
93.243	LifeWorks Northwest	100,951	Not Available
93.243	Mental Health Association of Oregon	11,172	AMENDMENT #2
93.243	Mental Health Association of Oregon	18,858	Not Available
93.243	Native American Rehabilitation Association of the Northwest	115,994	Not Available
93.243	NPC Research	17,440	Not Available
93.273	Brown University	15,495	1334-27346, P966336 MOD. 4
93.273	Oregon Research Institute	21,996	R01 AA011510
93.276	Linn County Department of Health Services	6,600	2007-109
93.279	Oregon Research Institute	7,453	MOD. 1
93.279	Oregon Research Institute	29,380	Not Available
93.279	Oregon Research Institute	94,686	MODIFICATION 2
93.279	University of Pittsburgh	134,173	0004523
93.279	University of Washington	4,095	504787
93.333	Duke University	13,050	118685
93.361	Johns Hopkins University	32,226	Not Available
93.361	Johns Hopkins University	94,761	96001797 AMEND. 2
93.361	Oregon Health & Science University	(107)	GSONO0136A B
93.361	Oregon Health & Science University	3,214	GSONO0191-PSU1
93.361	Oregon Health & Science University	13,617	1R21NR010197-01
93.361	University of Illinois, Chicago	14,523	2005-01168-07-00
93.389	Oregon Health & Science University	13,861	ACTRI010N-P8-1
93.389	Oregon Health & Science University	104,626	8409901
93.393	Oregon Health & Science University	4,983	GFAMP0050B
93.393	Oregon Research Institute	39,665	Not Available
93.393	University of Arizona	16,010	Y453073
93.393	University of Illinois, Chicago	14,773	1 P01-CA98262 / 495246
93.395	Henry Ford Health System	(891)	R01 CA100851
93.575	Crook County Oregon	94,410	Not Available
93.575	Lane County	7,097	Not Available
93.575	Oregon Assn for the Education of Young Children	(491)	Not Available
93.575	Oregon Child Care Resource and Referral Network	84,631	Not Available
93.575	University of Minnesota	14,284	L4076291101
93.589	Smith River Rancheria Indian Tribe	10,193	038
93.600	Cascade Center for Community Governance	35,931	Not Available
93.612	Confederated Tribes of the Grand Ronde	18,338	Not Available
93.623	Lane County	4,100	Not Available
93.631	The Arc of the United States	18,957	Not Available
93.778	Multnomah County	423	4600006448
93.778	Multnomah County	5,320	4600006187

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93.837	University of Toledo Health Science Campus	(2,844)	N2005-105
93.837	University of Toledo Health Science Campus	191,006	N2007-44
93.838	Oregon Health & Science University	63,513	GPULM0110A
93.847	University of New Mexico	6,035	3R191/31914
93.853	Legacy Emanuel Hospital & Health Center	31,800	Not Available
93.853	Mid-Columbia Econ Development District	977	Not Available
93.853	Oregon Health & Science University	24,369	GNEUR0201
93.853	Oregon Health & Science University	31,631	GNEUR0338A(A)
93.853	Stanford University	37,523	PR-0744
93.853	University of Virginia	53,137	GC11247-123264/125519
93.853	University of Virginia	106,242	GC11247-128544
93.855	DesignMedix, LLC	39,749	207PEY026
93.856	University of Washington	(4)	217608
93.856	University of Washington	20,754	436036
93.856	University of Washington	74,073	287655
93.856	University of Washington	86,864	451084
93.856	University of Washington	106,440	374741
93.859	MitoScience, LLC	105,000	10889
93.859	University of Colorado Health Sciences Center	24,660	FY06.001.001 AMEND. 2
93.859	University of Florida	106,040	UF-IFAS-0006184
93.859	University of Florida	342,567	UF06025 / PJ00061280
93.859	University of Michigan	159,204	F014733
93.859	University of Texas	23,925	07-005 / PO UOSPC-0000000143
93.859	University of Texas	69,366	08-030
93.859	Virginia Tech	47,135	CR-19201-431510
93.859	Wake Forest University	193,966	WFUHS 58100
93.865	Oregon Center for Applied Science, Inc.	18,744	Not Available
93.865	Oregon Research Institute	14,664	R01 HD035873
93.865	University of California, San Francisco	660	4954sc
93.865	University of Colorado	37,785	SPO 58560 / 1542997
93.866	Case Western Reserve University	50,615	RES502429
93.866	CleverSet, Inc.	43,635	2007-0004
93.866	Oregon Health & Science University	8,238	GNEUR0283B(A)
93.866	Oregon Health & Science University	20,493	GNEUR0248A A
93.866	Oregon Health & Science University	73,867	AANEUR0248_9001052
93.866	Syracuse University	2,710	1784-00033 S02
93.867	Legacy Emanuel Hospital & Health Center	10,703	Not Available
93.867	ViewPlus	8,678	2008-1447
93.894	University of Medicine & Dentistry of New Jersey	36,477	1 R25 RR018490
93.945	African American Health Coalition	19,419	Not Available
93.955	Eastern Washington University	60,124	Not Available
93.955	The Center to Protect Workers Rights	46,836	1030-12 AMEND. 5
93.955	University of Iowa	25,374	1000554465
93.969	Oregon Health & Science University	29,306	GSONO0240-OSU
93.969	Oregon Health & Science University	62,594	GSONO0240-PSU
93.989	Smithsonian Institute	229,791	04-SUBC-440-0000032544
93.989	University of Miami	2,162	Not Available
94.007	Commission on National and Community Service	2,500	Not Available
94.007	Commission on National and Community Service	8,448	54558-D

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94.007	NWREL	43,153	33700000000000
94.007	Western Washington University	(1,274)	54547-D
97.044	City of Portland	(25)	37242
98.001	Universidad de Guanajuato & SOU Amistad Program	58,499	HNE-A-00-97-00059-00
98.001	Virginia Tech	18,194	19201-425678
98.005	Michigan State University	20,377	61-3121
98.005	Michigan State University	76,017	61-3122
98.012	American Council on Education	61,670	Not Available
98.012	Higher Education for Development	61,336	Not Available
12.XXX	Center on Functional Engineered Nano Architecture	125,432	0160 S HE178
12.XXX	Massachusetts Institute of Technology	42,654	3100479
14.XXX	Neighborhood Partnership Fund	98,800	7010-24- B2H
15.XXX	California Institute of Technology	68,968	77-1084634
15.XXX	National Fish and Wildlife Foundation	387	521384139
15.XXX	Pacific States Marine Fisheries Commission	323	5120
15.XXX	Pacific States Marine Fisheries Commission	710,265	936002376
15.XXX	Tualatin River Watershed Council	4,771	Not Available
17.XXX	Johnson, Bassin & Shaw, Inc.	2,830	S9101-PSU C-6222
17.XXX	Johnson, Bassin & Shaw, Inc.	24,507	S6070-PSU C-5835
20.XXX	Heritage Research Associates	29,835	Not Available
20.XXX	National Academy of Sciences	35,472	B-29
43.XXX	TDA Research, Inc.	9,077	#PSU-07.1
81.XXX	Battelle Memorial Institute	9,388	54081
81.XXX	Confederated Tribes of the Umatilla Indian Reservation	69,620	930624734
81.XXX	Oregon Nanoscience & Microtechnologies Institute	3,407	DOE BER 3
81.XXX	Pacific States Marine Fisheries Commission	15,000	08-16
81.XXX	Pacific States Marine Fisheries Commission	1,814,874	936002376
84.XXX	American Institutes for Research	5,000	30065
84.XXX	Johnson, Bassin & Shaw, Inc.	7,538	S6401-PSU
93.XXX	American Institutes for Research	2,402	00242.02054.001 MOD 2
93.XXX	American Institutes for Research	35,683	SC-05-02054 001-03
93.XXX	American Institutes for Research	40,020	00242.02054.001
93.XXX	Westat, Inc.	44,894	270-03-6002
		<u>\$47,312,958</u>	

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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 –Temporary Assistance for Needy Families and State Children's Insurance Program

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>
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M)
66.458	Capitalization Grants for Clean Water State Revolving Funds
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States
93.268	Immunization Grants
93.558	Temporary Assistance for Needy Families
93.659	Adoption Assistance
93.767	State Children’s Insurance Program
N/A	Food Stamp Cluster
N/A	Workforce Investment Act (WIA) Cluster
N/A	Special Education Cluster (IDEA)
N/A	Disability Insurance / SSI Cluster
N/A	Medicaid Cluster
N/A	Research & Development Cluster

Dollar threshold used to distinguish between
type A and type B programs: \$19,323,303

Auditee qualified as low-risk auditee? yes no

Section II – Financial Statement Findings

08-1

Office of the State Treasurer

Inaccurate Financial Reporting of Investment Balances

Material Weakness

The Office of the State Treasurer (OST) 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). OST is responsible for providing investment balances in accordance with GAAP for state agencies that have investments held at OST such as the Public Employees Retirement System (PERS) and the Department of State Lands.

The accuracy of reported investments depends on the accuracy and completeness of the OST's investment accounting activities. OST management is responsible for establishing and maintaining internal controls that provide reasonable assurance of the reliability of the financial reporting of investments. These controls include ensuring that information provided to agencies is sufficient to allow agencies to adhere to accounting and reporting policies and procedures included in the Oregon Accounting Manual and governmental accounting and financial reporting standards issued by the Governmental Accounting Standards Board.

During our review of investment balances for state fiscal year 2008, we noted that OST's controls over its financial reporting of fiscal year 2008 investment balances related to derivatives, short sales, and reverse repurchase agreements were not sufficient to ensure balances were adequately supported and appropriately reported in accordance with GAAP. As a result, OST reported fiscal year 2008 investment related balances that were materially misstated and not in accordance with GAAP to PERS and the Department of State Lands. For PERS, OST reported investment, investment receivable, and investment payable balances that were overstated by \$1.2 billion, \$14.2 billion, and \$15.4 billion, respectively. After adjustment, the account balances were \$60.6 billion, \$3.4 billion and \$3.8 billion, respectively. For the Department of State Lands, OST reported investment, investment receivable, and investment payable balances that were overstated by \$34.6 million, \$101.8 million and \$136.5 million, respectively. After adjustment, the account balances were \$1.01 billion, \$9.5 million and \$8.0 million, respectively. Specifically, we noted misstatements due to the following:

- Forward positions, including To-Be Announced and foreign exchange positions, were reported at notional value instead of fair market value.
- Short sale positions were incorrectly classified as a reduction of investments instead of as liabilities.
- The assets and liabilities of reverse repurchase agreements were netted instead of separately disclosed.

We communicated these errors to OST investment accounting, who took the time to research the issues and ensure their revised fiscal year 2008 investment balances were appropriately reported in

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accordance with GAAP. Consequently, OST was not able to provide timely investment balance information to state agencies due to the nature of the misstatements and the research involved.

We recommend OST management establish and maintain internal controls over financial reporting of investments to ensure OST provides state agencies investment balances that are fairly stated in accordance with GAAP. Further, OST management should ensure that sufficient investment accounting resources are allocated to timely provide investment information to state agencies.

AGENCY'S RESPONSE:

The Office of the State Treasurer (OST) agrees that additional accounting resources are needed to ensure that investment information can be provided to state agencies in a timely manner. OST has requested two additional investment accounting positions within our 2009-2011 budget that will be tasked with supporting financial reporting, investment monitoring and compliance initiatives.

OST is also in the process of developing formal procedures to address the control structure in place over financial reporting for investments. The goal of these procedures will be to ensure that investment information provided to state agencies and Statewide Accounting & Reporting Services supports the preparation of financial statements in accordance with generally accepted accounting principles. Procedures will include specific direction regarding derivatives, short sales, and repurchase agreements to ensure proper reporting of these investment activities.

OST plans to complete financial reporting procedures by June 30, 2009. If additional resources are obtained, OST expects to completely resolve this audit finding by December 31, 2009. If resources do not become available, OST will develop an alternative plan to resolve this concern and will provide the Oregon Audits Division with a revised corrective action plan and resolution date.

08-2

Office of the State Treasurer

Lack of Internal Controls Over Financial Reporting

Material Weakness

The Office of the State Treasurer (OST) management is responsible for establishing and maintaining internal controls that provide reasonable assurance of the reliability of financial reporting for the Oregon Short-Term Fund. Financial reporting relates to the preparation of financial statements that are fairly presented in conformity with generally accepted accounting principles.

OST's controls over its financial reporting process for the Oregon Short-Term Fund were not sufficient to prevent or detect a significant error in the compilation of the financial statements. This error resulted in material understatements of Participants' Contributions and Participants' Withdrawals in the Statement of Changes in Net Assets on the 2007 Oregon Short-Term Fund financial statements, but had no effect on the net assets of that statement. The error is a financial reporting error and had no effect upon the individual participants' accounts.

The underlying cause of this error would have materially understated Participants' Contributions and Participants' Withdrawals in the current-year Statement of Changes in Net Assets if it was not corrected. However, once we brought this error to management's attention, OST made adjustments to ensure its current-year financial statements were appropriately prepared.

We recommend that OST management establish and maintain a documented internal control structure over financial reporting for the Oregon Short-Term Fund to prevent errors in the financial statement, and detect and correct errors in a timely manner.

AGENCY'S RESPONSE:

The Office of the State Treasurer agrees that there was an equal and offsetting misclassification in the compilation of participants' contributions and withdrawals. OST corrected this for the current year statements as noted in the finding and will review, and revise as necessary, our policies and procedures relating to controls over financial reporting for the OSTF.

08-3

Oregon Department of Revenue

Taxes Receivable Misstatement During Year End Financial Reporting

Material Weakness

State policy for year-end closing processes 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.

Each year, as part of its annual financial reporting process, the Oregon Department of Revenue (department) prepares estimates as of June 30 of the taxes receivable accrual for tax programs under its purview. The estimates involve many separate calculations and are based on several sources of data, including historical trends, uncollectible taxes, estimated refunds payable, and other information contained in the department's subsidiary accounting system.

In reviewing the estimates prepared for state fiscal year 2008, we found multiple errors and methodology issues in the department's calculation, such as double counting and incorrect and omitted amounts. As a result of these errors, the taxes receivable amount for the government wide statements was misstated by approximately \$32 million and required an audit adjustment to be fairly stated in accordance with generally accepted accounting principles.

We recommend department management ensure the year-end calculations of the taxes receivable estimate are adequately reviewed to ensure errors are identified and corrected in a timely manner. Furthermore, the methodology used to calculate the estimate should be reviewed annually to ensure all relevant information is included.

AGENCY'S RESPONSE:

Management agrees with the recommendation. The department recognizes the importance of accurate receivable data and will continue to look for means and methods of minimizing mathematical and procedural errors. We have also inserted an annual review of the receivable methodology into the year-end timeline.

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08-4

Oregon Department of Revenue

Cash Reconciliations Not Reviewed Timely

During state fiscal year 2008, the Oregon Department of Revenue (department) received, processed and deposited over \$6 billion in revenues from various tax programs. To facilitate more efficient accounting, the department has set up specific cash accounts for these tax programs. Much of the cash received is processed through the Revenue Suspense Account at the Oregon State Treasury before being transferred to the general fund or other funds, as appropriate. State policy recommends agencies reconcile cash accounts on a regular basis and, if an agency uses a subsidiary accounting system, reconcile the subsidiary system to the state accounting system. Cash reconciliations are an important internal control that provides assurance that account balances are accurate and agree to the actual assets in the custody of the state.

The department's typical process is, on a monthly basis, to reconcile cash accounts in its subsidiary system to related accounts at the Oregon State Treasury and then reconcile the department's subsidiary system to the state accounting system. During the audit, however, we found that the department did not routinely reconcile its subsidiary system's cash accounts to the state accounting system. Instead, the department prepared one reconciliation in April 2008 to cover the eight months from July 2007 through February 2008. Furthermore, the department did not prepare the June 2008 reconciliation until October 2008. In bypassing the control of a monthly reconciliation, the department was not in compliance with state policy and had less assurance that errors would be detected and corrected in a timely manner.

We recommend department management comply with state policy and ensure the cash accounts in its subsidiary system are routinely reconciled to the state accounting system.

AGENCY'S RESPONSE:

Management agrees with the recommendation. Management has implemented a revised tracking system to monitor the status of reconciliations and determine the reason for missed deadlines. Corrective actions (including additional training) will be implemented to address any issues.

08-5

Oregon Department of Administrative Services

Self Insurance Plan Note Disclosures Not Adequately Reported

Starting in fiscal year 2007 the Oregon Department of Administrative Services (department) operated a medical self insurance plan for current and former employees. The department did not make the required financial statement note disclosures for this plan for fiscal years 2007 and 2008. In addition, in each of the two fiscal years, the department incorrectly reported the plan's current activity in an agency fund. Further, 2007 fiscal year transactions were incorrectly reported as fiscal year 2008 transactions.

This condition resulted from misunderstandings between the department's various divisions responsible for performing, recording, and reporting financial activity associated with this plan. There were misunderstandings about the underlying nature of the transactions, and the correct method of reporting and disclosing plan activity in the financial statements.

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We recommend the department improve its communications between divisions related to year-end financial reporting. The department should ensure that activities are identified and discussed, prior to fiscal year-end, to ensure proper classification and disclosure of plan activities in the financial statements.

AGENCY'S RESPONSE:

The Department agrees with the finding and recommended action. Management plans to schedule several meetings prior to 2009's fiscal year end to ensure personnel from the State Controller's Division, Operations Accounting Services Unit and the Public Employees Benefit Board identify and discuss the accounting and disclosure requirements for reporting the activities of the self-insured medical plan. Specifically, these meetings will be used to identify (1) the proper fund and general ledger accounts for recording the related claim liabilities, (2) whether classification between a current and long-term liability is appropriate, and (3) the data sources and timelines for obtaining the information required for the risk financing note disclosure.

Determination of the proper accounting and identification of the data sources should be completed no later than June 30, 2009. The disclosure information, itself, should be obtained no later than the August 31, 2009.

08-6

Oregon Employment Department
Cash Reconciliations Not Performed Timely

The Oregon Accounting Manual states that departments should regularly perform reconciliations of cash recorded in agency records to amounts reported on Treasury statements. Those reconciliations should be performed by persons not otherwise responsible for handling or recording cash and should be independently reviewed by management.

The Oregon Employment Department (department) did not perform timely reconciliations of its cash accounts. We requested the department's cash reconciliations for two accounts and noted that the reconciliations from July 2007 to June 2008 were not performed until August 2008. Based on the year-end reconciliation, the department made an adjustment to reduce cash by \$2.5 million in order to agree the accounting system balance to the balance per the year end reconciliation.

Reconciling bank statements to amounts recorded in agency accounting records is an essential internal control. Timely and effective reconciliations can help identify errors or other problems that may have occurred, and provide additional assurance that reported cash balances are accurate. In bypassing the control of performing regular reconciliations, the department was not in compliance with state policy and had less assurance that errors would be detected and corrected in a timely manner.

We recommend department management make cash reconciliations a priority and ensure reconciliations are performed timely.

AGENCY'S RESPONSE:

We concur with the auditors that cash reconciliations have not been performed timely. To rectify this situation the Oregon Employment Department has added temporary staffing to bring the cash reconciliations current. We have already made significant progress over fiscal year ended June 30,

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2008. As of the date of this response, we have completed the Trust Clearing suspense account reconciliation through December 2008 and the Benefit suspense reconciliation through November 2008. Further, we are changing our Suspense account monthly entries into daily Statewide Financial Management System Suspense account entries for our Trust Clearing Account, Benefit Suspense Account, Federal Trust fund, and the Manpower (Trade Act) Suspense Checking Account. We will have completed four months of daily entries by the end of fiscal year 2009. Finally, we are documenting sources of cash differences to aid us in the future. We anticipate improved and timely suspense cash account reconciliations for review by auditors in July and August 2009.

08-7

Oregon Employment Department

Controls Over Year End Closing Activities Could Be Improved

The accuracy of the state's Comprehensive Annual Financial Report depends on the accuracy and completeness of agency year end closing activities. Department management is responsible for implementing controls that ensure fiscal year end closing procedures result in reporting department financial information in conformity with generally accepted accounting principles. These controls include adherence to accounting and reporting policies and procedures included in the Oregon Accounting Manual.

During our review of year end closing activities, we noted that the Oregon Employment Department (department) did not have sufficient controls in place to ensure adjusting entries were appropriate and adequately supported. Specifically, we noted the following:

- The department made a year end adjustment to reduce employment taxes revenue. The department was not able to explain nor provide supporting documentation for the reduction to employment taxes revenue.
- The department accrued expenditures for benefit payments that had been distributed to individuals but not yet redeemed. These expenditures had previously been recorded as an expenditure when the benefit payment was distributed. As a result, the current year accrual and the reversal of the prior year accrual understated expenditures at June 30, 2008 by \$6.7 million and were not in accordance with generally accepted accounting principles.
- The department inappropriately recorded an adjustment to taxes receivable, resulting in a misclassification between current and noncurrent taxes receivable of \$1 million.
- The department made an adjustment to transfer expenditures from the employment services fund to the unemployment fund. Upon inquiry, it was determined these expenditures should not have been transferred to the unemployment fund, resulting in a \$6.3 million overstatement of expenditures at June 30, 2008.

We recommend department management implement controls to ensure year end adjustments are appropriate and adequately supported.

AGENCY'S RESPONSE:

We concur with the auditors that controls over year-end closing activities could be improved. We will review our accrual methodology for benefit payments during this upcoming fiscal year end. We anticipate that the errors and misclassifications identified in this management letter will not be repeated in July and August 2009.

08-8

Oregon Department of Education
Employee Fraud

Audit standards require that we communicate any instances of fraud on the part of senior management to those charged with governance. Between June 2007 and June 2008, the Oregon Department of Education's (department) former accounting director misappropriated approximately \$925,000 in federal funds. In perpetrating the fraud, the former accounting director was able to use knowledge of the department's internal controls and accounting structure to override the existing internal controls of the department. Following a guilty plea in April 2008, the former accounting director was sentenced to two years in prison and is required to repay the department for the total amount of funds misappropriated.

Following the identification and investigation of the theft, department management reviewed and made changes to controls as determined appropriate.

We recommend department management minimize the opportunity for fraud to occur by maintaining internal controls that are adequate to ensure all accounting transactions are appropriately authorized, justified, documented and reviewed for accuracy. Additionally, we recommend that management provide training to department staff to identify symptoms of fraud and inform staff of how to respond when a potential fraud is identified.

AGENCY RESPONSE:

The department agrees that the fraud occurred. As acknowledged in your letter, management has already reviewed and made changes to controls as appropriate. For example, the department hired an additional accountant so that there is proper separation of duties when requesting federal funds. Also, the Director of Financial Services is creating a fraud policy that will include identifying symptoms of fraud and informs staff how to respond when a potential fraud is identified. The policy will be in place by June 30, 2009.

08-9

Oregon Department of Education
Weaknesses Identified In Year End Accrual Process

Generally accepted accounting principles require that revenues be recognized when the underlying expenditures have occurred. The Oregon Accounting Manual clarifies that revenues received within 90 days of fiscal year end for expenditures that occurred during the year should be recognized in the year in which the expenditures occurred.

Through our testing we found weaknesses in the Oregon Department of Education's (department) process for accruing expenditures and the related revenue. The department did not accrue all expenditures and revenue known or estimated through the 90 day period after June 30, 2008. As a result, expenditures and revenue for fiscal year 2008 were misstated by approximately \$19.2 million in the Educational Support Fund and \$1.8 million in the Nutritional Support Fund. See *Prior Year Finding 07-20*.

We recommend the department review and update their policies and procedures to ensure year end accruals are made in conformity with generally accepted accounting principles. The procedures

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should include steps to identify all expenditures and revenue known at the time of preparing the year-end closing adjustments and an estimate of the revenue likely to occur after year-end close and prior to the 90 day recognition period.

AGENCY'S RESPONSE:

The department agrees with the finding that there are weaknesses in the process for accruing expenditures and the related revenue. The department did not accrue all expenditures and revenue known or estimated through the 90 day period after June 30, 2008. The department is continuously improving the way it records accruals to ensure year-end transactions (Month 13) are made in conformity with generally accepted accounting principles.

During fiscal year 2008, the Director of Financial Services established an accrual procedure and instructed staff to use the Service Date field in the accounting system so that payments are identified to the month goods were received, services performed or when the subrecipient incurred the costs.

Even though improvements were made, there is still one item that needs to be addressed, which is the estimating of expenditures after Month 13 closes. The department isn't able to accurately estimate post-Month 13 expenditures due to a lack of historical data. However, the Director of Financial Services will update the accrual procedure by June 30, 2009, to include a methodology to estimate expenditures and the Service Date will be used as the basis of the estimation. As historical information becomes available over time, we expect these data to contribute to our ability to more accurately estimate amounts to be accrued.

08-10

Oregon Department of Forestry

Inconsistency in Accounting for State Forest Lands Revenue Results in Misstatement

To communicate effective information, financial reporting must be consistent, including the use of the same reporting method for all similar transactions. The Oregon Department of Forestry (department) accounted for State Forest Lands revenue inconsistently during fiscal year 2008.

The timber sales contract amounts are based on the net of gross timber sale value less estimated project work costs. Project work is work needed to be done by the contractor to access the timber for harvesting; this work mostly consists of road construction and road improvements. Historically, the department has reported State Forest Lands revenue from these contracts on a net basis. In June 2007, a legislative bill required transfers to counties during the 2007-09 biennium of additional revenue to offset a portion of project work costs on timber sales. In association with the required transfers, the department recognized the revenue on a gross basis by recognizing the associated project work costs. Consequently, department management reported a portion of the State Forest Lands revenue on a gross basis (total forest sales value), but reported the remaining portion on a net basis (total forest sales value less project work costs). This resulted in total revenue being understated by approximately \$3.1 million.

We recommend department management ensure State Forest Lands revenue is reported consistently for financial statement purposes.

AGENCY'S RESPONSE:

In regards to the finding of inconsistency in accounting for State Forest land revenues, as we discussed with your staff during the audit process, we were aware that in order to meet the legislative mandate from the 2007 Oregon legislative session, we would have to report our revenues and expenditures for project work done on timber sales inconsistently. We were required to share additional revenue with the counties based on a limited number of projects done around the state. That required us to recognize both the revenue and the expenditure related to these projects while netting the expenditures against the revenues for projects not on the list, as was our practice in the past. To accomplish this task we were given budget limitation and legal authority only for the exact amount of the projects that we would be recognizing. This restricted our ability to be consistent and recognize all the project work that was done in a like manner. To this extent, we agree with the finding and recommendation. To correct this in the future and to be transparent in how we account for the revenues and expenditures of the State Forest Land revenues, we have included in our 2009-11 Agency Request Budget the necessary budget limitation to allow us to account for these transactions on a consistent and transparent basis. This was completed on September 1, 2008. This request has now also been included in the Governor's Recommended Budget that was released December 1, 2008. These corrective actions will be completed with the beginning of the 2009-11 biennium.

08-11

Oregon Parks and Recreation Department

Lack of Segregation of Duties and Logical Access to Accounting Systems

During our audit of the Oregon Parks and Recreation Department (department), we noted a weakness in the segregation of duties related to cash. One employee reconciled the cash accounts, had access to the safe and had entry capability to the department's automated financial accounting system (FMS), which interfaces with the state's centralized accounting system (Statewide Financial Management Application). Additionally, the employee was appointed as the administrator for the FMS. As administrator for this system, the employee had the ability to assign her own system access level. Duties for authorization, recordkeeping, and custody of the related assets should be segregated to reduce the opportunities for any individual to be in the position to both perpetrate and conceal errors or fraud in the normal course of duties. Additionally, appropriate logical access controls for financial accounting systems support and enforce segregation of duties by limiting the ability of any one individual to view, alter and control resources.

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

AGENCY'S RESPONSE:

The Oregon Parks and Recreation Department agrees with the recommendations, and completed all corrective actions in November 2008. We changed the combination of the safe and removed access of the noted employee. We worked with our Information Technology division to remove her

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capability to change her own system access levels. In the future, as we have changes in staff, we will continue to ensure that their duties are appropriately segregated.

08-12

**Oregon Department of Fish and Wildlife
Lack of Reconciliation of Point of Sale System**

The Oregon Department of Fish and Wildlife (department) receives fax/mail orders for licenses and tags at its Salem headquarters. The department accounts for these sales by generating the license or tag with its Point of Sale Licensing System (POS) and records cash received using a cash register system. The department does not reconcile its Point of Sale system and its cash register system for these sales. Regular reconciliations between these two systems is an important internal control that provides assurance that the licenses generated in the POS system agree to the cash register receipts for fax/mail order license sales. Although the department has taken steps to address this issue by reviewing a sample of POS transactions against cash register transactions, without a complete reconciliation between the two systems, there is an increased risk that misappropriation of assets could occur and not be detected in a timely manner. See *Prior Year Finding 07-17*

We recommend department management strengthen its controls over license sales by regularly reconciling the POS system and the cash register system to ensure accountability for all licenses, tags and cash receipts.

AGENCY'S RESPONSE:

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. 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 has implemented a sampling review of POS transactions against register transactions. This review will continue in lieu of reconciliation until such time resources are available or system capabilities enable a full and complete reconciliation.

Until a full and complete reconciliation is implemented, risks are decreased as more transactions are moving to the internet channel.

08-13

**Oregon Department of Fish and Wildlife
Procedures for Accruing Federal Revenue Need Improvement**

The Oregon Department of Fish and Wildlife (department) created a methodology for accruing federal revenue and classifying receivables as current and non-current to help address a recurring prior year finding. Generally Accepted Accounting Principles require current receivables and revenue only be reported if payment is expected to be received within 90 days of fiscal year end and that receivables expected to be collected after the 90-day period be reported as non-current. The department's methodology requires the evaluation of transactions that occurred during the fiscal year for the purpose of estimating the balance and collection of receivables at fiscal year end. During our audit, we tested the department's methodology and found that it did not capture all applicable transactions that occurred during the fiscal year. In addition, the methodology did not

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correctly classify all receivables as current and non-current. As a result, federal revenue and the related accounts receivable were misstated at June 30, 2008. See *Prior Year Finding 07-18*

We recommend department management review and modify its methodology for accruing federal revenue to capture all applicable transactions and to correctly classify receivables as current and non-current at fiscal year end.

AGENCY'S RESPONSE:

The department reviews the methodology annually and adjusts the methodology based on current findings. The department will update documentation of the methodology in a policy and/or procedure format by June 30, 2009 to ensure that all applicable transactions are reviewed.

08-14

Oregon Department of Fish and Wildlife
Duplicate Federal Revenue Transactions

The Oregon Department of Fish and Wildlife (department) prepares monthly reconciliations to ensure the accurate recording of federal expenditures and associated federal revenues. Management review is an important internal control that helps to ensure amounts are accurate and properly recorded. Department management did not review the monthly federal revenue reconciliations during fiscal year 2008. We found the department recorded a total of 30 duplicate transactions during the year, resulting in an overstatement of \$303,738 in federal revenue and receivable account balances as of and for the year ended June 30, 2008. As a result of our audit, management took action to correct these errors in the financial system and, as of March 6, 2009, only \$2,820 remained uncorrected related to these errors.

We recommend department management perform timely and adequate review of monthly reconciliations of federal expenditures and associated federal revenues to ensure all transactions are accurately recorded. In addition, we recommend the department resolve all duplicate transactions and repay any cash received inappropriately due to the errors.

AGENCY'S RESPONSE:

The department generally agrees with the recommendation. The department has brought current the review of monthly reconciliations of federal expenditures and associated federal revenue. From this point forward, the Fiscal Services Manager will review these reconciliations within 21 days of preparation. The department will resolve the remaining \$2,820 errors by April 30, 2009.

08-15

Oregon Department of Transportation
Inadequate Controls over Financial Reporting

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. The Oregon Department of Transportation (department) did not have sufficient internal controls in place to prevent or detect the following June 30, 2008, financial reporting misstatements:

- A portion of Noncurrent Bonds Payable was not reclassified to Current Bonds Payable, resulting in each account being misstated by \$9 million.

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- Fiscal year 2007 accruals were not reversed in fiscal year 2008 as required by department policy, causing misstatements to Accounts Payable and Accounts Receivable in the amounts of \$2.9 million and \$1.1 million, respectively.

Further, these accruals affected the Increase in the Fair Value of Investments account in fiscal year 2008 and, as a result, it was misstated by \$1.7 million.

- A fiscal year 2009 transaction was inappropriately recorded in fiscal year 2008, resulting in a misstatement to Transfers to Counties of \$750,000.
- A \$1million investment purchase and the associated \$16,260 investment discount were recorded in the opposite accounts, misstating each account by \$1,016,260.

During fiscal year 2008, the department had fewer staff available for preparing year-end transactions and conducting independent reviews, which may have contributed to the number of errors we identified.

We recommend department management ensure adequate controls are in place to prevent and/or detect financial reporting errors.

AGENCY'S RESPONSE:

The department will ensure adequate staff resources are available to complete midyear and year-end detailed work within required deadlines. The department plans to work with Department of Administrative Services, Statewide Accounting and Reporting Services staff to clarify and address the broker payable, broker receivable and reversing entries for the investment program. In addition, the department will update its Financial Administration and Standards Manual regarding the review and approval of transactions for year-end reporting to ensure better controls exist for coding and changes after documents have been submitted.

08-16

Oregon Department of Transportation
Jurisdictional Transfers Not Adequately Supported

The Oregon Accounting Manual states that all transactions must be supported by appropriate documentation. We noted the Oregon Department of Transportation (department) did not obtain the necessary documentation to ensure jurisdictional transfers were properly recorded.

A jurisdictional transfer occurs when the department transfers the jurisdiction of a segment of the state highway system from the state to a city or county.¹ The transfer requires a formal agreement between the state and all affected local governments. The department is then responsible for calculating the value of the transfer and removing it from the accounting records. While preparing year-end accounting transactions for jurisdictional transfers, the department did not obtain adequate supporting documentation. As a result, the department removed the value for a jurisdictional transfer that was not yet complete. In another instance, a jurisdictional transfer had occurred; however, the department did not record the transfer. As a result of these two errors, the state highway system account was understated by \$25 million.

¹ Jurisdiction refers to the territory over which authority is exercised.

We recommend department management ensure transactions relating to the state highway system are adequately supported.

AGENCY'S RESPONSE:

The department's Financial Services staff will work with the Right of Way Section to have a manager review and approve the jurisdictional transfer report prior to year-end transactions being prepared to ensure jurisdictional transfers are accurately and correctly reported.

08-17

SAIF Corporation

Reinsurance Recoverable Not Accurately Calculated

We noted that the SAIF Corporation's (SAIF) Actuarial Department maintains a spreadsheet to track reported claims that are covered under SAIF's various reinsurance contracts. This spreadsheet is used to calculate reinsurance recoverable on paid and unpaid losses for purposes of SAIF's in-house actuarial study and to record reinsurance activity to the general ledger via manual journal entries. In performing testwork over reinsurance recoverable, we noted an error in the spreadsheet calculation related to accident year 1995 under the first (\$3 million excess \$2 million) and second (\$5 million excess \$5 million) excess of loss reinsurance contracts. Based on the spreadsheet calculation, SAIF had recorded a recoverable in excess of the maximum amount recoverable under the related contracts. This error resulted in SAIF recording an adjustment to reduce reinsurance recoverable on unpaid losses by \$1,348,550.

We recommend that SAIF implement a formal review procedure over the spreadsheet in order to ensure that reinsurance recoverable is accurately calculated and recorded in accordance with the terms of the corresponding reinsurance contracts.

AGENCY'S RESPONSE:

SAIF agrees with this recommendation. The spreadsheet has been reviewed and a column was added that caps the expected recovery for each reinsurance treaty. This will prevent the described error from being repeated. SAIF's Actuarial Division has a formal review process in which each actuary reviews the data and calculations in the spreadsheet every quarter. By year-end 2008, each SAIF actuary will separately read each reinsurance contract to ensure that the spreadsheet properly reflects the language of each contract.

08-18

SAIF Corporation

Information Technology – Administrator and Superuser Access Not Reviewed

The Workers' Compensation Insurance System (WCIS) application maintains the majority of the SAIF Corporation's (SAIF) policy data. In performing testwork, we noted that a Generic Administrator account, Helpdesk, exists in the WCIS application. Per inquiry with SAIF personnel, KPMG determined that the password to this account is not controlled. Generic and uncontrolled users with the ability to add, modify, and remove user accounts increases the risk of unauthorized or inappropriate access to programs and data. This provides a significant risk to the reliance which can be placed on application data and business processes.

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We recommend that SAIF perform detailed reviews of all system accounts including those with access to user administration functionality. The review should address those accounts that are determined to be generic in nature and assign individuals to those accounts or remove them completely from the active user environment.

AGENCY'S RESPONSE:

Information systems agree that generic user accounts should not be used. The generic administrator account, Helpdesk, identified in the finding was an unused account that has been deleted. This account was in fact the residue of creating individual accounts for the two individuals who administer security from the Helpdesk team. Information Systems has completed a detailed review of administrator accounts and validated that all are assigned to authorized individual accounts.

08-19

SAIF Corporation

Information Technology – Administrator Access and User Provisioning Not Appropriate

As noted above, the Workers' Compensation Insurance System (WCIS) application maintains the majority of the SAIF Corporation's (SAIF) policy data. The Legacy Mainframe application maintains certain policy data and all claims data. In performing testwork, we noted that for both the WCIS application and the Legacy Mainframe environments, administrators with developer rights and abilities have access to modify code and promote their own changes to the production environment. Additionally, changes to the production environment that were tested were found to be lacking proper evidence of testing and approval.

With this level of access, we noted that these individuals have the ability to bypass established change management controls undetected. This could lead to applications and data being inappropriately modified. It also increases the risk of inappropriate code being introduced into the production environment which could cause key system functionality, processes, and calculations to produce erroneous data.

We recommend that SAIF develop a solution that would either limit the level of access these developers have or implement a detective control that would provide assurance to the integrity of the change management process. In addition, we recommend that SAIF maintain records of testing and approval for all application changes.

AGENCY'S RESPONSE:

Information Systems has change management controls in place that prevents developers from promoting their own code. The finding identifies an exception where two individuals, due to staff efficiencies, are responsible for administration duties as well as code development. This does create a situation where these two individuals could promote their own code to production. For those two individuals, an additional detective control will be put in place to allow efficient use of staff, while providing assurance to the change management process.

08-20

SAIF Corporation

Information Technology – Lack of User Access Review

We noted that the SAIF Corporation (SAIF) did not conduct a user review for the Workers' Compensation Insurance System (WCIS) application users or Oracle database users in 2007.

Failure to perform an adequate review of users with access to key financial systems and databases increases the risk of unauthorized or inappropriate access. When there is a breakdown in preventative controls, this detective control can be helpful in mitigating the risks associated with unauthorized or inappropriate access.

We recommend that SAIF perform a periodic review of user access to all of the financially relevant applications, databases, and operating systems to ensure:

- Terminated users are identified and removed
- Segregation of duties conflicts do not exist
- Each user's access is appropriate to their job function
- Generic accounts do not exist or are limited to service level accounts
- Each user has been appropriately authorized and approved for their level of access.

AGENCY'S RESPONSE:

Although not in place for the time period under review, a manual review of WCIS and Oracle database users was completed in September 2008. In addition, an automated process is under development which will allow more efficient and timely access reviews for all WCIS and Oracle users starting in 2009 and yearly thereafter.

Section III – Federal Awards Findings and Questioned Costs

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

08-21

Oregon Office of Private Health Partnerships

State Children’s Insurance Program, CFDA 93.767

Activities Allowed or Unallowed – Federal Benchmarks Not Met

Material Weakness

The Office of Private Health Partnerships (department) operates under a waiver that requires health coverage plans to meet federal benchmarks. The department uses a benchmark worksheet to ensure benchmarks are included in the coverage; however, this worksheet has not been updated to include all the requirements outlined in the waiver such as mental health services. As a result, the department approved health coverage that did not include mental health services and, therefore, did not meet the federal benchmark.

We tested a sample of 60 subsidy payments issued during fiscal year 2008 and found that 24 of the payments were for coverage that did not meet the benchmark requiring mental health services. We also found that seven of the nine health insurance plans represented in the sample did not include mental health services.

We recommend department management implement procedures to ensure the benchmark worksheets include all the required federal benchmarks. We further recommend department management ensure all approved health insurance plans are in compliance with current benchmark requirements.

AGENCY’S RESPONSE:

The agency partially agrees with this finding and is taking corrective action. As a result of the Benchmark Specialist marking “no coverage” in error on the benchmark worksheets, the Secretary of State’s office determined that 24 of 60 subsidy payments they tested were made for coverage not meeting the benchmark requiring mental health. Program management has confirmed that all but two of these payments were made for plans containing mental health coverage. The associated benefit plan for the other two payments is still being reviewed and we are waiting for additional information from the carrier.

- 1 The Secretary of State’s office is recommending that agency benchmark worksheets be updated to insure all required federal benchmarks are included.*

FHIAP management has already started corrective action. Full implementation is anticipated by April 15, 2009.

- 2 The Secretary of State’s office is also recommending the agency ensure that all approved health insurance plans comply with current benchmark requirements.*

FHIAP management will take the following corrective action: a. Review all plans for compliance and determine a corrective course of action by May 30, 2009; and b. Correct any compliance issues by October 31, 2009.

08-22

Oregon Office of Private Health Partnerships
State Children's Insurance Program, CFDA 93.767
Eligibility – Untimely Eligibility Redeterminations
Questioned Costs \$2,990
Material Weakness

The Office of Private Health Partnerships (department) administers a program to subsidize eligible Oregonian's private health insurance premiums. Eligibility is established based on criteria outlined in a federal waiver. One specific requirement is that eligibility redeterminations be performed at least once every 12 months. We tested 60 case files and found that during fiscal year 2008 the department did not perform timely eligibility redeterminations for 29 of those cases. We also noted one income calculation error and two instances where the department did not pursue proof of citizenship as required by federal regulation. The known questioned costs total \$2,990.

We have reported eligibility internal control issues in the past two fiscal years. The department has made progress in identifying and correcting errors. For the current year, we identified fewer calculation and input errors than in prior years; however, we identified more cases in which eligibility redeterminations were not made timely. According to the department, the increase is a result of prior fiscal years caseload issues and redirected work assignments as the department focused on meeting its federal requirement related to maintenance of effort. *See Finding 07-40.*

We recommend department management continue to improve their eligibility review process. We also recommend the department determine the amount of State Children's Insurance Program funds that should be refunded to the federal agency.

AGENCY'S RESPONSE:

The agency agrees with this finding and has already taken some corrective action. Further corrective action is planned. The Secretary of State's office is reporting that eligibility determinations were not made timely in 29 of the 60 case files reviewed. As reported last year, these errors were made as a direct result of caseload issues and redirected work assignments resulting from Maintenance of Effort (MOE) challenges. Program management staff has since identified and implemented process changes enabling the agency to mitigate the risk of subsidies being paid beyond the 12-month eligibility period. Files identified in this year's audit were processed prior to implementation of these process changes.

The agency has already implemented a short-term (manual) solution. In the short term, eligibility staff work redetermination applications based on the subsidy eligibility date. FHIAP management assesses upcoming redeterminations weekly. Applications closest to the end of their 12-month eligibility period are worked first.

Last year's audit response indicated that program management would submit a request for a database change. The database enhancement would enable creation of a script identifying accounts approaching the end of the subsidy eligibility period, thus moving to an automated versus manual review process. This database change was put on hold as a result of a decision to restructure the entire database. Once the new database is implemented, it will automatically generate reports identifying accounts nearing the 12-month eligibility maximum. Similar to the manual process, staff will then work the files closest to the end of the eligibility period.

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The office will determine the amount of SCHIP funds that should be refunded to the federal agency and will do so by June 30, 2009.

08-23

Oregon Office of Private Health Partnerships

State Children's Insurance Program, CFDA 93.767

Activities Allowed or Unallowed – Potentially Unallowable Health Coverage

Questioned Costs \$9.4 Million

The Office of Private Health Partnerships (department) administers a program to subsidize eligible Oregonian's private health insurance premiums. The department uses State Children's Insurance Program (SCHIP) funds to pay the insurance premium subsidies under a waiver approved by the Centers for Medicare and Medicaid Services.

Federal regulations specifically address an exclusion for the use of SCHIP funds; SCHIP funds may not be expended to assist in the purchase, in whole or in part, of health coverage that includes coverage of abortion, except under specific circumstances outlined in CFR Title 42. Based on discussions with the department, as the department subsidizes a person's private health insurance, the department does not have the ability to require this exclusion in the plans. Therefore, the department does not ensure the health insurance plans subsidized with SCHIP funds exclude abortion coverage except as allowable per federal regulations.

We reviewed one of the nine health coverage plans present in our sample. We found that the plan did not specifically exclude coverage for abortion services. Total payments to this health coverage plan during fiscal year 2008 totaled \$9.4 million (more than 60 percent of SCHIP funds expended by the department).

We recommend department management work with the federal government to determine whether it is allowable for the program to pay insurance premiums for private health insurance plans that do not specifically exclude abortion coverage.

AGENCY'S RESPONSE:

The agency disagrees with this finding. The Secretary of State's office is recommending that the agency work with the federal government to determine whether it is allowable for the program to pay insurance premiums for private health insurance plans that do not specifically exclude abortion coverage.

This issue was discussed during the initial 2002 waiver negotiations with the Department of Human Services (DHS), Office of Private Health Partnerships (OPHP), and Centers for Medicare and Medicaid Services (CMS). At that time, all parties agreed that because the Family Health Insurance Assistance Program (FHIAP) does not subsidize medical services, but provides a subsidy for private insurance premiums, this requirement does not apply. Further, because the program does not pay for claims or receive encounter data, the requirement would be impossible to monitor. This is consistent with some other states' premium assistance programs. Notwithstanding our disagreement with this finding, the agency agrees to consult with the Department of Human Services (DHS) to raise the issue with CMS.

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08-24

Oregon Office of Private Health Partnerships

State Children's Insurance Program, CFDA 93.767

Maintenance of Effort & Eligibility – Advanced Subsidy Payments

Questioned Costs \$4.6 Million

In 2002 the Centers for Medicare and Medicaid Services (CMS) authorized a five-year waiver, expiring October 31, 2007, that allowed eligible uninsured children and adults to receive insurance premium subsidies for the purchase of private health insurance. The waiver also included a maintenance of effort requirement that the amount of state funds expended for the program be maintained or increased above the state fiscal year 2002 level.

To meet the maintenance of effort requirement as of October 31, 2007, the Office of Private Health Partnerships (department) made advanced subsidy payments to three private insurance carriers for the periods of December 2007 through February 2008. The department had not incurred an obligation to pay the insurance premium subsidies. If the department had not paid the insurance premium subsidy payments in advance, it would not have met the required maintenance of effort by approximately \$2 million.

In addition, effective November 1, 2007, adults became ineligible for State Children's Insurance Program (SCHIP) funding as the waiver that allowed it had expired. The department used \$4.6 million of SCHIP funding to prepay for insurance premium subsidies for adults from November 2007 through February 2008. If the prepayment had not occurred, the department would have paid the subsidies with either Medicaid funds, if eligible, or state funds.

Noncompliance with the maintenance of effort requirement specified in the waiver could result in disallowed costs. Further, if prepayment for adults using SCHIP funding is determined to be non-compliant, the federal agency could require the department repay the disallowed costs of \$4.6 million.

We recommend department management consult with CMS to determine whether subsidy prepayments are allowed to be counted toward maintenance of effort, and whether prepayments made for adults were allowable since the adults were ineligible for SCHIP funding for the time period prepaid. *See Finding 07-41.*

AGENCY'S RESPONSE:

The agency disagrees with this finding. 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. Notwithstanding our disagreement with this finding, the agency agrees to consult with the Department of Human Services (DHS) to raise the issue with CMS.

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08-25

**Oregon Office of Private Health Partnerships
State Children's Insurance Program, CFDA 93.767
Eligibility – Ineligible Clients Funded
Questioned Costs \$55,000**

During fiscal year 2008, the Office of Private Health Partnerships (department) administered a program that allowed eligible Oregonians to receive insurance premium subsidies for the purchase of private health insurance. Effective November 1, 2007, adults were no longer eligible for State Children's Insurance Program (SCHIP) funding as the federal waiver allowing it expired.

The department made a coding error when recording a subsidy payment in the State's accounting system and the error was not discovered by the department during its transaction review process. As a result, \$55,000 of SCHIP funds were used to subsidize insurance premiums for adults when the premiums should have been subsidized with Medicaid or state funds.

We recommend department management correct the accounting transaction and determine the amount of SCHIP funds that should be refunded to the federal agency. We also recommend department management ensure the transaction approval process is adequate to ensure coding is entered accurately.

AGENCY'S RESPONSE:

The agency agrees with this finding and has already taken corrective action. Effective March 19, 2009, the program added a third level of review for carrier payments. Accounting staff now audit the transition between the funding report to the accounting input document line by line prior to final approval by the fiscal manager. The new database will automatically create SFMA input documents, eliminating the possibility of manual transposition and coding errors. The new database is scheduled to be fully implemented by January 2010. The office will determine the amount of SCHIP funds that should be refunded to the federal agency and will do so by June 30, 2009.

08-26

**Oregon Department of Human Services
Temporary Assistance for Needy Families, CFDA 93.558
Allowable Costs – Expenditures Not Allowable or Unsupported
Questioned Costs \$1,564**

Federal requirements state that the department may use TANF funds for expenditures that are not in violation of the Office of Management and Budget (OMB) Circular A-87. The OMB Circular A-87 states that allowable costs must meet the following general criteria: (1) be necessary and reasonable for proper and efficient performance and administration of federal awards, and (2) be adequately documented.

We identified one transaction that included payment for repairs to a state-owned vehicle damaged while a department employee was attending allowable TANF training. The department used federal TANF monies to pay \$317 of the total repair costs of \$634.

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For another transaction, we were unable to determine the allowability of the expenditures because the department was unable to provide documentation to support a \$1,247 charge to the federal program.

We recommend department management ensure that funding transactions are allowable for federal programs and documented in accordance with OMB Circular A-87.

AGENCY'S RESPONSE:

The department agrees with this recommendation. The department will increase training for program staff to ensure that expenditures are coded in accordance with Office and Management and Budget (OMB) Circular A-87. Program staff is reviewing all Fiscal Year 2009 motor-pool transactions to make certain that they are allowable for federal programs.

08-27

Oregon Department of Human Services
Temporary Assistance for Needy Families, CFDA 93.558
Eligibility – Client Maintenance System Coding Errors
Questioned Costs \$254

Upon determination of eligibility, monthly benefits under Temporary Assistance for Needy Families (TANF) are calculated using information such as number in household and earned or unearned income received based on policies and procedures outlined in the Department of Human Services' (department) Self-Sufficiency Family Services Manual.

In testing 36 self-sufficiency payments, we found five instances where caseworker input errors resulted in either underpayments or overpayments to clients. In four cases, the department's documentation of the client's household composition did not agree to the data entered into the Client Maintenance System (CMS). In two cases, changes occurred upon redetermination, but the coding in CMS was not updated. For one case, the client's unemployment benefits were coded incorrectly when the case was opened and the coding was not updated when unemployment benefits ended.

These errors resulted in \$376 in underpayments and \$254 in overpayments for the fiscal year.

We recommend department management implement procedures to ensure coding and client data are accurately entered and appropriately updated in CMS and correct the identified errors.

AGENCY'S RESPONSE:

The department agrees with this recommendation. The Client Maintenance System (CMS) calculates benefits for No-Adult cases based on the number in the household, the number in the need group, and the countable income. Examples of No-Adult cases are: households where the adult is a non-citizen, SSI recipient, or non-needy caretaker relative. Most errors were related to improper coding of the number in the household. Currently, there are no edits in CMS that require this data field be updated whenever the caseworker makes changes to the case.

The department will evaluate current policy and procedures related to ensuring coding and client data are accurately entered and appropriately updated in the Client Maintenance System (CMS). This assessment will also look at edits in CMS.

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In addition to follow-up and correction of the five cases with identified errors, the department will implement the following:

- *Assess the feasibility of computer system edits to reduce the potential of inaccurate benefit issuance.*
- *Send a Policy Transmittal to SSP field staff regarding data entry requirements for No-Adult cases and emphasizing case reviews at re-determination of TANF eligibility to ensure benefit level is accurate.*
- *Review and update training materials related to TANF eligibility groups, income coding and computer data elements.*

08-28

Oregon Department of Human Services

Adoption Assistance, CFDA 93.659

Allowable Costs – Payments Do Not Match Adoption Agreement

Material Weakness

Questioned Costs \$735,000

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. 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.

In 2007, we identified an overpayment resulting from errors that occurred when the department restored adoption assistance payments after a budget reduction in 2003. During the 2008 audit, we identified additional overpayments caused by those errors.

In February 2003, the department reduced adoption assistance payments by 7.5 percent as a result of a budget reduction. The reduction period lasted through October 2003. Payments on adoption cases opened during this nine-month period did not appear to be treated consistently. For example, payments were entered into the department's system at either the signed agreement rate or at the 7.5 percent reduced rate. For more than 500 cases entered at the signed agreement rate, the department could not support that all of the agreements had been negotiated at the 7.5 percent reduced rate. When the budget reduction was cancelled, the department restored the assistance payments to the signed agreement rate. The department, however, also adjusted assistance payments on new adoption agreements entered at the signed agreement rate as well as agreements impacted by the budget reduction, resulting in overpayments. For new cases entered at the signed agreement rate, the restored rate exceeded the rate in the adoption agreement. We estimated the potential overpayments as of January 2009 to be more than \$1.2 million of which more than \$735,000 was federal funds.

The department did not detect the overpayments because the department did not have a procedure in place to detect whether the signed agreement rate agreed to the adoption assistance payment. As a result of prior year finding, the department has recently developed a report that will identify these discrepancies. See *Prior Year Finding 07-42*.

We recommend department management implement a procedure to detect whether assistance payments agree with the signed adoption agreements. We further recommend that department

management work with the designated federal agency to determine the appropriate way to resolve any potential overpayments

AGENCY'S RESPONSE:

The department partially agrees with this finding. Effective February 1, 2003, the department implemented an across-the-board 7.5 percent reduction in foster care payments and a 10 percent across the board reduction in personal care/special rates that was concomitantly applied to all previously negotiated adoption assistance payments. The change became the foundation for a subsequent law suit. Payment changes were compounded by a reduction to the hourly cost of supervision and recalculation of the number of hours of supervision available to some children through personal care/special rates.

The reduction period lasted through October 2003. Rates were restored pursuant to a court order and direction from legal counsel in November 2003. The increase was determined through a complex calculation agreed to by all parties to the legal proceeding.

During the nine months (February 2003 to October 2003) that adoption assistance was subject to an across the board reduction, new cases opened during this period of time were negotiated in accordance with lower foster care rates established in February. Children who were receiving personal care/special rates also had that part of their adoption assistance payment calculated using the lower hourly rate for supervision. Pursuant to the legal case involving adoption assistance cases subject to the original across-the-board rate reduction, these cases were treated equally for the purpose of rate restoration since they would also have been established at a higher rate in the absence of the original reduction.

The department believes that it was the clear intent that all new cases opened during the rate reduction period were to be established using the newly reduced, across-the-board foster care rates and to be restored summarily with all other open assistance cases. The department does not believe that the restoration of all adoption assistance rates to pre-reduction numbers resulted in an ensuing overpayment for every new case established during the reduction period since the basis for the rate was restored to a higher amount.

More than 7,000 adoptive parents with open adoption assistance cases were mailed an "Amendment to State of Oregon Adoption Assistance Agreement" dated November 1, 2003, stating that the purpose of the amendment was to revise the current agreement to restore adoption assistance benefit payments that were previously reduced due to budgetary reductions and to clarify the manner in which future adjustments to adoption assistance benefits may occur. The agreements were to be signed and returned to the department. It is clear that the amended agreements spoke to – and raised – all adoption assistance agreements in effect on October 31, 2003, to include new cases open during the reduction period. Parents were advised of the following changes in the amended agreements:

- Monthly payments were increased by 8.108 percent.*
- A special payment was increased by 8.108 percent if it was payable under an adoption assistance agreement that was in effect on January 31, 2003, reduced on February 1, 2003, and restored in November, 2003.*
- Special payments were not increased if it was payable under an adoption assistance agreement in effect after February 1, 2003.*
- Nonrecurring payments were not impacted.*

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Some of the cases established during the reduction period were established at a rate less than the reduced foster care rate through negotiation with the family, some had an added amount for personal care/special rates, and some directly align with the foster care rate by age group. Upon initial review, it does appear that some of the cases established during this period may have been treated inconsistently after the initial rate was established and prior to the rate restoration. These cases appear to warrant a more rigorous re-review to confirm that rates were correctly managed.

As a result of a prior audit finding, the department recently implemented an automated system to detect over – and under – payments. An electronic report is generated by the Integrated Information System (IIS) that identifies discrepancies. A process is in place that includes staff review of the report and correction of any payment discrepancies, as necessary.

The department's Adoption Program will conduct a review of all of the cases identified in the audit to confirm the following:

- Payments opened during the reduction period of February through October, 2003, were established in line with the reduced foster care rate and pursuant to a properly negotiated adoption assistance agreement;*
- There was equitable management of payments for new cases opened during the reduction period;*
- All payments for new cases opened during the reduction period were increased at the same time as longer-standing adoption assistance cases.*

The department may find, as a result of a review of the questioned cases, that there may be specific cases with incorrect payments. The department will work with the Administration for Children and Families Children's Bureau, Region X Child Welfare Program Office, to determine the proper way to handle any identified overpayments of Title IV-E adoption assistance funds.

The Adoption Unit is currently utilizing the electronic payment review report referenced above and payment inaccuracies are being identified and corrected. It has been determined that the additional step involving staff verification that ensures payment corrections have been entered and accepted by the payment system (Integrated Information System) will be added to this review process.

08-29

Oregon Department of Human Services

Adoption Assistance, CFDA 93.659

Eligibility – Incorrect Eligibility Determination

Questioned Costs \$19,175

For a child to receive Federal Title IV-E Adoption Assistance, the child must meet the eligibility requirements of the Social Security Act. In part, eligibility is based upon whether the child resides with a relative intending to adopt the child and that relative meets the definition of a blood relative or half-blood relative.

We examined 40 transactions and the related adoption case files and identified one instance where a child was incorrectly identified as Title IV-E eligible. The adoption application indicated the child was being adopted by a relative; however, we found evidence in the file that indicated the adoptive parents did not meet the definition of a blood relative or half-blood relative.

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The department has received federal reimbursement for this case since November 2001. The total questioned costs from that date through December 2008 is \$19,175.

We recommend department management correct this case in its system so that the appropriate funding source is used for assistance payments and return any disallowed costs to the appropriate federal agency.

AGENCY'S RESPONSE:

The department agrees with this finding. The department agrees that this case was inappropriately determined to be Title IV-E eligible for the purposes of drawing federal funding for the adoption assistance payment and that the case needs to be recoded on the payment system and in the case record as non-IV-E eligible. Eligibility will be corrected for this case, as discussed. Furthermore, the department will work with the Administration for Children Youth and Families, Children's Bureau, Region X Child Welfare Program Office, to determine the actual disallowance and effect return of those costs.

08-30

Oregon Department of Human Services
Medicaid Cluster

Allowable Costs – Private Health Insurance Not Billed

Questioned Costs \$11,206

Federal regulations require the department take all reasonable measures to ascertain the legal liability of third parties (private health insurance) for Medicaid claims. To meet this requirement, the department requires its clients to provide information about private health insurance on their Medicaid application. If clients indicate they have other insurance, this information is entered into the department's Medicaid Management Information System (MMIS). If providers are aware a client has private health insurance, they are required to bill the private health insurance first, prior to billing the department.

During our testing, we found controls were not sufficient to ensure that each private health insurer listed on one client's application was entered into MMIS. As a result, claims for the client were not first billed to the private health insurance as required by federal regulations. The client's Medicaid claims totaled \$11,206 for the fiscal year, a portion of which may be recoverable from the private health insurer.

We recommend department management implement controls to ensure all private health insurance listed on client applications is entered into MMIS and seek recovery from the private health insurer for the appropriate portion of the client's claims.

AGENCY'S RESPONSE:

The department agrees with this recommendation. The department's Health Insurance Group (HIG) is responsible for verifying and coding the client's private health insurance information onto the Medicaid Management Information System (MMIS) from the Medicaid application. When Medicaid pays a claim that could be paid by the private insurer, it is automatically billed by the MMIS system and referred to the Medical Payment Recovery (MPR) unit for follow up and collection. MPR attempts to recover on claims going back up to six years for some coverage plans. Unfortunately, HIG currently has a back-log of applications that have not been entered.

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The private insurance information for the client identified during the audit has been entered into Medicaid Management Information System and the Medical Payment Recovery unit will pursue recovery on the claims already paid by Medicaid.

In addition to hiring two (2) new staff, the Health Insurance Group (HIG) will utilize staff from other units to deal with the backlog and workload issues. Members from other units within the Office of Payment Accuracy and Recovery have been, or will be, cross-trained to help with this effort. HIG has also modified its work processes in order to help streamline referral processing.

08-31

Oregon Department of Human Services

Medicaid Cluster

Special Tests and Provisions

Required Provider Agreements Missing Required Disclosures

Federal regulations require Medicaid providers enter into an agreement with the department to provide Medicaid eligible services. As part of the agreement, federal regulations require providers to disclose ownership interests and criminal history as well as agree to maintain pertinent records and provide them for audit. We performed tests of 60 provider files and found the department did not comply with this federal requirement as 19 agreements lacked one or more of the required disclosures.

We recommend department management comply with federal regulations and ensure provider agreements contain the required disclosures.

AGENCY'S RESPONSE:

The department agrees with this finding. We believe the department currently meets the disclosure requirements addressed in the finding for Home Care Workers enrolled after December 2007, when the enrollment form was last revised. It is the department's position that control and ownership disclosures do not apply to Home Care Workers due to the nature of their relationship with the clients, nor do the requirements related to advanced directives. Home Care Workers are employed by the client, the relationship is one of employee and employer. As employees of the client, they work as directed verbally and from a task list. Home Care Workers are encouraged to talk with their employer about emergency action plans.

Changes to the Seniors and People with Disabilities (SPD) Adult Foster Home Provider Enrollment Agreement form are needed to address the ownership and control disclosure requirements.

The Addictions and Mental Health (AMH) Adult Foster Home Medicaid Provider Agreement does not currently contain the required assurances or require providers to provide residents the opportunity to complete an advance directive. AMH Adult Foster Homes now receive payment through the new Medicaid Management Information System (MMIS). MMIS Provider Enrollment Unit currently requires these Medicaid providers to sign the Medicaid agreement.

Administrative rules related to Assisted Living Facilities and Residential Care Facilities currently require providers to have policies and procedures on medical emergency response, but do not address advance directives specifically, since this is considered a personal client choice.

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The department will provide all current Home Care Workers with information regarding record keeping and disclosure requirements. Information regarding these requirements will be included on the remittance advice that each active Home Care Worker receives with payment.

Seniors and People with Disabilities will add ownership and control disclosure requirements to the Adult Foster Home provider enrollment agreement, form #SDS 738.

Addictions and Mental Health (AMH) will coordinate with Division of Medical Assistance Programs Provider Enrollment Unit to review and revise as necessary the Adult Foster Home Medicaid agreement to include the federally required assurances; this includes assuring that current Adult Foster Homes have signed Medicaid agreements that include the required assurances. AMH will amend Adult Foster Home rules to include a requirement that all residents be provided the opportunity to complete an advance directive.

Administrative rules regarding Assisted Living Facilities and Residential Care Facilities will be revised to clarify the provider's role regarding advanced directives.

08-32

Oregon Department of Human Services

Medicaid Cluster

Allowable Costs – Lack of Documentation

State policy requires controls be implemented to ensure that all transactions are accurate, authorized and adequately supported. We tested seven payments made for clients in residential treatment facilities. The signed monthly rate for three of these clients did not agree to the rate paid to the provider. After research, the department provided additional information regarding the rate differences. The information, however, did not clearly document whether the payment rates were correct or appropriately authorized. Without a clearly defined process for documenting approved rates and ensuring that the documentation is readily available, the department is less able to identify potential errors.

We recommend department management implement procedures to ensure that adequate supporting documentation is maintained for all payments, specifically provider payment rates and any authorized changes to each rate.

AGENCY'S RESPONSE:

The department agrees with this recommendation. While the department feels the reviewed rates were correct, the supporting documentation could be improved. Addictions and Mental Health (AMH) will implement policies and procedures to ensure all requested rates are reviewed prior to entry in the Medicaid Management Information System interface and adequate supporting documentation is maintained for all provider payment rates and authorized rate changes. AMH will develop and implement a procedure regarding notification of any authorized rate changes.

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08-33

Oregon Department of Human Services

Immunization Grants, CFDA 93.268

Subrecipient Monitoring – Lack of Policies and Procedures for Site Visit Protocol

The Oregon Department of Human Services (department) did not have written policies and procedures for site visit protocol during the fiscal year. Subsequent to June 30, 2008, written policies and procedures were adopted. According to the 2007 Vaccines For Children Operations Guide, Immunization Grants Programs must 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 continue to use the site visit protocol adopted August 1, 2008. This protocol should be available for review by program employees so that proper monitoring procedures are performed.

AGENCY'S RESPONSE:

The department agrees with the recommendation. To address this finding, the program will take the following steps:

- 1 The site visit protocol (VFC010, "ABCs of a VFC Site Visit") was crafted in early 2008, and then piloted through the training of new health education staff. The policy was formalized and signed in August 2008. It remains in effect as one piece of a nationally recognized comprehensive VFC staff training program.*
- 2 All staff who conduct VFC site visits will receive training on the policy at hire, and with every publication update.*

08-34

Oregon Department of Human Services

Immunization Grants, CFDA 93.268

Subrecipient Monitoring – Subrecipients Allowed to Select Samples for Testing

The Oregon Department of Human Services (department) program staff notify providers of site visits with a template which requests, among other items, that providers provide a "sample of five patient charts where immunizations are documented." Effective monitoring procedures should be that the program staff selects monitoring samples to prevent providers from manipulating monitoring samples. An element of surprise is necessary to appropriately monitor providers.

We recommend the department implement procedures to ensure that samples are selected by the program staff such as selecting from databases of vaccinated children or other records.

AGENCY'S RESPONSE:

The department agrees with the recommendation. To address the audit finding, Oregon Vaccines for Children will take the following steps:

For providers that report data to the ALERT IIS:

- 1 The pre-visit template will no longer ask provider to have a sample of five charts available for review during the site visit. Instead, the template will state that during the site visit, the reviewer*

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- will select five to ten charts to review (depending on size of clinic population). The pre-visit fax will also state that clinic staff will need to be available to pull charts at the time of the site visit.*
- 2 The reviewer will get a sample of patients from the ALERT IIS, including patient first and last name, chart or medical id number, immunization date, immunizations administered, and eligibility code.*
 - 3 The reviewer will pull an ALERT participation report and evaluate it for coding errors (for example, doses coming into ALERT as “not specified.”)*
 - 4 At the site visit, the reviewer will select ten patients, both VFC-eligible and privately insured, from the list provided by ALERT to review.*
 - 5 The reviewer will evaluate the charts for compliance with VFC eligibility screening and documentation requirements.*

For providers that do not submit data to the ALERT IIS:

- 1 The pre-visit template will state that the reviewer will pull a random sample of 30 charts at the time of the site visit. The pre-visit fax will also state that clinic staff will need to be available to pull charts at the time of the site visit.*
- 2 At the site visit, the reviewer will select 30 charts representing children immunized. The reviewer will do this by selecting patients from the appointment book or by pulling hard copy charts from the shelves.*
- 3 When the reviewer has 30 charts, the reviewer will complete the Protocol for Assessing VFC Eligibility Screening spreadsheet to determine eligibility screening.*

These processes will be in place by January 1, 2009. Steps that need to be taken before implementation include developing a workflow process with ALERT staff to request patient lists prior to site visits and updating the VFC Site Visit Policy and Procedure and the VFC Site Visit Workflow.

U. S. DEPARTMENT OF DEFENSE

08-35

Oregon Military Department

National Guard Military Operations and Maintenance (O&M), CFDA 12.401

Matching – Lack of Controls Over the Allocation of Funds

National Guard Regulation 5-1, National Guard Grants and Cooperative Agreements, provides regulatory guidance on the execution of Master Cooperative Agreements for Operation and Maintenance Projects. Specifically, Chapter 13 provides guidance for the operation and maintenance of Army National Guard facilities. The Facilities Inventory and Support Plan (FISP) outlines percentages of federal and state support by type of facility and/or function, to include multi-use functions. Expenditures charged to a given facility are to be allocated across federal and state projects/support levels on a transaction by transaction basis. Testing of transactions at Camp Withycombe revealed a lack of control over application of the required percentage allocations among the various federal and state support codes for that installation. Additionally, the review of those allocations at the transaction level at the Oregon Military Department (department) level was general in nature, and not detailed enough to catch allocation errors.

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The percentages of federal and state allocations for the various projects and facilities at Camp Withycombe were erroneous on one of our test transactions, resulting in an undercharge to CFDA 12.401. Further inquiry and analysis disclosed 41 instances of misallocation; however the net effect was an undercharge of approximately \$550, which is not considered a material instance of noncompliance. However, the number of allocation errors that were identified in the analysis indicates a more than remote likelihood of the potential of material noncompliance over federal and state match accounts occurring, constituting an internal control significant deficiency. Forty one instances of allocation errors related to the CFDA resulted, which demonstrates a lack of internal controls over allocation of funds over federal and state match accounts that could have resulted in an overcharge to the federal program that was a material instance of noncompliance.

The misallocation of funds over federal and state match accounts appears to be due to a lack of training, attention to detail, and/or awareness by site personnel responsible for applying the percentage allocations. Another contributing factor appears to be that the department did not have an effective mechanism in place to thoroughly review federal and state allocations at the departmental level before payments were made.

We recommend the department initiate training for Camp Withycombe personnel in the required procedures for correct allocation of funds per the FISP and other governing documents. We also recommend the department develop and implement a more thorough review process of federal and state match allocations at the departmental level before requests for payment from the United States Property and Fiscal Office are made.

AGENCY'S RESPONSE:

The agency agrees with the audit finding. The finding indicates a need for improved oversight over federal/state expenditure allocation requests from Camp Withycombe before submission to the accounting office for payment. The agency will require all Camp Withycombe payment requests be personally validated by the responsible manager as having been computed for proper allocation of federal state splits. Estimated implementation date for this procedure is Monday, December 8, 2008.

U. S. DEPARTMENT OF AGRICULTURE

08-36

Oregon Department of Education

Child and Adult Care Food Program, CFDA 10.558

Subrecipient Monitoring – Failure to Check the National Disqualified List

Federal regulations require that key individuals be checked against the National Disqualified List upon the occurrence of key events such as initial application, and during renewals. Program staff does not have a process in place to check key individuals against the list when mid-year personnel changes occur, or at renewal time. The failure to check key individuals against the list could result in persons working for the Program who are not allowed to do so for a variety of reasons including previous fraud or abuse. Program management developed procedures to check new entities and individuals against the list upon initial application, but did not set up a procedure for key individuals when mid-year personnel changes occur, or at renewal time.

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We recommend the Oregon Department of Education check the National Disqualified List both at the time of mid-year personnel changes and at annual renewal for all key individuals in order to ensure that those present on the list are disqualified from Program enrollment.

AGENCY'S RESPONSE:

The US Department of Agriculture (USDA) Food and Nutrition Service federal regulations require state agencies to check the National Disqualified List upon initial application, and as responsible individuals and responsible principles change. This requirement was included in the federal regulations in 2002 but USDA did not make regular access and instructions available to state agencies until October 2007.

The Oregon Department of Education Child Nutrition Program responded swiftly to the 2002 regulatory change by implementing the collection of required birthdates and maintaining an Oregon list of disqualified sponsors and individuals. We also incorporated checking the list upon initial application. Since the national list was not yet available we did not check the list for changes in responsible individuals and principals. USDA knew it was impossible for states to be in compliance with this requirement due to unavailability of the lists.

When USDA made the list available to state agencies on in late 2007, and provided instructions for access in April 2008, ODE Child Nutrition Staff did not incorporate checking the National Disqualified List for mid-year changes. ODE has developed the enclosed procedure to ensure compliance with requirements to check the National Disqualified list.

08-37

Oregon Department of Human Services

Food Stamp Cluster

Allowable Costs/Cost Principles – Reported Expenditures Exceeded Actual Questioned Costs \$20,401

Expenditures reported exceeded actual expenditures by \$20,401.33 for CFDA10.561 for the year ended June 30, 2008. Known questioned costs of \$10,000 or more are required to be reported on the Schedule of Findings and Questioned Costs. As a result, these costs are questioned. The Oregon Department of Human Services (department) has a federally-approved cost allocation plan which specifies the methods of cost identification and allocation. The department uses an Excel spreadsheet to calculate a monthly rate for certain costs to be allocated using random moment sampling results of the prior month's personal service expenditures. The amounts are entered into the spreadsheet manually. A variance test is applied to the rate to determine that it is reasonable. We noted that for the September 2007 month, the rate was carried forward from the prior month instead of being calculated on the random moment sampling results. The variance test failed to identify the error since there was no variance from the prior month. Under the allowable costs/cost principles requirements of the Office of Management and Budget Circular A-133 Compliance Supplement dated March 2008 indirect costs are limited to those charged under a cost allocation plan. The department did not follow its federally-approved cost allocation plan methodology.

We recommend that the department consider reducing the chance of errors in manual entries by using a system other than Excel-type spreadsheets for compiling and calculating monthly cost allocation rates. The department is in the process of moving its cost allocation statistics preparation from Excel to Access, to reduce the chance of human error in data entry.

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AGENCY'S RESPONSE:

The department agrees with the recommendation. Financial Services hired a contractor June 1, 2008 to start the development of an integrated database to manage the cost allocation process. That contract runs through December 31st, 2008. The goal of the project is to create a tool that's data is reconcilable to the Statewide Financial Management Application and reduces or eliminates the use of imported spreadsheets that are not verifiable. In addition the project's goal is to create a consistent process that agrees with the approved cost allocation plan, and creates a log to document when and if changes or deviations should occur in the process so that management, if needed, can take action to rectify. We agree that the questioned cost is not a material instance of noncompliance. As such, the department believes no retroactive adjustment to the allocation is warranted.

Section IV – Schedule of Prior Financial Statement Findings for the Years Ended June 30, 2007 and 2006

This section includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2007. It also includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2006 that were uncorrected at June 30, 2007.

Finding 07-1: Expenditure Accrual (Material Weakness)

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

Status: Partial corrective action was taken.

The department pursued changes to Medicaid accruals and revised financial statement procedures for estimated expenditures to account for the differences between financial statement and budgetary accruals and to produce better accruals. The department has tested and made adjustments to our accrual methodology. DHS is implementing new procedures for the 2007-2008 financial statement accruals. Other fund revenue accruals were part of the revisions made to the procedures. In our new accrual methodology, we have included extensive review of the process in part and as a whole. The written procedures are being finalized.

Finding 07-2: Other Revenue – Drug Rebate (Material Weakness)

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

Status: Partial corrective action was taken.

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

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reviewing transactions for proper documentation as part of their approval process. The department has implemented new contract language in light of this recommendation and made appropriate changes to standard contract template language. In addition, the department is developing specific contract language for selected private industry service provider contractors who also act as fiscal agents.

As part of the department's Transformation Initiative, the department has designated initiative #OX7 (program integrity) as its highest priority cross organizational initiative. In addition, individual divisions are conducting events that will focus on improving documentation to support eligibility determination and supporting financial transactions. This will be an on-going process improvement effort.

Finding 07-3: **Other Revenue Accrual**

Recommendation: The Oregon Department of Human Services management should ensure appropriate query limits are used and communicate the importance of management reviews to ensure other revenue is properly accrued at fiscal year end.

Status: Corrective action was taken.

Finding 07-4: **Financial Reporting Accuracy (Material Weakness)**

Recommendation: The Oregon State Police management should ensure that it properly accrues amounts at fiscal year end so that accounts are accurately stated for financial reporting purposes.

Status: Partial corrective action was taken.

As per the Corrective Action referenced in the Statewide Single Audit Report, I drafted an internal control policy and procedure and provided fiscal year end training to technician and professional level accounting staff. The internal control policy and procedure was drafted, tested and modified as needed throughout the fiscal year end 2008 close process. The internal control policy and procedure is currently in draft form and will be finalized by January 31, 2009.

Finding 07-5: **Services and Supplies Expenditures Not Recorded in Compliance with Generally Accepted Accounting Principles**

Recommendation: The Oregon Department of Forestry should ensure all expenditures are accurately recorded when goods or services are received in accordance with GAAP.

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Status: No corrective action was taken.

The correction for this finding must occur in the biennial budget process. As part of the 2009-11 budget development, the agency proposed, and the Department of Administrative Services, Budget and Management Division approved the necessary change at the Essential Budget Level. However, to be complete, the 2009 Legislative Assembly must still make final approval. This final action by the Assembly will allow us to move these from an expenditure/revenue process to a transfer of revenue process. This will allow us to have one expenditure at the time of the transaction. For the current biennium we must continue to process the transactions as they are budgeted.

Finding 07-6: **Incomplete Risk Assessment Process**

Recommendation: The Oregon Department of Forestry should develop and implement a plan to manage risks identified for financial reporting.

Status: No corrective action was taken.

We began a process of reviewing and documenting our internal controls and processes to give us the basis for making the risk assessment in the last biennium, but have not gotten back to the process. When we continue with this process, it will give us the basis for making the risk assessment. Due to changes in staffing we did not get this completed during the previous fiscal year. Work will continue on this during the current fiscal year, including the hiring of a contractor who will help with the internal control documentation and the framework for the risk assessment.

Finding 07-7: **Classification of Building Costs**

Recommendation: The Oregon Military Department management should revise its procedures for reclassifying capitalized construction costs to conform with generally accepted accounting principles and the Oregon Accounting Manual.

Status: Corrective action was taken.

Finding 07-8: **Incomplete Services and Supplies Expenditure Accrual Process**

Recommendation: The Oregon Parks and Recreation Department management should evaluate its expenditure accrual process and develop a more effective methodology to ensure expenditures are appropriately accrued to the proper period.

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Status: Corrective action was taken.

Finding 07-9: **Inadequate Segregation of Duties Over Contracting Retainage Account**

Recommendation: The Oregon Parks and Recreation Department management should 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.

Status: Corrective action was taken.

Finding 07-10: **Inadequate Support for Service and Supply Expenditures**

Recommendation: The Oregon Parks and Recreation Department (department) management should ensure adequate supporting documentation is received and reviewed for accuracy and appropriateness before the department releases payment to a vendor.

Status: Corrective action was taken.

Finding 07-11: **Reconciling Items Not Cleared Timely**

Recommendation: The Oregon Public Employees Retirement System management should take steps to resolve items in the clearing accounts in a timely manner.

Status: Corrective action was taken.

Finding 07-12: **Weakness in Cash Controls**

Recommendation: The Oregon Public Employees Retirement System (system) management should 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.

Status: Corrective action was taken.

Finding 07-13: **Incorrect Financial Statement Disclosure Amounts**

Recommendation: The Oregon Employment Department management should perform a thorough review of all disclosures and related spreadsheets before they

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are submitted for inclusion in the notes to the state's financial statements.

Status: Corrective action was taken.

Finding 07-14: Taxes Receivable – Year End Financial Reporting

Recommendation: The Oregon Department of Revenue management should 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.

Status: Partial corrective action was taken.

We reviewed methodologies and considered modification. We maintain that our current methodology provides reasonable estimates of future revenues. Other methodologies we analyzed did not provide any more reasonable figures. We used the same methodology for the current year-end. We intend to provide a disclosing statement that there could be additional revenue, but due to the unique nature of the receivable, we are unable to reasonably estimate the amount with enough surety to formally present in the financial statement. We have developed a worksheet for comparative purposes to implement as part of our year-end analysis.

Finding 07-15: Controls Over Reasonableness of Alternative Equity Valuations in Accordance with GAAP

Recommendation: The Office of the State Treasurer (OST) management should 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 generally accepted accounting principles (GAAP).

Status: Partial corrective action was taken.

The Office of the State Treasurer (OST) has developed several new procedures and controls designed to ensure that we comply with GAAP regarding valuation and financial reporting for alternative equity investment. OST's Internal Audit Services section is currently wrapping up an audit addressing controls over valuation and financial reporting for all portfolios overseen by OST. The results of this audit

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will be used to further strengthen the control structure over alternative equity.

OST will enhance the current control structure over alternative equity based on recommendations and best practices identified within the Internal Audit Services report, and formally document the new structure within OST policies and procedures.

Finding 07-16: Timeliness of Identifying Construction Projects as Completed

Recommendation: The Department of Administrative Services management should 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.

Status: Corrective action was taken.

Finding 07-17: Lack of Reconciliation for Hunter and Angler Licenses

Recommendation: The Oregon Department of Fish and Wildlife (department) management should strengthen its controls over license sales by reconciling cash register sales to the Point of Sale (POS) licensing system to ensure that revenues have been received for all sales.

Status: Partial corrective action was taken.

With an investment of staff resources that are not available, the transactions input into the register and the POS licensing system could be reconciled. Both are tracked with a corresponding transaction identification number. Last year, the department responded that it would document and implement a sampling review of POS transactions against register transactions on a regular basis. This review would continue in lieu of reconciliation until such time resources are available or system capabilities enable a full and complete reconciliation.

Currently, the POS Accountant randomly checks reports showing cash register receipt number and the corresponding documents issued against that cash register number for both POS and non-POS transactions. The department is evaluating the number of items and how often to review.

See current year finding 08-12.

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Finding 07-18:	Inadequate Procedures for Estimating Federal Revenue and Accounts Receivable
Recommendation:	The Oregon Department of Fish and Wildlife (department) management should 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 generally accepted accounting principles.
Status:	Partial corrective action was taken. The department reviewed the methodology used for fiscal year 2008 with the auditors before making the adjusting entries. This methodology will be reviewed based on actuals reported at September month close. Based on the results of that review, the methodology will be documented in a procedure format. See current year finding 08-13.
Finding 07-19:	Lack of a Risk Assessment
Recommendation:	The Oregon Department of Fish and Wildlife management should perform an annual risk assessment to help ensure risks related to financial reporting are identified and evaluated.
Status:	Corrective action was taken.
Finding 07-20:	Inaccurate Expenditure Accruals
Recommendation:	The Oregon Department of Education (department) management should establish and implement controls to ensure expenditures are reported to the proper period in conformity with generally accepted accounting principles.
Status:	Partial corrective action was taken. The department understands the importance of recording expenditures and accruals properly. The department made the following three changes: <ul style="list-style-type: none">• Created a written accrual procedure that was implemented by June 30th.• Used the Service Date field in the accounting system so that payments are identified to the month goods were received, services performed or when the subrecipient incurred the costs.

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- The new procedure was discussed at weekly Accounting Staff meetings.

Even though improvements were made, there is still one item that needs to be addressed, which is the estimating of expenditures after Month 13 closes. The department isn't able to accurately estimate post-Month 13 expenditures due to a lack of historical data. However, the department will update its accrual procedure to include a methodology to estimate expenditures and the Service Date will be used as the basis of the estimation. As historical information becomes available over time, we expect these data to contribute to our ability to more accurately estimate amounts to be accrued.

See current year finding 08-9.

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

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

Status: Partial corrective action was taken.

The department continues to work with the Oregon Department of Administrative Services 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.

As part of the department's Transformation Initiative, the department has designated initiative #OX7 (program integrity) as its highest priority cross organizational initiative. In addition, individual divisions are conducting events that will focus on improving documentation to support eligibility determination and supporting financial transactions. This will be an on-going process improvement effort.

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

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

Status: Partial corrective action was taken.

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The department sees this as an on-going process improvement effort. We continue to improve the training provided to new reconciliation staff and are working with the Office of Information Services to develop improved reports to aid the reconciliation process. The timeliness and accuracy of the reconciliation reports continues to improve as reflected in our performance metrics. Reconciliation timeliness increased from 81 percent in May 2007 to 97 percent in May 2008. During that same period there was continued staff turnover and increased reconciliation activity (three additional active treasury accounts.)

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

Recommendation: The Oregon Department of Human Services (department) management should 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. The department has also created a baseline assessment and benchmarking of our current financial organization.

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

Recommendation: The Oregon Department of State Lands (department) management should research and correct errors within the Unclaimed Property System (UPS) so the underlying detailed 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 the Statewide Financial Management Application (SFMA) to identify and correct errors in a timely manner.

Status: Partial corrective action was taken.

The agency has completed reconciliations of receipts and disbursements for fiscal year 2007 and fiscal year 2008. Fiscal year 2008 adjustments were made during year-end closing. Fiscal year 2007 adjustments will be made in the current fiscal year.

The reconciliation of receipts and disbursements is now completed regularly and adjusting entries are made as needed to ensure that

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underlying detail records balance to the department's financial records going forward.

The agency has not reconciled the overall system balances. The two systems have been out of balance for over 15 years and through four UPS program conversions. The department will make an adjustment to UPS to balance the difference between SFMA and UPS.

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.

The department has evaluated some project types and documented the methodology. Some adjustments have been made. The department will be completing a review/analysis for the remaining project types.

The department has reviewed the original entry and subsequent entries associated with depreciation and accumulated depreciation to determine the best way to address the rapid rate of depreciation to ensure the highway system does not become fully depreciated. The department determined previous entries for construction in progress were incorrect. Prior period entries were made in FY08 to correct those previous errors and the methodology has been changed to rectify the situation. We believe this should help to resolve the issue of rapid depreciation.

Section V – Schedule of Prior Federal Awards Findings and Questioned Costs for the Years Ended June 30, 2007 and 2006

This section includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2007. It also includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2006 that were uncorrected at June 30, 2007.

Finding 07-21: **Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.458
Environmental Review, Material Weakness**

Recommendation: The Oregon Department of Environmental Quality (department) management should 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 Clean Water State Revolving Fund monies are followed.

Status: Partial corrective action was taken.

Controls (Stated Environmental Review Procedures and associated internal checklists) are now in place that require documentation of approved environmental reviews. The department will now incorporate into those controls assurances that approved planning documents are maintained in project files.

Finding 07-22: **Capitalization Grants for Clean Water State Revolving Funds, CFDA 66.458
Matching**

Recommendation: The Oregon Department of Environmental Quality management should 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.

Status: Corrective action was taken.

Finding 07-23: **Special Education Cluster, IDEA Part B, CFDA 84.027
Period of Availability**

Recommendation: The Oregon Department of Education should 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.

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Status: Corrective action was taken.

Finding 07-24: **Vocational Rehabilitation, CFDA 84.126
Allowable Costs, Material Weakness, Questioned Costs \$84,349**

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

Status: Partial corrective action was taken.

The Office of Vocational Rehabilitation Services is currently providing staff training as a part of the Oregon Rehabilitation Case Automation (ORCA) 5 system roll out. Every staff person in the state is being trained and provided a new ORCA users manual which includes clarified instructions regarding vehicle modification documentation and purchase documentation. Training began in June and will be completed in September. Subsequent to this training, when District Field Technicians and District Business Managers provide annual branch reviews, they will be reviewing to determine if these standards are being followed.

Finding 07-25: **Vocational Rehabilitation, CFDA 84.126
Equipment, Material Weakness**

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

Status: Partial corrective action was taken.

The Office of Vocational Rehabilitation Services (OVRs) has completed its analysis of its current tracking system and determined that it will need to be modified to comply with A-133. OVRs is currently examining the Oregon Rehabilitation Case Automation case management application to determine what modifications will be needed to automate tracking to meet the requirements.

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Finding 07-26: **Vocational Rehabilitation, CFDA 84.126**
Allowable Costs

Recommendation: Department management should ensure employees are aware of the policy related to transportation provisions and that adequate documentation is maintained, including mileage logs.

Status: Partial corrective action was taken.

The Office of Vocational Rehabilitation Services is currently providing staff training as a part of the Oregon Rehabilitation Case Automation 5 (ORCA) system roll out. Every staff person in the state is being trained and provided a new ORCA users manual which includes clarified instructions regarding vehicle modification documentation and purchase documentation. Training began in June and will be completed in September 2008. Subsequent to this training, when District Field Technicians and District Business Managers provide annual branch reviews, they will be reviewing to determine if these standards are being followed.

Finding 07-27: **Vocational Rehabilitation, CFDA 84.126**
Eligibility

Recommendation: The Oregon Department of Human Services 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.

Status: Corrective action was taken.

Finding 07-28: **Vocational Rehabilitation, CFDA 84.126**
Eligibility, Material Weakness, Questioned Costs \$18,320

Recommendation: The Oregon Commission for the Blind (commission) management should 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.

Status: Corrective action was taken.

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Finding 07-29: **Vocational Rehabilitation, CFDA 84.126
Cash Management, Material Weakness**

Recommendation: The Oregon Commission for the Blind (commission) management should 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.

Status: Partial corrective action was taken.

The agency adjusted the days that it draws cash for payroll from the 16th of every month to the 22nd. However, the federal draw system changed during this time and processed payments quicker than the prior one. Therefore, the agency adjusted its method to drawing on the 24th or later of every month. Additionally, the agency has changed its procedures for drawing federal funds to cover other monthly expenditures and now draws funds twice per month rather than once per month to ensure federal compliance.

Finding 07-30: **Vocational Rehabilitation, CFDA 84.126
Equipment, Material Weakness**

Recommendation: The Oregon Commission for the Blind (commission) management should ensure qualifying equipment is adequately tracked to comply with federal requirements. We also recommend the commission perform an annual inventory of vocational rehabilitation equipment.

Status: Partial corrective action was taken.

New equipment and inventory policies were developed and an updated inventory was developed for Federal Fiscal Year 2009.

Finding 07-31: **Vocational Rehabilitation, CFDA 84.126
Allowable Costs – Payroll, Material Weakness,
Questioned Costs \$1,756**

Recommendation: The Oregon Commission for the Blind (commission) management should implement a process for administrative employees to track actual time spent on each grant so time can be properly recorded and allocated between 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.

Status: Partial corrective action was taken.

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A Cost Allocation Plan was developed and sent to the Oregon Department of Education, per a request from the Rehabilitation Services Administration. The agency recently heard back from the Oregon Department of Education in regards to the submitted Cost Allocation Plan and a revision, primarily consisting of the development of an Indirect Cost Rate, was determined. The agency is now working on establishing and implementing an Indirect Cost Rate along with its Cost Allocation Plan. A revised timeline of December 31, 2008 is being requested in order for the agency to be able to finalize the establishment of its Cost Allocation Plan and Indirect Cost Rate.

Finding 07-32: **Vocational Rehabilitation, CFDA 84.126**
 Allowable Costs, Questioned Costs \$1,995

Recommendation: The Oregon Commission for the Blind management should 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.

Status: Corrective action was taken.

Finding 07-33: **Vocational Rehabilitation, CFDA 84.126**
 Eligibility Determination

Recommendation: The Oregon Commission for the Blind management should ensure eligibility is determined or eligibility extensions are filed within 60 days of the client's application.

Status: Partial corrective action was taken.

We have a mechanism in place to monitor this issue and a performance management system to evaluate staff performance in meeting the requirement.

Finding 07-34: **Vocational Rehabilitation, CFDA 84.126**
 Reporting

Recommendation: The Oregon Commission for the Blind (commission) management should ensure documentation is sufficient to support the categorization of expenditures on the report. Furthermore, we recommend the commission develop written procedures governing reporting.

Status: Partial corrective action was taken.

The Director of Administrative Services participated in a training of the Rehabilitation Services Administration (RSA)-2 at the 2008 RSA Fiscal

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and Data Management Conference. Trainers went over exactly how the report should be filled out and even stated that it is a troublesome report with much room for discrepancies. They will be changing the form in 2010. Meanwhile, during its submission in 2008, management will ensure sufficient documentation to support the categorization of expenditures on the report. Additionally, written procedures will be developed that govern the reporting. The timeline for this finding remains December 31, 2008.

Finding 07-35: **Temporary Assistance for Needy Families, CFDA 93.558 Eligibility, Material Weakness, Questioned Costs \$169,739**

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

Status: Partial corrective action was taken.

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 Temporary Assistance for Needy Families-Emergency Assistance (TANF-EA) eligibility is closed appropriately. This report will be available October 1, 2008, for use by department staff.
- 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 by October 1, 2008, to ensure the assistance payments do not exceed the \$25,350 limit. Based on the conclusion of our ongoing discussion with our designated federal agency the department management will implement any further changes required to meet our approved State Plan. Effective September 1, 2008, the department will have system modifications implemented to require staff to re-determine Child Welfare TANF-EA eligibility annually. The department will retroactively re-determine Child Welfare TANF-EA eligibility effective February 1, 2008.

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- Finding 07-36: **Temporary Assistance for Needy Families, CFDA 93.558 Eligibility, Material Weakness, Questioned Costs \$1,171,469**
- Recommendation: The Oregon Department of Human Services (department) management should consult with the designated federal agency to ensure the department's method for allocating these costs to Temporary Assistance for Needy Families (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.
- Status: Partial corrective action was taken.
- The department has begun consultation 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 the Statewide Automated Child Welfare Information Systems (SACWIS)). The OR-Kids system has a planned implementation date in 2010. Effective September 1, 2008, system modifications will allow Child Welfare eligibility staff to determine a child is eligible for both Title IV-E Foster Care and Child Welfare Temporary Assistance for Needy Families-Emergency Assistance (TANF-EA). This will allow the financial system to claim appropriately based on the child's eligibility.
- Finding 07-37: **Temporary Assistance for Needy Families, CFDA 93.558 Eligibility, Questioned Costs \$2,069**
- Recommendation: The Oregon Department of Human Services (department) management should take steps to ensure employees are adequately trained to understand the coding that needs to be entered in the child welfare system.
- Status: Partial corrective action was taken.
- The department provided all eligibility specialists training on the new eligibility requirements to be implemented 9/1/2008 (retroactive to 2/1/2008). The eligibility specialists also received refresher training in September 2008 as a reminder of the new requirements, as well as additional training in October 2008 regarding the revised procedures related to 18 year olds addressed above.

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Finding 07-38: **Temporary Assistance for Needy Families, CFDA 93.558 Eligibility**

Recommendation: The Oregon Department of Human Services (department) management should ensure income verification used for eligibility determinations is retained in accordance with department and federal requirements.

Status: Partial corrective action was taken.

The department provided 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 effective March 2009. In addition, this eligibility criteria has been added as a required field on the new OR-Kids system.

Finding 07-39: **State Children's Health Insurance Program, CFDA 93.767 Eligibility, Material Weakness**

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

Status: Partial corrective action was taken.

The department implemented a significantly shorter version of the OHP 7210 Oregon Health Plan Application for April, 2008. The revision is several pages shorter than the prior version and emphasizes income and resource related questions by removing many other questions to separate forms. The revision further emphasizes self-employment income by specifically asking if an applicant is self-employed rather than relying on completion of a companion form to indicate self-employment. Training for the new OHP 7210 reminded eligibility workers to review for the applicant's signature. It also reminded 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.

Signature requirements were included in the March Skill Maintenance Challenge. Skill Maintenance Challenges are written by Self

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Sufficiency Program medical policy trainers to address identified training needs. In May a Skill Maintenance Challenge specific to income and resource verification was distributed.

In April, an Application Exercise was distributed that addressed earned income issues. 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 were 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 include eligibility reminders, including income and resource verification requirements.

The 'Medical Decision' 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 first phase of the new web-based application is scheduled for implementation in June 2009. Additional application enhancements are planned for late 2009 and early 2010.

The Children, Adults & Families Self-Sufficiency Programs (CAF SSP) program staff are working in partnership with the Office of Information Systems 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.

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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.

Finding 07-40: **State Children’s Health Insurance Program, CFDA 93.767 Eligibility and Allowable Costs, Material Weakness, Questioned Costs \$4,290**

Recommendation: The Oregon Office of Private Health Partnerships (department) should 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.

Status: Corrective action was taken.

Auditor Comment:
The auditee reported corrective taken was taken.
See current year finding 08-22.

Finding 07-41: **State Children’s Health Insurance Program, CFDA 93.767 Maintenance of Effort – Advance Subsidy Payments**

Recommendation: The Oregon Office of Private Health Partnerships (department) should consult with the Center for Medicare and Medicaid Services (CMS) 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 the State Children’s Health Insurance Program for ineligible adults.

Status: No corrective action will be taken.

The agency operated within its contractual obligation with the Centers for Medicare and Medicaid Services (CMS). Prior to making advance subsidy payments, Family Health Insurance Assistance Program coordinated with the Department of Human Services and the Department of Administrative Services in making this decision. The agency had multiple discussions with CMS following their receipt of

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the audit report as part of the November 1, 2007, waiver renewal. Agency staff reviewed the waiver document line by line with CMS staff. This decision was never raised as an issue. With implementation of the waiver renewal on November 1, 2007, Maintenance of Effort is no longer required and is no longer a consideration.

See current year finding 08-24.

Finding 07-42: **Adoption Assistance, CFDA 93.659**
Allowable Costs, Questioned Costs \$15,440

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

Status: Partial corrective action was taken.

The department is in the process of verifying the crosscheck database report for accuracy. The department is also in the process of identifying remaining cases with possible overpayments.

See current year finding 08-28.

Finding 07-43: **Child Care Development Fund Cluster**
Allowable Costs, Questioned Costs \$13,396

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

Status: Corrective action was taken.

Finding 07-44: **Immunization Grants, CFDA 93.268**
Subrecipient Monitoring – Site Visit Protocol

Recommendation: The Oregon Department of Human Services should document the approved site visit protocol. This protocol should be available for

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review by program employees so that proper monitoring procedures are performed.

Status: Partial corrective action was taken.

A Site Visit Protocol, Site Visit Guide “High Risk Questions” Answer Key, and Vaccines For Children Health Educator Training Manual have all been developed. The Protocol was implemented as a pilot in February and officially implemented in final form August 1, 2008. The Training Manual is in pilot form.

Finding 07-45: **Immunization Grants, CFDA 93.268**
Reporting – Cash Transaction Report Not Reviewed

Recommendation: The Oregon Department of Human Services should implement procedures to ensure all reports that are submitted to regulatory agencies are reviewed and approved by applicable supervisors prior to submission

Status: Corrective action was taken.

Finding 07-46: **Medicaid Cluster**
Special Tests and Provisions – Automated Data Process

Recommendation: The Oregon Department of Human Services (department) management should ensure that the Automatic Data Process risk analysis and system security reviews are conducted at least every two years, as required.

Status: Partial corrective action was taken.

The implementation date of the Replacement Medicaid Management Information System has been extended until the fourth 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 an additional security assessment every two years.

Finding 07-47: **Medicaid Cluster**
Cash Management

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

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Status: Corrective action was taken.

Finding 07-48: **Medicaid Cluster**
Special Tests and Provisions – Provider Eligibility

Recommendation: The Oregon Department of Human Services (department) management should implement procedures to ensure current licenses are maintained for all providers receiving Medicaid payments.

Status: Partial corrective action was taken.

The situation has been corrected. Beginning in November 2007, the department manually sent letters to new providers whose licenses would expire within 60 days. New providers who did not respond by sending a copy of their renewed license were business terminated as an Oregon Department of Human Services (DHS) provider. These providers could be reactivated back to their license renewal effective date once a copy of the renewed license is received.

Beginning December 2008, the department's replacement Medicaid Management Information System (MMIS) tracks current license expiration dates and automatically generates demand letters to providers 90 days (and 30 days if necessary) in advance of the expiration date. Providers who do not maintain a required license and/or provide a copy of their renewed license are business terminated as a DHS provider.

For providers licensed by the Oregon Medical Board, the Oregon Board of Nursing, and the Oregon Board of Pharmacy, the new MMIS also has a direct interface with databases maintained by those boards. The Oregon Board of Pharmacy interface runs monthly, while the Oregon Medical Board and Oregon Board of Nursing interfaces run weekly. These interfaces are ran to match the boards' license expiration date information with the provider enrollment files in MMIS. If the board has updated a license, the provider's file will be revised to reflect the new expiration date. If a board interface returns an expired license date, the system will automatically business terminate the provider.

Finding 07-49: **Medicaid Cluster**
Child Care Development Fund Cluster
State Children's Health Insurance Program, CFDA 93.767
Temporary Assistance for Needy Families, CFDA 93.558
Vocational Rehabilitation, CFDA 84.126
Procurement, Suspension, and Debarment

Recommendation: The Oregon Department of Human Services (department) management should ensure that contracting procedures are adhered to and the review

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for suspension and debarment is documented in accordance with department policy.

Status: Partial corrective action was taken.

The Office of Contracts and Procurement (OCP) manager facilitated a workgroup regarding these issues. The work group recommended updates to Procedure 31 Federal Debarment and Suspension, and recommended a contract check list not be created.

The debarment procedure was updated August 1, 2008 to include printing the debarment check and placing this documentation in the contract file. An email was sent to all OCP staff explaining the change required for debarment checking with the updated procedure attached. It was determined the contract checklist would create additional, unnecessary work.

Finding 07-50

Medicaid Cluster
Child Care Development Fund Cluster
State Children's Health Insurance Program, CFDA 93.767
Temporary Assistance for Needy Families, CFDA 93.558
Adoption Assistance, CFDA 93.659
Vocational Rehabilitation, CFDA 84.126
Allowable Costs – Cost Allocation

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

Status: Partial corrective action was taken.

Financial Services has hired a contractor to start the development of an integrated database to manage the cost allocation process. That contract runs through year-end 2008. The goal of the project is to create a tool that has data that is reconcilable to the Statewide Financial Management Application, reduces or eliminates the use of imported spreadsheets, provides a consistent process that agrees with the approved cost allocation plan, and generates a log to document when and if changes or deviations should occur in the process so that management can take action if needed to rectify.

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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 should 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: Corrective action was taken.

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

Recommendation: The Oregon Department of Human Services (department) management should correct 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 the Integrated Information System to verify the correct code is entered and ensure the department is not inappropriately billing the Federal government for ineligible clients.

Status: Corrective action was taken.

Finding 06-21: **Workforce Investment Act Cluster Cash Management**

Recommendation: The Oregon Department of Community Colleges and Workforce Development should 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: 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 management should 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.

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The documentation of the public notice of the availability of the environmental review is being emphasized within the program and the internal checklist is being revised to highlight this requirement.

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

REPORT TITLE AND NUMBER	Department of Administrative Services: State Data Center Review; Report No. 2008-21
REPORT DATE	July 15, 2008
RESULTS IN BRIEF	Based on our audit work we found: <ul style="list-style-type: none">• Important data center consolidation objectives have not yet been achieved. As a result, it is unlikely that the anticipated savings or operational benefits associated with the CNIC project, such as enhanced enterprise disaster recovery and security solutions, will occur.• Operational controls did not sufficiently address service level agreements with customers, performance and capacity management, standard operating procedures, configuration management, or software licensing requirements.• The department was ill-prepared to timely resume data center operations or assist agencies in their efforts to restore critical computer applications after a major disruption.• The department had not provided a secure computing environment for SDC clients.
REPORT TITLE AND NUMBER	Oregon Department of Human Services: Integrated Information System Application Controls Review; Report No. 2008-24
REPORT DATE	August 8, 2008
RESULTS IN BRIEF	Automated and manual application controls did not reasonably ensure all transaction data would be complete, accurate, or valid. Specific control weaknesses included:

- Adoption Assistance payment parameters were not independently validated after staff manually entered them into the system.
- Staff did not perform timely or effective reconciliations of system payments.
- Replacement checks for lost or stolen checks were not properly recorded in the system.
- The department did not adequately separate duties for entering Adoption Assistance clients and initiating the associated automatic payments.
- Department staff did not document adjustments they made to correct system transactions that did not properly post to the state's financial application.

It is also unlikely that the department could timely restore the system in the event of a disaster or major disruption because it did not have a defined backup strategy, system restoration plan, or service level agreement with the State Data Center.

Department staff did not always follow appropriate program change management procedures or ensure that important quality assurance steps occurred.

Logical access controls did not adequately protect the system and its data from unauthorized use, disclosure, modification, damage, or loss

REPORT TITLE AND NUMBER

**Oregon Department of Administrative Services:
Statewide Financial Management Application
Computer Controls Review; Report No. 2008-29**

REPORT DATE

September 29, 2008

RESULTS IN BRIEF

Based on our audit work, we found that:

- Application controls provided reasonable assurance that system data input by agencies' staff would remain complete, accurate and valid. Those controls also reasonably assured that the Data Mart would accurately represent information contained in R*STARS transaction files.
- Department procedures ensured that system modification requests were appropriately prioritized, authorized, assigned, documented, tracked and tested.
- System managers did not have assurance that backup tapes were viable or were stored off-site. In addition, the department did not have adequate procedures for restoring the system in the event of a disaster or major disruption.
- Logical access controls provided a vital layer of security to reasonably protect the system. However, the system was at increased risk of compromise due to security weaknesses at the State Data Center.

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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

Interim Director	Drummond Kahn, MS, CIA, CGFM, CGAP
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:

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

