

Secretary of State Audit Report

Kate Brown, Secretary of State

Gary Blackmer, Director, Audits Division



State of Oregon

Statewide Single Audit Report

For the Fiscal Year Ended June 30, 2009

State of Oregon
STATEWIDE SINGLE AUDIT REPORT

For the Year Ended June 30, 2009

Office of the Secretary of State

Kate Brown
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

Gary Blackmer
Director

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The Honorable Theodore R. Kulongoski
Governor of Oregon

We have conducted a statewide audit in accordance with *Government Auditing Standards*, the Single Audit Act Amendments of 1996, U. S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the related OMB Circular A-133 Compliance Supplement including any applicable addendums. This report encompasses the year ended June 30, 2009, and is required for the State to continue receiving federal financial assistance, which, as shown in this report, totals approximately \$8.8 billion.

As required by the Single Audit Act, we issued a report dated December 22, 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, 2009.

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 Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.* 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 as 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, 2009.
- *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, 2009, excluding the 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 11 current audit findings regarding compliance and internal control related to financial reporting.

It also lists 27 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, 2008. In addition, it lists the status of prior year audit findings for the fiscal year ended June 30, 2007, 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, 2009. Management's responses and planned corrective actions are included in this schedule. We did not audit management's response, and accordingly, we express no opinion on it.

OREGON AUDITS DIVISION

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Gary Blackmer
Director

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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, 2009, which collectively comprise the State of Oregon's basic financial statements and have issued our report thereon dated December 22, 2009. Our report includes 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 audited by other auditors, 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 the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. Items 09-01 through 09-11.

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 09-01, 09-03 and 09-05 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 and those of other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

December 22, 2009

Office of the Secretary of State

Kate Brown
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

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

Compliance

We have audited the compliance of the State of Oregon with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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:

CFDA#	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects
93.283	Centers for Disease Control and Prevention - Investigations & Technical Assistance
93.563	Child Support Enforcement
93.658	Foster Care_Title IV-E
93.659	Adoption Assistance
cluster	Immunization Grants
cluster	Supplemental Nutrition Assistance Program (SNAP) Cluster
cluster	Workforce Investment Act (WIA) Cluster
cluster	Special Education Cluster (IDEA)
cluster	State Fiscal Stabilization Fund Cluster
cluster	Child Care and Development Fund Cluster
cluster	Student Financial Assistance Cluster
cluster	Research and Development Cluster

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

Science University, which received approximately \$278 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, 2009. 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the related OMB Circular A-133 Compliance Supplement including applicable addendums. 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 09-12, 09-14, 09-15, 09-18, 08-22 and 08-23 in the accompanying schedule of findings and questioned costs, the State of Oregon did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs and Eligibility that are applicable to Medicaid and the Children's Health Insurance Program; Eligibility that is applicable to Temporary Assistance for Needy Families; Allowable Costs that are applicable to Centers for Disease Control and Prevention Investigations and Technical Assistance. 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, 2009. 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 09-13, 09-16, 09-17, 09-19 through 09-22, 09-24 through 09-28, 09-30, 09-32, 09-33, 09-35, 09-37, and 09-38.

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 09-12 through 09-29, and 09-31 through 09-38 to be significant deficiencies.

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 09-12, 09-14, 09-15, 09-18, 09-31, 09-34, and 09-36 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, 2009, and have issued our report thereon dated December 22, 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. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. 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, is 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

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

Kate Brown
Secretary of State

March 19, 2010 except for the
Schedule of Expenditures of
Federal Awards, as to which the
date is December 22, 2009

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

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)						
		HIDTAPASSTHRUDOJ	\$ 112,189	\$ --	\$ 112,189	\$ 112,189	\$ --
		HIDTAPASSTHRUDOJ2	367	--	367	367	--
		I8PORP502Z	213,419	41,944	255,363	255,363	--
07.XXX	Total High Intensity Drug Trafficking Area (HIDTA)		\$ 325,975	\$ 41,944	\$ 367,919	\$ 367,919	\$ --
Total Office of National Drug Control Policy			\$ 325,975	\$ 41,944	\$ 367,919	\$ 367,919	\$ --
Department of Agriculture							
10.001	Agricultural Research_Basic and Applied Research		\$ 7,238	\$ --	\$ 7,238	\$ 7,238	\$ --
10.025	Plant and Animal Disease, Pest Control, and Animal Care		2,816,406	2,850	2,819,256	2,819,256	--
10.028	Wildlife Services		41,666	--	41,666	41,666	--
10.069	Conservation Reserve Program		24,380	--	24,380	24,380	--
10.156	Federal-State Marketing Improvement Program		60,597	--	60,597	60,597	--
10.163	Market Protection and Promotion		168,706	--	168,706	168,706	--
10.169	Specialty Crop Block Grant Program		196,199	32,000	228,199	228,199	--
10.200	Grants for Agricultural Research, Special Research Grants		14,067	--	14,067	14,067	--
10.220	Higher Education Multicultural Scholars Program		37,500	--	37,500	37,500	--
10.304	Homeland Security_Agricultural		4,542	--	4,542	--	4,542
10.457	Commodity Partnerships for Risk Management Education		6,370	--	6,370	6,370	--
10.500	Cooperative Extension Service		4,687,553	--	4,687,553	4,687,553	--
10.550	Food Donation		74,626	9,777,368	9,851,994	9,851,994	--
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children		61,947,990	15,075,357	77,023,347	77,023,347	--
10.558	Child and Adult Care Food Program		542,558	28,047,533	28,590,091	28,449,378	140,713
10.560	State Administrative Expenses for Child Nutrition		2,075,355	5,520	2,080,875	2,080,875	--
10.565	Commodity Supplemental Food Program		11,225	372,508	383,733	383,733	--
10.567	Food Distribution Program on Indian Reservations		25,526	143,528	169,054	169,054	--
10.574	Team Nutrition Grants		3,543	--	3,543	3,543	--
10.576	Senior Farmers Market Nutrition Program		858,354	--	858,354	858,354	--
10.578	WIC Grants to States (WGS)		43,925	200	44,125	44,125	--
10.580	Supplemental Nutrition Assistance Program Outreach/Participation Program		265,750	--	265,750	265,750	--
10.582	Fresh Fruit and Vegetable Program		33,620	611,168	644,788	644,788	--
10.652	Forestry Research		329,470	--	329,470	329,470	--
10.664	Cooperative Forestry Assistance		4,885,989	714,068	5,600,057	5,600,057	--
10.672	Rural Development, Forestry, and Communities		7,220	--	7,220	7,220	--

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
10.676	Forest Legacy Program		20,897	--	20,897	20,897	--
10.677	Forest Land Enhancement Program		34,534	--	34,534	34,534	--
10.679	Collaborative Forest Restoration		4,918	--	4,918	--	4,918
10.680	Forest Health Protection		1,215,613	34,440	1,250,053	1,250,053	--
10.688	ARRA - Wildland Fire Management		32,069	388,730	420,799	420,799	--
10.688	Wildland Fire Management		449,908	--	449,908	449,908	--
10.769	Rural Business Enterprise Grants		2,430	--	2,430	2,430	--
10.773	Rural Business Opportunity Grants		20,490	--	20,490	--	20,490
10.905	Plant Materials for Conservation		17,774	--	17,774	17,774	--
10.912	Environmental Quality Incentives Program		68,882	--	68,882	68,882	--
10.XXX	Other Department of Agriculture Programs		4,992	--	4,992	4,992	--
	07 CS 11060606 809		4,992	--	4,992	4,992	--
10.XXX	Total Other Department of Agriculture Programs		\$ 4,992	\$ --	\$ 4,992	\$ 4,992	\$ --
Total Department of Agriculture			\$ 81,042,882	\$ 55,205,270	\$ 136,248,152	\$ 136,077,489	\$ 170,663
Department of Commerce							
11.302	Economic Development_Support for Planning Organizations		\$ 16,734	\$ --	\$ 16,734	\$ 16,734	\$ --
11.303	Economic Development_Technical Assistance		140,175	--	140,175	140,175	--
11.405	Anadromous Fish Conservation Act Program		274,036	--	274,036	274,036	--
11.407	Interjurisdictional Fisheries Act of 1986		156,064	--	156,064	156,064	--
11.417	Sea Grant Support		79,937	--	79,937	79,937	--
11.419	Coastal Zone Management Administration Awards		2,025,929	426,813	2,452,742	2,452,742	--
11.420	Coastal Zone Management Estuarine Research Reserves		858,891	--	858,891	858,891	--
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program		711,743	--	711,743	711,743	--
11.433	Marine Fisheries Initiative		(5,589)	--	(5,589)	(5,589)	--
11.436	Columbia River Fisheries Development Program		4,548,098	1,773	4,549,871	4,549,871	--
11.437	Pacific Fisheries Data Program		1,268,249	--	1,268,249	(6,846)	1,275,095
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program		1,549,208	6,472,052	8,021,260	7,981,634	39,626
11.439	Marine Mammal Data Program		45,947	--	45,947	(3,228)	49,175
11.441	Regional Fishery Management Councils		253,860	--	253,860	(1,387)	255,247
11.454	Unallied Management Projects		158,169	--	158,169	158,169	--
11.463	Habitat Conservation		750,020	--	750,020	750,020	--
11.467	Meteorologic and Hydrologic Modernization Development		96,299	--	96,299	96,299	--
11.472	Unallied Science Program		122,313	--	122,313	122,313	--
11.473	Coastal Services Center		277,308	360,465	637,773	637,773	--

The accompanying notes are an integral part of this schedule.

11.478	Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	60,106	--	60,106	60,106	--
11.555	Public Safety Interoperable Communications Grant Program	47,498	530,110	577,608	577,608	--
Total Department of Commerce		\$ 13,434,995	\$ 7,791,213	\$ 21,226,208	\$ 19,607,065	\$ 1,619,143
Department of Defense						
12.106	Flood Control Projects	\$ 5,592,339	\$ 36,468	\$ 5,628,807	\$ 5,628,807	\$ --
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	57,402	--	57,402	57,402	--
12.114	Collaborative Research and Development	28,721	--	28,721	28,721	--
12.300	Basic and Applied Scientific Research	5,000	--	5,000	5,000	--
12.400	Military Construction, National Guard	28,692,404	--	28,692,404	28,692,404	--
12.401	ARRA - National Guard Military Operations and Maintenance (O&M) Projects	439,030	--	439,030	439,030	--
12.401	National Guard Military Operations and Maintenance (O&M) Projects	38,934,779	--	38,934,779	38,934,779	--
12.404	National Guard Civilian Youth Opportunities	3,253,321	--	3,253,321	3,253,321	--
12.431	Basic Scientific Research	8,187	--	8,187	--	8,187
12.551	National Security Education Program David L. Boren Scholarships	95,384	--	95,384	95,384	--
12.630	Basic, Applied, and Advanced Research in Science and Engineering	23,070	--	23,070	--	23,070
12.800	Air Force Defense Research Sciences Program	2,286	--	2,286	--	2,286
12.XXX	Other Department of Defense Programs					
	00000000000000001000	12,682,584	--	12,682,584	12,682,584	--
	NSEP-U631023-PDX-CHN-08-D12	246,437	--	246,437	--	246,437
	OR6213820917	1,310,713	77,172	1,387,885	1,387,885	--
12.XXX	Total Other Department of Defense Programs	\$ 14,239,734	\$ 77,172	\$ 14,316,906	\$ 14,070,469	\$ 246,437
Total Department of Defense		\$ 91,371,657	\$ 113,640	\$ 91,485,297	\$ 91,205,317	\$ 279,980
Department of Housing and Urban Development						
14.103	Interest Reduction Payments_Rental and Cooperative Housing for Lower Income Families	\$ 26,490	\$ --	\$ 26,490	\$ 26,490	\$ --
14.138	Mortgage Insurance_Rental Housing for the Elderly	2,500	--	2,500	2,500	--
14.231	Emergency Shelter Grants Program	15,137	955,631	970,768	970,768	--
14.235	Supportive Housing Program	10,250	732,952	743,202	743,202	--
14.239	HOME Investment Partnerships Program	6,807,995	3,014,569	9,822,564	9,822,564	--
14.241	Housing Opportunities for Persons with AIDS	1,713,979	--	1,713,979	1,713,979	--
14.XXX	Other Department of Housing and Urban Development					
	B08DN410001	322,561	--	322,561	322,561	--
14.XXX	Total Other Department of Housing and Urban Development	\$ 322,561	\$ --	\$ 322,561	\$ 322,561	\$ --
Total Department of Housing and Urban Development		\$ 8,898,912	\$ 4,703,152	\$ 13,602,064	\$ 13,602,064	\$ --
Department of the Interior						
15.039	Fish, Wildlife, and Parks Programs on Indian Lands	\$ 6,428	\$ --	\$ 6,428	\$ --	\$ 6,428
15.114	Indian Education_Higher Education Grant Program	1,001	--	1,001	1,001	--
15.214	Non-Sale Disposals of Mineral Material	--	268,866	268,866	268,866	--

The accompanying notes are an integral part of this schedule.

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
15.224	Cultural Resource Management		9,181	--	9,181	9,181	--
15.225	Recreation Resource Management		236,475	--	236,475	236,475	--
15.227	Distribution of Receipts to State and Local Governments		16,703	153,459	170,162	153,459	16,703
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance		1,245,332	184,443	1,429,775	1,429,775	--
15.231	Fish, Wildlife and Plant Conservation Resource Management		644,965	--	644,965	644,965	--
15.242	National Fire Plan - Rural Fire Assistance		354,171	--	354,171	354,171	--
15.504	Water Reclamation and Reuse Program		477,925	--	477,925	477,925	--
15.608	Fish and Wildlife Management Assistance		537,779	66,467	604,246	604,246	--
15.614	Coastal Wetlands Planning, Protection and Restoration Act		85,624	891,550	977,174	977,174	--
15.615	Cooperative Endangered Species Conservation Fund		317,911	594,907	912,818	912,818	--
15.616	Clean Vessel Act		101,804	337,003	438,807	438,807	--
15.622	Sportfishing and Boating Safety Act		4,687	1,841,050	1,845,737	1,845,737	--
15.626	Firearm and Bow Hunter Education and Safety Program		92,348	27,599	119,947	119,947	--
15.630	Coastal Program		23,892	--	23,892	23,892	--
15.632	Conservation Grants Private Stewardship for Imperiled Species		(2,189)	--	(2,189)	(2,189)	--
15.633	Landowner Incentive Program		244,692	332,537	577,229	577,229	--
15.634	State Wildlife Grants		676,472	123,284	799,756	799,756	--
15.647	Migratory Bird Conservation		85,080	--	85,080	85,080	--
15.649	Service Training and Technical Assistance (Generic Training)		2,725,748	1,185	2,726,933	2,726,933	--
15.807	Earthquake Hazards Reduction Program		46,380	--	46,380	46,380	--
15.808	U.S. Geological Survey_Research and Data Collection		561,295	--	561,295	561,295	--
15.810	National Cooperative Geologic Mapping Program		260,069	--	260,069	260,069	--
15.814	National Geological and Geophysical Data Preservation Program		12,788	--	12,788	12,788	--
15.904	Historic Preservation Fund Grants-In-Aid		484,045	145,856	629,901	629,901	--
15.916	Outdoor Recreation_Acquisition, Development and Planning		28,419	40,525	68,944	68,944	--
15.921	Rivers, Trails and Conservation Assistance		7,911	--	7,911	7,911	--
15.923	National Center for Preservation Technology and Training		39,323	--	39,323	39,323	--
15.XXX	Other Department of the Interior Programs						
		05PG250049	11,417	--	11,417	11,417	--
		07FRSA0041	8,000	--	8,000	8,000	--
		08 40	279,610	--	279,610	--	279,610
		09 101	179,030	--	179,030	--	179,030
		09PG107210	26,572	--	26,572	26,572	--
		13420 08 J814	38,133	--	38,133	38,133	--
		13420 7 J738	(5,516)	--	(5,516)	(5,516)	--
		13420 8 J855	21,996	--	21,996	21,996	--
		142505FG1L1150	35,004	--	35,004	35,004	--

The accompanying notes are an integral part of this schedule.

	142506FG1S1249	13,000	--	13,000	13,000	--
	142507FG1L1291	13,302	--	13,302	13,302	--
	142507FG1S1306	40,393	--	40,393	40,393	--
	1996 02 00	65,374	--	65,374	--	65,374
	2006 0141 000	370	--	370	--	370
	90710L1512	148,772	--	148,772	148,772	--
	H1530080001	3,279	--	3,279	3,279	--
	H9430010001	690	--	690	690	--
	L07PX00251	(3,382)	--	(3,382)	(3,382)	--
	L08PX02792	10,794	--	10,794	10,794	--
	Not Available	(1,111)	--	(1,111)	(1,111)	--
	Not Available	4,999	--	4,999	--	4,999
	Not Available	2,500	--	2,500	2,500	--
	OPRD	43,587	--	43,587	43,587	--
	TASK J9430050018	18,058	--	18,058	18,058	--
	TBD	26,461	--	26,461	26,461	--
15.XXX	Total Other Department of the Interior Programs	\$ 981,332	\$ --	\$ 981,332	\$ 451,949	\$ 529,383
Total Department of the Interior		\$ 10,307,591	\$ 5,008,731	\$ 15,316,322	\$ 14,763,808	\$ 552,514
Department of Justice						
16.200	Community Relations Service	\$ 50,261	\$ --	\$ 50,261	\$ 50,261	\$ --
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	173,813	--	173,813	173,813	--
16.203	Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	26,638	--	26,638	26,638	--
16.523	Juvenile Accountability Block Grants	53,838	609,599	663,437	663,437	--
16.524	Legal Assistance for Victims	3,456	56,468	59,924	59,924	--
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States	852,851	620,306	1,473,157	1,473,157	--
16.548	Title V_Delinquency Prevention Program	738	167,116	167,854	167,854	--
16.549	Part E_State Challenge Activities	46,126	93,000	139,126	139,126	--
16.550	State Justice Statistics Program for Statistical Analysis Centers	75,000	--	75,000	75,000	--
16.575	Crime Victim Assistance	178,578	4,489,637	4,668,215	4,668,215	--
16.576	Crime Victim Compensation	1,589,706	--	1,589,706	1,589,706	--
16.579	Edward Byrne Memorial Formula Grant Program	49,467	17,526	66,993	17,526	49,467
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	91,022	382,593	473,615	471,083	2,532
16.582	Crime Victim Assistance/Discretionary Grants	14,837	--	14,837	14,837	--
16.585	Drug Court Discretionary Grant Program	(20,179)	53,015	32,836	32,836	--
16.588	ARRA - Violence Against Women Formula Grants	7,026	--	7,026	7,026	--
16.588	Violence Against Women Formula Grants	248,760	1,413,002	1,661,762	1,661,762	--
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and	82,026	--	82,026	--	82,026

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
16.590	Stalking Assistance Program Grants to Encourage Arrest Policies and Enforcement of Protection Orders		51,081	--	51,081	--	51,081
16.593	Residential Substance Abuse Treatment for State Prisoners		14,542	--	14,542	14,542	--
16.595	Community Capacity Development Office		1,705,900	1,521,045	3,226,945	3,226,945	--
16.606	State Criminal Alien Assistance Program		8,486,241	--	8,486,241	8,486,241	--
16.607	Bulletproof Vest Partnership Program		39,431	--	39,431	39,431	--
16.610	Regional Information Sharing Systems		551,328	--	551,328	--	551,328
16.710	Public Safety Partnership and Community Policing Grants		1,476,887	--	1,476,887	1,471,103	5,784
16.727	Enforcing Underage Drinking Laws Program		56,521	266,565	323,086	323,086	--
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program		197,327	--	197,327	197,327	--
16.738	Edward Byrne Memorial Justice Assistance Grant Program		223,060	2,386,171	2,609,231	2,609,231	--
16.741	Forensic DNA Backlog Reduction Program		460,922	--	460,922	460,922	--
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		198,612	--	198,612	198,612	--
16.748	Convicted Offender and/or Arrestee DNA Backlog Reduction Program (In-House Analysis and Data Review)		248,982	--	248,982	248,982	--
16.XXX	Other Department of Justice Programs						
		2004PMBX0019	15,451	--	15,451	15,451	--
		O5 07466500147	4,735	--	4,735	4,735	--
16.XXX	Total Other Department of Justice Programs		\$ 20,186	\$ --	\$ 20,186	\$ 20,186	\$ --
Total Department of Justice			\$ 17,254,984	\$ 12,076,043	\$ 29,331,027	\$ 28,588,809	\$ 742,218
Department of Labor							
17.002	Labor Force Statistics		\$ 1,213,739	\$ --	\$ 1,213,739	\$ 1,213,739	\$ --
17.005	Compensation and Working Conditions		138,480	--	138,480	138,480	--
17.225	ARRA - Unemployment Insurance		148,664,422	--	148,664,422	148,664,422	--
17.225	Unemployment Insurance		1,786,113,583	--	1,786,113,583	1,786,113,583	--
17.235	ARRA - Senior Community Service Employment Program		--	12,428	12,428	12,428	--
17.235	Senior Community Service Employment Program		40,223	1,178,783	1,219,006	1,219,006	--
17.245	Trade Adjustment Assistance		1,358,120	--	1,358,120	1,358,120	--
17.266	Work Incentive Grants		482	802,453	802,935	802,935	--
17.267	Incentive Grants - WIA Section 503		475,947	730,868	1,206,815	1,206,815	--
17.268	H-1B Job Training Grants		--	1,305,789	1,305,789	1,305,789	--
17.503	Occupational Safety and Health State Program		5,439,155	--	5,439,155	5,439,155	--
17.600	Mine Health and Safety Grants		123,868	--	123,868	123,868	--
Total Department of Labor			\$ 1,943,568,019	\$ 4,030,321	\$ 1,947,598,340	\$ 1,947,598,340	\$ --

The accompanying notes are an integral part of this schedule.

Department of State											
19.400	Academic Exchange Programs_Graduate Students	\$	8	\$	--	\$	8	\$	--	\$	8
19.418	Educational Exchange, American Studies Institute		375,479		--		375,479		--		375,479
19.423	Exchange_English Language Specialist/Speaker Program		132,318		--		132,318		132,318		--
19.XXX	Other Department of State Programs										
	PC-08-8-154		9,461		--		9,461		9,461		--
19.XXX	Total Other Department of State Programs	\$	9,461	\$	--	\$	9,461	\$	9,461	\$	--
Total Department of State		\$	517,266	\$	--	\$	517,266	\$	141,779	\$	375,487
Department of Transportation											
20.106	Airport Improvement Program	\$	3,202,170	\$	--	\$	3,202,170	\$	3,202,170	\$	--
20.215	Highway Training and Education		4,603		--		4,603		4,603		--
20.218	National Motor Carrier Safety		2,128,391		--		2,128,391		2,128,391		--
20.238	Commercial Drivers License Information System		680,735		--		680,735		680,735		--
20.505	Federal Transit Metropolitan Planning Grants		152,538		684,441		836,979		836,979		--
20.509	ARRA - Formula Grants for Other Than Urbanized Areas		5,523		--		5,523		5,523		--
20.509	Formula Grants for Other Than Urbanized Areas		1,867,090		9,765,757		11,632,847		11,632,847		--
20.515	State Planning and Research		20,122		5,638		25,760		25,760		--
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		214,658		--		214,658		214,658		--
20.614	National Highway Transportation Safety Administration (NHTSA) Discretionary Safety Grants		98,060		--		98,060		98,060		--
20.700	Pipeline Safety Program Base Grants		327,784		--		327,784		327,784		--
20.701	University Transportation Centers Program		54,765		--		54,765		54,765		--
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		161,121		23,324		184,445		184,445		--
Total Department of Transportation		\$	8,917,560	\$	10,479,160	\$	19,396,720	\$	19,396,720	\$	--
Department of the Treasury											
21.XXX	Other Department of Treasury Programs										
	NFMC	\$	17,295	\$	256,821	\$	274,116	\$	274,116	\$	--
21.XXX	Total Other Department of Treasury Programs	\$	17,295	\$	256,821	\$	274,116	\$	274,116	\$	--
Total Department of the Treasury		\$	17,295	\$	256,821	\$	274,116	\$	274,116	\$	--
Office of Personnel Management											
27.001	Federal Civil Service Employment	\$	10,028	\$	--	\$	10,028	\$	10,028	\$	--
27.011	Intergovernmental Personnel Act (IPA) Mobility Program		1,204,266		--		1,204,266		1,204,266		--
Total Office of Personnel Management		\$	1,214,294	\$	--	\$	1,214,294	\$	1,214,294	\$	--
Equal Employment Opportunity Commission											
30.001	Employment Discrimination_Title VII of the Civil Rights Act of 1964	\$	407,729	\$	--	\$	407,729	\$	407,729	\$	--
Total Equal Employment Opportunity Commission		\$	407,729	\$	--	\$	407,729	\$	407,729	\$	--

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
General Services Administration							
39.002	Disposal of Federal Surplus Real Property		\$ --	\$ 24,077	\$ 24,077	\$ 24,077	\$ --
39.003	Donation of Federal Surplus Personal Property		26,603	944,659	971,262	971,262	--
Total General Services Administration			\$ 26,603	\$ 968,736	\$ 995,339	\$ 995,339	\$ --
National Aeronautics and Space Administration							
43.XXX	Other NASA programs	OCI-0934232	\$ 37,154	\$ --	\$ 37,154	\$ 37,154	\$ --
43.XXX	Total Other NASA programs		\$ 37,154	\$ --	\$ 37,154	\$ 37,154	\$ --
Total National Aeronautics and Space Administration			\$ 37,154	\$ --	\$ 37,154	\$ 37,154	\$ --
National Endowment for the Arts							
45.024	Promotion of the Arts_Grants to Organizations and Individuals		\$ --	\$ 20,000	\$ 20,000	\$ 20,000	\$ --
45.025	Promotion of the Arts_Partnership Agreements		73,345	660,750	734,095	734,095	--
Total National Endowment for the Arts			\$ 73,345	\$ 680,750	\$ 754,095	\$ 754,095	\$ --
National Endowment for the Humanities							
45.149	Promotion of the Humanities_Division of Preservation and Access		\$ 168,430	\$ --	\$ 168,430	\$ 168,430	\$ --
45.160	Promotion of the Humanities_Fellowships and Stipends		50,127	--	50,127	50,127	--
45.164	Promotion of the Humanities_Public Programs		1,217	--	1,217	1,217	--
Total National Endowment for the Humanities			\$219,774	\$ --	\$ 219,774	\$ 219,774	\$ --
Institute Of Museum and Library Services							
45.301	Museums for America		\$ 3	\$ --	\$ 3	\$ --	\$ 3
45.310	Grants to States		1,170,527	966,918	2,137,445	2,054,640	82,805
45.312	National Leadership Grants		293,423	--	293,423	293,423	--
45.313	Laura Bush 21st Century Librarian Program		52	--	52	--	52
Total Institute Of Museum and Library Services			\$ 1,464,005	\$ 966,918	\$ 2,430,923	\$ 2,348,063	\$ 82,860
National Science Foundation							
47.041	Engineering Grants		\$ 298,575	\$ --	\$ 298,575	\$ 298,575	\$ --
47.049	Mathematical and Physical Sciences		506,777	5,798	512,575	558,856	(46,281)
47.050	Geosciences		373,769	28,898	402,667	402,667	--
47.070	Computer and Information Science and Engineering		30,663	--	30,663	30,663	--
47.074	Biological Sciences		36,874	--	36,874	36,874	--
47.075	Social, Behavioral, and Economic Sciences		10,694	--	10,694	10,694	--
47.076	Education and Human Resources		1,742,616	497,225	2,239,841	2,169,654	70,187
Total National Science Foundation			\$ 2,999,968	\$ 531,921	\$ 3,531,889	\$ 3,507,983	\$ 23,906

The accompanying notes are an integral part of this schedule.

Small Business Administration											
59.037	Small Business Development Centers	\$	100,601	\$	--	\$	100,601	\$	--	\$	100,601
Total Small Business Administration		\$	100,601	\$	--	\$	100,601	\$	--	\$	100,601
Department of Veterans Affairs											
64.015	Veterans State Nursing Home Care	\$	3,139,469	\$	--	\$	3,139,469	\$	3,139,469	\$	--
64.125	Vocational and Educational Counseling for Servicemembers and Veterans		55,000		--		55,000		55,000		--
64.XXX	Other Department of Veterans Affairs Programs										
	V101223CP4749		183,855		--		183,855		183,855		--
64.XXX	Total Other Department of Veterans Affairs Programs	\$	183,855	\$	--	\$	183,855	\$	183,855	\$	--
Total Department of Veterans Affairs		\$	3,378,324	\$	--	\$	3,378,324	\$	3,378,324	\$	--
Environmental Protection Agency											
66.032	State Indoor Radon Grants	\$	78,306	\$	--	\$	78,306	\$	78,306	\$	--
66.034	Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act		373,579		--		373,579		373,579		--
66.036	Clean School Bus USA		--		226,208		226,208		226,208		--
66.040	ARRA - State Clean Diesel Grant Program		16,908		--		16,908		16,908		--
66.202	Congressionally Mandated Projects		37,517		--		37,517		37,517		--
66.432	State Public Water System Supervision		1,166,377		387,465		1,553,842		1,553,842		--
66.436	Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act		37,922		--		37,922		37,922		--
66.454	ARRA - Water Quality Management Planning		688		--		688		688		--
66.454	Water Quality Management Planning		122,127		--		122,127		122,127		--
66.458	Capitalization Grants for Clean Water State Revolving Funds		--		22,664,942		22,664,942		22,664,942		--
66.460	Nonpoint Source Implementation Grants		93,926		1,265,596		1,359,522		1,359,522		--
66.461	Regional Wetland Program Development Grants		332,264		45,029		377,293		377,293		--
66.463	Water Quality Cooperative Agreements		103,182		--		103,182		103,182		--
66.468	ARRA - Capitalization Grants for Drinking Water State Revolving Funds		104,649		--		104,649		104,649		--
66.468	Capitalization Grants for Drinking Water State Revolving Funds		2,721,511		18,704,521		21,426,032		21,426,032		--
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs		219,688		--		219,688		219,688		--
66.472	Beach Monitoring and Notification Program Implementation Grants		230,048		--		230,048		230,048		--
66.474	Water Protection Grants to the States		88,208		--		88,208		88,208		--
66.512	Regional Environmental Monitoring and Assessment Program (REMAP) Research Projects		38,361		--		38,361		38,361		--
66.513	Greater Research Opportunities (GRO) Fellowships For Undergraduate/Graduate Environmental Study		15,515		--		15,515		15,515		--
66.514	Science to Achieve Results (STAR) Fellowship Program		68,766		--		68,766		68,766		--
66.605	Performance Partnership Grants		4,940,613		--		4,940,613		4,940,613		--

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		296,645	--	296,645	296,645	--
66.609	Protection of Children and Older Adults (Elderly) from Environmental Health Risks		32,337	15,105	47,442	47,442	--
66.610	Surveys, Studies, Investigations and Special Purpose Grants within the Office of the Administrator		459,752	--	459,752	459,752	--
66.700	Consolidated Pesticide Enforcement Cooperative Agreements		473,032	--	473,032	473,032	--
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		266,030	4,346	270,376	270,376	--
66.708	Pollution Prevention Grants Program		20,135	--	20,135	20,135	--
66.714	Pesticide Environmental Stewardship Regional Grants		6,094	--	6,094	6,094	--
66.802	Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements		1,162,922	--	1,162,922	1,162,922	--
66.804	Underground Storage Tank Prevention, Detection, and Compliance Program		459,659	--	459,659	459,659	--
66.805	ARRA - Leaking Underground Storage Tank Trust Fund Corrective Action Program		17,949	--	17,949	17,949	--
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program		1,084,393	--	1,084,393	1,084,393	--
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements		254,777	--	254,777	254,777	--
66.817	State and Tribal Response Program Grants		1,303,648	--	1,303,648	1,303,648	--
66.818	Brownfields Assessment and Cleanup Cooperative Agreements		29,513	54,444	83,957	83,957	--
66.950	Environmental Education and Training Program		120,966	--	120,966	120,966	--
Total Environmental Protection Agency			\$ 16,778,007	\$ 43,367,656	\$ 60,145,663	\$ 60,145,663	\$ --
Nuclear Regulatory Commission							
77.006	U. S. Nuclear Regulatory Commission Nuclear Education Grant Program		\$ 53,247	\$ --	\$ 53,247	\$ 53,247	\$ --
Total Nuclear Regulatory Commission			\$ 53,247	\$ --	\$ 53,247	\$ 53,247	\$ --
Department of Energy							
81.041	ARRA - State Energy Program		\$ 75,819	\$ --	\$ 75,819	\$ 75,819	\$ --
81.041	State Energy Program		523,557	--	523,557	474,826	48,731
81.042	ARRA - Weatherization Assistance for Low-Income Persons		80,004	653,066	733,070	733,070	--
81.042	Weatherization Assistance for Low-Income Persons		261,263	3,714,059	3,975,322	3,975,322	--
81.049	Office of Science Financial Assistance Program		225,579	--	225,579	25,217	200,362

The accompanying notes are an integral part of this schedule.

81.086	Conservation Research and Development	150,777	--	150,777	--	150,777
81.087	Renewable Energy Research and Development	1,093,606	--	1,093,606	1,044,881	48,725
81.104	Office of Environmental Waste Processing	608,108	11,200	619,308	619,308	--
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	103,151	--	103,151	29,027	74,124
81.119	State Energy Program Special Projects	21,727	--	21,727	21,727	--
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis	11,108	--	11,108	11,108	--
81.XXX	Other Department of Energy Programs					
	00028303	125,664	1,364,033	1,489,697	1,489,697	--
	00044868-00003	265,595	--	265,595	--	265,595
	09 100	249,217	--	249,217	--	249,217
	09 70	1,107,822	--	1,107,822	--	1,107,822
	09 94	1,471,988	--	1,471,988	--	1,471,988
	1982 013 02	202,131	--	202,131	202,131	--
	1984 021 00	230,904	242,518	473,422	473,422	--
	1984 025 00	223,977	--	223,977	223,977	--
	1986 050 00	346,971	683,258	1,030,229	1,030,229	--
	1987 100 02	194,663	--	194,663	194,663	--
	1988 053 03	9,059	--	9,059	9,059	--
	1988 053 04	289,372	--	289,372	289,372	--
	1988 053 05	13,220	--	13,220	13,220	--
	1988 053 08	253,692	--	253,692	253,692	--
	1989 024 01	67,338	--	67,338	67,338	--
	1989 035 00	682,962	--	682,962	682,962	--
	1991 078 00	92,632	--	92,632	92,632	--
	1992 026 04	523,943	--	523,943	523,943	--
	1992 068 00	(95,247)	456,722	361,475	361,475	--
	1993 040 00	252,358	--	252,358	252,358	--
	1993 060 00	639,087	--	639,087	639,087	--
	1993 066 00	842,478	--	842,478	842,478	--
	1994 042 00	293,029	--	293,029	293,029	--
	1994 054 00	(39,978)	39,978	--	--	--
	1996 040 00	15,996	--	15,996	15,996	--
	1998 007 04	159,544	--	159,544	159,544	--
	1998 016 00	432,758	--	432,758	432,758	--
	2000 021 00	65,478	--	65,478	65,478	--
	2007 402 00	121,578	--	121,578	121,578	--
	2007 404 00	497,187	--	497,187	497,187	--
	35288	116,222	--	116,222	116,222	--
	35809	421,648	--	421,648	421,648	--
	402 00	81,862	--	81,862	--	81,862
	405 009	25,593	--	25,593	--	25,593
	Not Available	(22,813)	--	(22,813)	(22,813)	--

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, 2009 (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	Total Other Department of Energy Programs		\$ 10,157,930	\$ 2,786,509	\$ 12,944,439	\$ 9,742,362	\$ 3,202,077
	Total Department of Energy		\$ 13,312,629	\$ 7,164,834	\$ 20,477,463	\$ 16,752,667	\$ 3,724,796
Department of Education							
84.002	Adult Education_Basic Grants to States		\$ 1,301,630	\$ 4,492,153	\$ 5,793,783	\$ 5,793,783	\$ --
84.011	Migrant Education_State Grant Program		1,541,785	10,535,844	12,077,629	12,077,629	--
84.013	Title I Program for Neglected and Delinquent Children		465,309	176,201	641,510	641,510	--
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		187,031	--	187,031	187,031	--
84.016	Undergraduate International Studies and Foreign Language Programs		2,530	--	2,530	2,530	--
84.037	Perkins Loan Cancellations		862,507	--	862,507	862,507	--
84.048	Career and Technical Education_Basic Grants to States		1,910,940	15,183,157	17,094,097	17,094,097	--
84.069	Leveraging Educational Assistance Partnership		888,151	--	888,151	888,151	--
84.116	Fund for the Improvement of Postsecondary Education		558,939	--	558,939	556,328	2,611
84.129	Rehabilitation Long_Term Training		460,765	--	460,765	460,765	--
84.133	National Institute on Disability and Rehabilitation Research		(2,015)	--	(2,015)	--	(2,015)
84.141	Migrant Education_High School Equivalency Program		511,383	--	511,383	511,383	--
84.160	Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind		170,116	134,660	304,776	304,776	--
84.165	Magnet Schools Assistance		18,212	--	18,212	--	18,212
84.169	Independent Living_State Grants		190,185	--	190,185	190,185	--
84.177	Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind		424,607	--	424,607	424,607	--
84.184	Safe and Drug-Free Schools and Communities_National Programs		107,380	--	107,380	16,524	90,856
84.185	Byrd Honors Scholarships		466,500	--	466,500	466,500	--
84.186	Safe and Drug_Free Schools and Communities_State Grants		291,602	2,827,070	3,118,672	3,043,121	75,551
84.187	Supported Employment Services for Individuals with Significant Disabilities		271,107	--	271,107	271,107	--
84.195	Bilingual Education_Professional Development		194,928	--	194,928	194,928	--
84.196	Education for Homeless Children and Youth		140,510	621,031	761,541	761,541	--
84.200	Graduate Assistance in Areas of National Need		116,698	--	116,698	116,698	--
84.213	Even Start_State Educational Agencies		57,099	1,133,264	1,190,363	1,190,363	--
84.215	Fund for the Improvement of Education		142,758	--	142,758	--	142,758
84.224	Assistive Technology		50,838	341,744	392,582	341,665	50,917
84.235	Rehabilitation Services Demonstration and Training Programs		368,566	--	368,566	368,566	--
84.243	Tech-Prep Education		49,574	651,259	700,833	700,833	--
84.265	Rehabilitation Training_State Vocational Rehabilitation Unit In_Service Training		45,645	--	45,645	45,645	--

The accompanying notes are an integral part of this schedule.

84.282	Charter Schools	205,350	6,540,936	6,746,286	6,746,286	--
84.287	Twenty-First Century Community Learning Centers	348,706	10,773,444	11,122,150	11,122,150	--
84.298	State Grants for Innovative Programs	171,281	375,699	546,980	546,980	--
84.299	Indian Education-Special Programs for Indian Children	609,385	--	609,385	609,385	--
84.305	Education Research, Development and Dissemination	256,409	--	256,409	195,134	61,275
84.318	Education Technology State Grants	145,144	2,478,238	2,623,382	2,623,382	--
84.323	Special Education - State Personnel Development	151,727	461,502	613,229	568,259	44,970
84.324	Research in Special Education	626,897	103,118	730,015	730,015	--
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	2,490,293	--	2,490,293	2,490,293	--
84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	2,148,726	406,071	2,554,797	2,444,173	110,624
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	370,278	280,125	650,403	604,777	45,626
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	25,174	--	25,174	25,174	--
84.333	Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	123,565	--	123,565	123,565	--
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	863,330	521,000	1,384,330	1,384,330	--
84.342	Preparing Tomorrow's Teachers to Use Technology	1,073	--	1,073	--	1,073
84.350	Transition to Teaching	143,675	--	143,675	143,675	--
84.357	Reading First State Grants	3,178,309	3,750,147	6,928,456	5,474,319	1,454,137
84.358	Rural Education	58,527	1,222,278	1,280,805	1,280,805	--
84.365	English Language Acquisition Grants	384,808	8,025,089	8,409,897	8,409,897	--
84.366	Mathematics and Science Partnerships	480,474	1,785,683	2,266,157	1,845,150	421,007
84.367	Improving Teacher Quality State Grants	637,413	29,777,373	30,414,786	30,414,786	--
84.368	Grants for Enhanced Assessment Instruments	135,701	289,350	425,051	425,051	--
84.369	Grants for State Assessments and Related Activities	6,237,269	--	6,237,269	6,237,269	--
84.372	Statewide Data Systems	681,584	--	681,584	681,584	--
84.373	Special Education_Technical Assistance on State Data Collection	(3,263)	--	(3,263)	--	(3,263)
84.377	School Improvement Grants	72,552	1,203,811	1,276,363	1,276,363	--
84.378	College Access Challenge Grant Program	74,204	--	74,204	74,204	--
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	762,763	--	762,763	762,763	--
84.398	ARRA - Independent Living State Grants	27	--	27	27	--
84.399	ARRA - Independent Living Services for Older Individuals Who Are Blind	3,886	--	3,886	3,886	--
84.928	National Writing Project	175,929	--	175,929	--	175,929
84.XXX	Other Department of Education Programs					
	ED03CO0078	17,631	--	17,631	17,631	--
	ED08CO0071	141,079	--	141,079	141,079	--
	XCESSED03CO0078	6,433	--	6,433	6,433	--
84.XXX	Total Other Department of Education Programs	\$ 165,143	\$ --	\$ 165,143	\$ 165,143	\$ --

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Total Department of Education			\$ 33,521,619	\$ 104,090,247	\$ 137,611,866	\$ 134,921,598	\$ 2,690,268
Elections Assistance Commission							
90.401	Help America Vote Act Requirements Payments		\$ 3,231,407	\$ --	\$ 3,231,407	\$ 3,231,407	\$ --
Total Elections Assistance Commission			\$ 3,231,407	\$ --	\$ 3,231,407	\$ 3,231,407	\$ --
United States Institute of Peace							
91.001	Annual Grant Competition		\$ 12,428	\$ --	\$ 12,428	\$ 12,428	\$ --
Total United States Institute of Peace			\$ 12,428	\$ --	\$ 12,428	\$ 12,428	\$ --
Department of Health and Human Services							
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program		\$ 190,900	\$ --	\$ 190,900	\$ 190,900	\$ --
93.041	Special Programs for the Aging_ Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation		4,524	30,138	34,662	34,662	--
93.042	Special Programs for the Aging_ Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals		179,566	--	179,566	179,566	--
93.043	Special Programs for the Aging_ Title III, Part D_Disease Prevention and Health Promotion Services		--	187,545	187,545	187,545	--
93.048	Special Programs for the Aging_ Title IV and Title II_Discretionary Projects		172,023	286,188	458,211	458,211	--
93.052	National Family Caregiver Support, Title III, Part E		129,794	1,674,469	1,804,263	1,804,263	--
93.069	Public Health Emergency Preparedness		6,752,398	5,371,894	12,124,292	12,124,292	--
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants		15,218	--	15,218	--	15,218
93.103	Food and Drug Administration_ Research		155,050	--	155,050	155,050	--
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		21,793	--	21,793	--	21,793
93.110	Maternal and Child Health Federal Consolidated Programs		223,982	--	223,982	214,811	9,171
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		506,640	240,496	747,136	747,136	--
93.127	Emergency Medical Services for Children		94,019	--	94,019	94,019	--
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		288,707	--	288,707	288,707	--
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention		4,100	--	4,100	4,100	--
93.136	Injury Prevention and Control Research and State and Community Based Programs		485,390	375,582	860,972	860,972	--
93.150	Projects for Assistance in Transition from Homelessness (PATH)		(2,616)	99,667	97,051	97,051	--

The accompanying notes are an integral part of this schedule.

93.197	Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	97,007	--	97,007	97,007	--
93.204	Surveillance of Hazardous Substance Emergency Events	94,134	--	94,134	94,134	--
93.217	Family Planning_Services	811,863	2,069,766	2,881,629	2,881,629	--
93.226	Research on Healthcare Costs, Quality and Outcomes	8,859	--	8,859	--	8,859
93.234	Traumatic Brain Injury State Demonstration Grant Program	59,279	--	59,279	59,279	--
93.235	Abstinence Education Program	16,385	233,225	249,610	249,610	--
93.240	State Capacity Building	282,210	5,000	287,210	287,210	--
93.242	Mental Health Research Grants	49,741	--	49,741	--	49,741
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	79,465	240,440	319,905	319,905	--
93.249	Public Health Training Centers Grant Program	20,000	--	20,000	20,000	--
93.251	Universal Newborn Hearing Screening	17,447	--	17,447	17,447	--
93.262	Occupational Safety and Health Program	97,568	--	97,568	97,568	--
93.279	Drug Abuse and Addiction Research Programs	255,407	--	255,407	255,407	--
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	10,787,236	708,546	11,495,782	11,495,782	--
93.556	Promoting Safe and Stable Families	2,228,978	2,737,070	4,966,048	4,966,048	--
93.563	ARRA - Child Support Enforcement	4,396,778	1,496,962	5,893,740	5,893,740	--
93.563	Child Support Enforcement	21,125,048	7,433,515	28,558,563	28,558,563	--
93.566	Refugee and Entrant Assistance_State Administered Programs	2,771,325	563,442	3,334,767	3,334,767	--
93.568	Low-Income Home Energy Assistance	800,744	43,939,584	44,740,328	44,740,328	--
93.570	Community Services Block Grant_Discretionary Awards	9,874	--	9,874	--	9,874
93.576	Refugee and Entrant Assistance_Discretionary Grants	325,846	135,544	461,390	461,390	--
93.579	U.S. Repatriation	1,600	--	1,600	1,600	--
93.584	Refugee and Entrant Assistance_Targeted Assistance Grants	388,017	843,104	1,231,121	1,231,121	--
93.586	State Court Improvement Program	400,320	--	400,320	400,320	--
93.587	Promote the Survival and Continuing Vitality of Native American Languages	2,089	--	2,089	--	2,089
93.589	Refugee Assistance-Naturalization and Citizenship Activities	24,700	--	24,700	--	24,700
93.590	Community-Based Child Abuse Prevention Grants	318,376	9,477	327,853	327,853	--
93.597	Grants to States for Access and Visitation Programs	115,623	172,610	288,233	288,233	--
93.599	Chafee Education and Training Vouchers Program (ETV)	765,305	--	765,305	765,305	--
93.612	Native American Programs	26,868	--	26,868	--	26,868
93.617	Voting Access for Individuals with Disabilities_Grants to States	(4,608)	90,452	85,844	85,844	--
93.618	Voting Access for Individuals with Disabilities_Grants for Protection and Advocacy Systems	62,311	76,739	139,050	139,050	--
93.623	Basic Center Grant	142,100	--	142,100	142,100	--
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,096,732	--	1,096,732	925,787	170,945
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	425,763	--	425,763	425,763	--
93.643	Children's Justice Grants to States	247,777	--	247,777	247,777	--
93.645	Child Welfare Services_State Grants	2,922,879	887,681	3,810,560	3,737,647	72,913

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
93.648	Child Welfare Research Training and Demonstration		1,684,124	--	1,684,124	62,234	1,621,890
93.658	ARRA - Foster Care_Title IV-E		1,245,807	--	1,245,807	1,245,807	--
93.658	Foster Care_Title IV-E		85,292,034	1,522,625	86,814,659	85,206,668	1,607,991
93.659	ARRA - Adoption Assistance		2,332,696	--	2,332,696	2,332,696	--
93.659	Adoption Assistance		35,731,667	--	35,731,667	35,731,667	--
93.667	Social Services Block Grant		18,514,758	13,572,600	32,087,358	32,087,358	--
93.669	Child Abuse and Neglect State Grants		236,377	--	236,377	236,377	--
93.670	Child Abuse and Neglect Discretionary Activities		222,547	--	222,547	222,547	--
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes		41,192	1,191,210	1,232,402	1,232,402	--
93.674	Chafee Foster Care Independence Program		2,806,747	--	2,806,747	2,806,747	--
93.767	Children's Health Insurance Program		71,282,125	--	71,282,125	71,282,125	--
93.768	Medicaid Infrastructure Grants to Support the Competitive Employment of People with Disabilities		688,906	10,458	699,364	699,364	--
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		4,524,872	215,821	4,740,693	4,695,881	44,812
93.793	Medicaid Transformation Grants		554,532	--	554,532	554,532	--
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders		3,841	--	3,841	--	3,841
93.879	Medical Library Assistance		13,362	--	13,362	--	13,362
93.889	National Bioterrorism Hospital Preparedness Program		3,386,609	4,337,335	7,723,944	7,723,944	--
93.917	HIV Care Formula Grants		4,288,574	989,246	5,277,820	5,277,820	--
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems		316,035	--	316,035	316,035	--
93.940	HIV Prevention Activities - Health Department Based		1,134,381	1,114,776	2,249,157	2,249,157	--
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		741,008	254,617	995,625	995,625	--
93.945	Assistance Programs for Chronic Disease Prevention and Control		(10,290)	--	(10,290)	(10,290)	--
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		153,339	--	153,339	153,339	--
93.955	Health and Safety Programs for Construction Work		925	--	925	--	925
93.958	Block Grants for Community Mental Health Services		483,503	3,131,410	3,614,913	3,614,913	--
93.959	Block Grants for Prevention and Treatment of Substance Abuse		2,265,377	13,363,378	15,628,755	15,628,755	--
93.977	Preventive Health Services_Sexually Transmitted Diseases Control Grants		963,976	37,742	1,001,718	1,001,718	--
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		397,670	172,293	569,963	569,963	--

The accompanying notes are an integral part of this schedule.

93.991	Preventative Health and Health Services Block Grant	447,288	138,008	585,296	585,296	--
93.994	Maternal and Child Health Services Block Grant to the States	2,381,236	2,181,987	4,563,223	4,563,223	--
93.XXX	Other Department of Health and Human Services Programs 270-03-6002	(4,999)	--	(4,999)	--	(4,999)
93.XXX	Total Other Department of Health and Human Services Programs	\$ (4,999)	\$ --	\$ (4,999)	\$ --	\$ (4,999)
Total Department of Health and Human Services		\$ 302,612,753	\$ 112,142,642	\$ 14,755,395	\$ 411,055,402	\$ 3,699,993
Corporation For National and Community Service						
94.003	State Commissions	\$ 307,744	\$ --	\$ 307,744	\$ 82,923	\$ 224,821
94.004	Learn and Serve America_School and Community Based Programs	53,146	282,849	335,995	335,995	--
94.005	Learn and Serve America_Higher Education	83,695	46,847	130,542	130,542	--
94.006	ARRA - Americorps	--	13,570	13,570	13,570	--
94.006	Americorps	862,985	1,268,707	2,131,692	1,975,782	155,910
94.007	Program Development and Innovation Grants	68,472	--	68,472	7,137	61,335
94.009	Training and Technical Assistance	61,711	--	61,711	61,711	--
Total Corporation For National and Community Service		\$ 1,437,753	\$ 1,611,973	\$ 3,049,726	\$ 2,607,660	\$ 442,066
Department of Homeland Security						
97.001	Pilot Demonstration or Earmarked Projects	\$ --	\$ 10,000	\$ 10,000	\$ 10,000	\$ --
97.007	Homeland Security Preparedness Technical Assistance Program	1,233,726	297,080	1,530,806	1,530,806	--
97.008	Urban Areas Security Initiative	1,020,197	4,605,557	5,625,754	5,625,754	--
97.012	Boating Safety Financial Assistance	324,196	2,075,318	2,399,514	2,399,514	--
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	142,144	21,065	163,209	--	163,209
97.018	National Fire Academy Training Assistance	8,400	--	8,400	8,400	--
97.023	Community Assistance Program_State Support Services Element (CAP-SSSE)	110,220	--	110,220	110,220	--
97.029	Flood Mitigation Assistance	--	452,318	452,318	452,318	--
97.032	Crisis Counseling	38,079	--	38,079	38,079	--
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	2,776,027	14,506,512	17,282,539	17,282,539	--
97.039	Hazard Mitigation Grant	954,230	--	954,230	13,545	940,685
97.040	Chemical Stockpile Emergency Preparedness Program	6,584,064	1,458,621	8,042,685	8,042,685	--
97.041	National Dam Safety Program	81,120	--	81,120	81,120	--
97.042	Emergency Management Performance Grants	816,128	2,903,273	3,719,401	3,719,401	--
97.043	State Fire Training Systems Grants	27,441	--	27,441	27,441	--
97.045	Cooperating Technical Partners	269,184	--	269,184	269,184	--
97.047	Pre-Disaster Mitigation	30,883	2,950,267	2,981,150	2,981,150	--
97.053	Citizen Corps	13,116	126,266	139,382	139,382	--
97.070	Map Modernization Management Support	223,093	--	223,093	223,093	--
97.071	Metropolitan Medical Response System	--	19,731	19,731	19,731	--
97.073	State Homeland Security Program (SHSP)	1,002,130	2,733,196	3,735,326	3,681,083	54,243
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	687,612	1,914,985	2,602,597	2,602,597	--
97.075	Rail and Transit Security Grant Program	--	1,213,348	1,213,348	1,213,348	--
97.078	Buffer Zone Protection Program (BZPP)	--	189,894	189,894	189,894	--
97.089	Real ID Program	464,254	--	464,254	464,254	--

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Total Department of Homeland Security			\$ 16,806,244	\$ 35,477,431	\$ 52,283,675	\$ 51,125,538	\$ 1,158,137
United States Agency for International Development							
98.012	USAID Development Partnerships for University Cooperation and Development		\$ 128,894	\$ 14,531	\$ 143,425	\$ --	\$ 143,425
Total United States Agency for International Development			\$ 128,894	\$ 14,531	\$ 143,425	\$ --	\$ 143,425
SNAP Cluster							
10.551	ARRA - Supplemental Nutrition Assistance Program		\$ 30,660,698	\$ --	\$ 30,660,698	\$ 30,660,698	\$ --
10.551	Supplemental Nutrition Assistance Program		702,602,696	--	702,602,696	702,602,696	--
10.561	ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		2,800,321	--	2,800,321	2,800,321	--
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		47,045,721	4,178,869	51,224,590	51,224,590	--
Total SNAP Cluster			\$ 783,109,436	\$ 4,178,869	\$ 787,288,305	\$ 787,288,305	\$ --
Child Nutrition Cluster							
10.553	School Breakfast Program		\$ 460,856	\$ 28,045,997	\$ 28,506,853	\$ 28,506,853	\$ --
10.555	National School Lunch Program		1,006,419	83,924,982	84,931,401	84,931,401	--
10.556	Special Milk Program for Children		--	160,408	160,408	160,408	--
10.559	Summer Food Service Program for Children		122,245	4,465,417	4,587,662	4,569,066	18,596
Total Child Nutrition Cluster			\$ 1,589,520	\$ 116,596,804	\$ 118,186,324	\$ 118,167,728	\$ 18,596
Emergency Food Assistance Cluster							
10.568	ARRA - Emergency Food Assistance Program (Administrative Costs)		\$ 4,137	\$ 99,892	\$ 104,029	\$ 104,029	\$ --
10.568	Emergency Food Assistance Program (Administrative Costs)		44,477	490,762	535,239	535,239	--
10.569	Emergency Food Assistance Program (Food Commodities)		--	6,710,601	6,710,601	6,710,601	--
Total Emergency Food Assistance Cluster			\$ 48,614	\$ 7,301,255	\$ 7,349,869	\$ 7,349,869	\$ --
Schools and Roads Cluster							
10.665	Schools and Roads_Grants to States		\$ 100,659	\$ 133,989,353	\$ 134,090,012	\$ 133,989,353	\$ 100,659
10.666	Schools and Roads_Grants to Counties		56,472	--	56,472	56,472	--
Total Schools and Roads Cluster			\$ 157,131	\$ 133,989,353	\$ 134,146,484	\$ 134,045,825	\$ 100,659
Public Works and Economic Development Cluster							
11.307	Economic Adjustment Assistance		\$ 72,369	\$ --	\$ 72,369	\$ 72,369	\$ --
Total Public Works and Economic Development Cluster			\$ 72,369	\$ --	\$ 72,369	\$ 72,369	\$ --

The accompanying notes are an integral part of this schedule.

Section 8 Project-Based Cluster						
14.182	Lower Income Housing Assistance Program - Section 8 New Construction/Substantial Rehabilitation	\$ 50,895,536	\$ --	\$ 50,895,536	\$ 50,895,536	\$ --
Total Section 8 Project-Based Cluster		\$ 50,895,536	\$ --	\$ 50,895,536	\$ 50,895,536	\$ --
CDBG - Entitlement Grants Cluster						
14.218	Community Development Block Grants/Entitlement Grants	\$ 84,319	\$ --	\$ 84,319	\$ --	\$ 84,319
Total CDBG - Entitlement Grants Cluster		\$ 84,319	\$ --	\$ 84,319	\$ --	\$ 84,319
CDBG - State Administered Small Cities Program Cluster						
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 381,251	\$ 16,510,807	\$ 16,892,058	\$ 16,892,058	\$ --
14.255	Community Development Block Grant/State's program and Non-Entitlement Grants in Hawaii (Recovery Act Funded)	4,093	--	4,093	4,093	--
Total CDBG - State Administered Small Cities Program Cluster		\$ 385,344	\$ 16,510,807	\$ 16,896,151	\$ 16,896,151	\$ --
Fish and Wildlife Cluster						
15.605	Sport Fish Restoration Program	\$ 5,665,148	\$ 1,546,533	\$ 7,211,681	\$ 7,211,681	\$ --
15.611	Wildlife Restoration	5,191,537	3,284	5,194,821	5,194,821	--
Total Fish and Wildlife Cluster		\$ 10,856,685	\$ 1,549,817	\$ 12,406,502	\$ 12,406,502	\$ --
Employment Service Cluster						
17.207	Employment Service/Wagner-Peyser Funded Activities	\$ 796,218	\$ --	\$ 796,218	\$ 796,218	\$ --
17.801	Disabled Veterans' Outreach Program (DVOP)	1,435,252	--	1,435,252	1,435,252	--
17.804	Local Veterans' Employment Representative Program	904,107	--	904,107	904,107	--
Total Employment Service Cluster		\$ 3,135,577	\$ --	\$ 3,135,577	\$ 3,135,577	\$ --
WIA Cluster						
17.258	ARRA - WIA Adult Program	\$ 53,888	\$ 239,166	\$ 293,054	\$ 293,054	\$ --
17.258	WIA Adult Program	795,529	11,348,250	12,143,779	12,143,779	--
17.259	ARRA - WIA Youth Activities	140	1,943,889	1,944,029	1,944,029	--
17.259	WIA Youth Activities	764,382	13,282,489	14,046,871	14,046,871	--
17.260	ARRA - WIA Dislocated Workers	4,204	1,024,323	1,028,527	1,028,527	--
17.260	WIA Dislocated Workers	2,346,091	23,657,593	26,003,684	26,003,684	--
Total WIA Cluster		\$ 3,964,234	\$ 51,495,710	\$ 55,459,944	\$ 55,459,944	\$ --
Highway Planning and Construction Cluster						
20.205	ARRA - Highway Planning and Construction	\$ 10,350,846	\$ 17,523	\$ 10,368,369	\$ 10,368,369	\$ --
20.205	Highway Planning and Construction	390,657,558	19,566,720	410,224,278	408,318,853	1,905,425
20.219	Recreational Trails Program	244,631	889,399	1,134,030	1,134,030	--
Total Highway Planning and Construction Cluster		\$ 401,253,035	\$ 20,473,642	\$ 421,726,677	\$ 419,821,252	\$ 1,905,425

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Federal Transit Cluster							
20.507	Federal Transit Formula Grants		\$ 3,874	\$ --	\$ 3,874	\$ --	\$ 3,874
Total Federal Transit Cluster			\$ 3,874	\$ --	\$ 3,874	\$ --	\$ 3,874
Highway Safety Cluster							
20.600	State and Community Highway Safety		\$ 1,816,923	\$ 1,309,619	\$ 3,126,542	\$ 3,126,542	\$ --
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I		272,616	705,774	978,390	978,390	--
20.602	Occupant Protection Incentive Grants		--	423,603	423,603	423,603	--
20.604	Safety Incentive Grants for Use of Seatbelts		87,442	16,701	104,143	104,143	--
20.609	Safety Belt Performance Grants		180,130	213,666	393,796	393,796	--
20.610	State Traffic Safety Information System Improvement Grants		92,554	359,128	451,682	451,682	--
20.612	Incentive Grant Program to Increases Motorcyclist Safety		38,866	--	38,866	38,866	--
20.613	Child Safety and Child Booster Seats Incentive Grants		15,817	356,777	372,594	372,594	--
Total Highway Safety Cluster			\$ 2,504,348	\$ 3,385,268	\$ 5,889,616	\$ 5,889,616	\$ --
Transit Services Programs Cluster							
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities		\$ 174,211	\$ 5,418,559	\$ 5,592,770	\$ 5,592,770	\$ --
20.516	Job Access_Reverse Commute		7,432	696,583	704,015	704,015	--
20.521	New Freedom Program		7,409	487,753	495,162	495,162	--
Total Transit Services Programs Cluster			\$ 189,052	\$ 6,602,895	\$ 6,791,947	\$ 6,791,947	\$ --
Title I, Part A Cluster							
84.010	Title I Grants to Local Educational Agencies		\$ 1,170,656	\$ 132,216,181	\$ 133,386,837	\$ 133,386,837	\$ --
Total Title I, Part A Cluster			\$ 1,170,656	\$ 132,216,181	\$ 133,386,837	\$ 133,386,837	\$ --
Special Education Cluster (IDEA)							
84.027	Special Education_Grants to States		\$ 7,421,367	\$ 118,899,020	\$ 126,320,387	\$ 125,955,799	\$ 364,588
84.173	Special Education_Preschool Grants		429,400	3,507,887	3,937,287	3,741,547	195,740
84.391	ARRA - Special Education Grants to States		--	4,194,460	4,194,460	4,194,460	--
Total Special Education Cluster (IDEA)			\$ 7,850,767	\$ 126,601,367	\$ 134,452,134	\$ 133,891,806	\$ 560,328
TRIO Cluster							
84.042	TRIO_Student Support Services		\$ 1,838,238	\$ --	\$ 1,838,238	\$ 1,838,238	\$ --
84.044	TRIO_Talent Search		345,987	--	345,987	345,987	--
84.047	TRIO_Upward Bound		679,708	--	679,708	679,708	--
84.217	TRIO_McNair Post_Baccalaureate Achievement		660,617	--	660,617	660,617	--
Total TRIO Cluster			\$ 3,524,550	\$ --	\$ 3,524,550	\$ 3,524,550	\$ --

The accompanying notes are an integral part of this schedule.

Vocational Rehabilitation Cluster						
84.126	Rehabilitation Services_Vocational Rehabilitation Grants to States	\$ 36,913,223	\$ (47,220)	\$ 36,866,003	\$ 36,866,003	\$ --
84.390	ARRA - Rehabilitation Services_Vocational Rehabilitation Grants to States	49,712	--	49,712	49,712	--
Total Vocational Rehabilitation Cluster		\$ 36,962,935	\$ (47,220)	\$ 36,915,715	\$ 36,915,715	\$ --
Early Intervention Services (IDEA) Cluster						
84.181	Special Education_Grants for Infants and Families	\$ 8,842,950	\$ 5,579,307	\$ 14,422,257	\$ 5,778,453	\$ 8,643,804
Total Early Intervention Services (IDEA) Cluster		\$ 8,842,950	\$ 5,579,307	\$ 14,422,257	\$ 5,778,453	\$ 8,643,804
State Fiscal Stabilization Fund Cluster						
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants	\$ 55,636,352	\$ 113,311,579	\$ 168,947,931	\$ 113,311,579	\$ 55,636,352
Total State Fiscal Stabilization Fund Cluster		\$ 55,636,352	\$ 113,311,579	\$ 168,947,931	\$ 113,311,579	\$ 55,636,352
Aging Cluster						
93.044	Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	\$ 310,012	\$ 4,023,804	\$ 4,333,816	\$ 4,333,816	\$ --
93.045	Special Programs for the Aging_Title III, Part C_Nutrition Services	312,064	6,393,898	6,705,962	6,705,962	--
93.053	Nutrition Services Incentive Program	(29,358)	1,669,669	1,640,311	1,640,311	--
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	--	10,986	10,986	10,986	--
93.707	ARRA - Aging Congregate Nutrition Services for States	--	22,315	22,315	22,315	--
Total Aging Cluster		\$ 592,718	\$ 12,120,672	\$ 12,713,390	\$ 12,713,390	\$ --
Immunization Cluster						
93.268	Immunization Grants	\$ 30,775,132	\$ 189,910	\$ 30,965,042	\$ 30,964,554	\$ 488
Total Immunization Cluster		\$ 30,775,132	\$ 189,910	\$ 30,965,042	\$ 30,964,554	\$ 488
TANF Cluster						
93.558	Temporary Assistance for Needy Families	\$ 189,521,107	\$ 417,431	\$ 189,938,538	\$ 189,938,538	\$ --
Total TANF Cluster		\$ 189,521,107	\$ 417,431	\$ 189,938,538	\$ 189,938,538	\$ --
CSBG Cluster						
93.569	Community Services Block Grant	\$ 226,226	\$ 5,142,254	\$ 5,368,480	\$ 5,368,480	\$ --
93.710	ARRA - Community Services Block Grant (CSBG)	--	33,867	33,867	33,867	--
Total CSBG Cluster		\$ 226,226	\$ 5,176,121	\$ 5,402,347	\$ 5,402,347	\$ --
CCDF Cluster						
93.575	Child Care and Development Block Grant	\$ 15,973,291	\$ 5,842,227	\$ 21,815,518	\$ 21,815,518	\$ --
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	29,423,815	--	29,423,815	29,423,774	41
93.713	ARRA - Child Care and Development Block Grant	19,572,076	--	19,572,076	19,572,076	--
Total CCDF Cluster		\$ 64,969,182	\$ 5,842,227	\$ 70,811,409	\$ 70,811,368	\$ 41

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
Head Start Cluster							
93.600	Head Start		\$ 1,196,264	\$ --	\$ 1,196,264	\$ 1,196,264	\$ --
Total Head Start Cluster			\$ 1,196,264	\$ --	\$ 1,196,264	\$ 1,196,264	\$ --
Medicaid Cluster							
93.775	State Medicaid Fraud Control Units		\$ 1,175,567	\$ --	\$ 1,175,567	\$ 1,175,567	\$ --
93.777	State Survey and Certification of Health Care Providers and Suppliers		5,556,592	--	5,556,592	5,556,592	--
93.778	ARRA - Medical Assistance Program		\$ 264,596,477	\$ --	\$ 264,596,477	\$ 264,596,477	\$ --
93.778	Medical Assistance Program		2,365,683,599	978,566	2,366,662,165	2,366,637,888	24,277
Total Medicaid Cluster			\$ 2,637,012,235	\$ 978,566	\$ 2,637,990,801	\$ 2,637,966,524	\$ 24,277
Disability Insurance/SSI Cluster							
96.001	Social Security_Disability Insurance		\$ 24,387,990	\$ --	\$ 24,387,990	\$ 24,387,990	\$ --
Total Disability Insurance/SSI Cluster			\$ 24,387,990	\$ --	\$ 24,387,990	\$ 24,387,990	\$ --
Student Financial Assistance Programs							
84.007	Federal Supplemental Education Opportunity Grants		\$ 4,134,190	\$ --	\$ 4,134,190	\$ 4,134,190	\$ --
84.032	Federal Family Education Loans		202,751,723	--	202,751,723	202,751,723	--
84.033	Federal Work-Study Program		4,371,314	--	4,371,314	4,371,314	--
84.063	Federal Pell Grant Program		63,864,611	--	63,864,611	63,864,611	--
84.268	Federal Direct Student Loans		230,772,581	--	230,772,581	230,772,581	--
84.375	Academic Competitiveness Grants		1,158,764	--	1,158,764	1,158,764	--
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants		2,314,470	--	2,314,470	2,314,470	--
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students		(10)	--	(10)	(10)	--
Total Student Financial Assistance Programs			\$ 509,367,643	\$ --	\$ 509,367,643	\$ 509,367,643	\$ --
Research and Development Cluster							
10.001	Agricultural Research_Basic and Applied Research		\$ 2,626,431	\$ 16,105	\$ 2,642,536	\$ 2,637,500	\$ 5,036
10.025	Plant and Animal Disease, Pest Control, and Animal Care		12,739	--	12,739	1,978	10,761
10.200	Grants for Agricultural Research, Special Research Grants		2,166,886	354,638	2,521,524	1,714,970	806,554
10.202	Cooperative Forestry Research		725,292	--	725,292	721,435	3,857
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act		3,681,021	--	3,681,021	3,681,021	--
10.206	Grants for Agricultural Research_Competitive Research Grants		2,762,929	179,483	2,942,412	2,132,815	809,597
10.207	Animal Health and Disease Research		62,032	--	62,032	62,032	--
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants		87,028	--	87,028	87,028	--
10.212	Small Business Innovation Research		16,845	--	16,845	--	16,845

The accompanying notes are an integral part of this schedule.

10.215	Sustainable Agriculture Research and Education	48,461	--	48,461	--	48,461
10.217	Higher Education Challenge Grants	12,895	--	12,895	12,895	--
10.219	Biotechnology Risk Assessment Research	57,123	30,607	87,730	87,730	--
10.225	Community Food Projects	5,427	--	5,427	1,393	4,034
10.250	Agricultural and Rural Economic Research	107,267	--	107,267	103,590	3,677
10.303	Integrated Programs	630,353	105,232	735,585	474,166	261,419
10.304	Homeland Security_Agricultural	229,452	--	229,452	105,502	123,950
10.305	International Science and Education Grants	11,561	--	11,561	11,561	--
10.307	Organic Agriculture Research and Extension Initiative	190,303	140,950	331,253	331,253	--
10.309	Specialty Crop Research Initiative	66,592	--	66,592	--	66,592
10.446	Rural Community Development Initiative	6,857	--	6,857	6,857	--
10.455	Community Outreach and Assistance Partnership Program	70,354	--	70,354	57,428	12,926
10.456	Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	125,336	--	125,336	125,336	--
10.459	Commodity Partnerships for Small Agricultural Risk Management Education Sessions	40,941	--	40,941	40,941	--
10.500	Cooperative Extension Service	774,276	--	774,276	341,433	432,843
10.551	Supplemental Nutrition Assistance Program	1,773,055	39,164	1,812,219	--	1,812,219
10.558	Child and Adult Care Food Program	3,298	--	3,298	3,298	--
10.652	Forestry Research	683,930	--	683,930	659,424	24,506
10.664	Cooperative Forestry Assistance	2,022,913	--	2,022,913	2,001,527	21,386
10.670	National Forest_Dependent Rural Communities	1,728	--	1,728	--	1,728
10.672	Rural Development, Forestry, and Communities	1,927	--	1,927	(4,352)	6,279
10.677	Forest Land Enhancement Program	56,209	--	56,209	56,209	--
10.678	Forest Stewardship Program	10,083	--	10,083	7,680	2,403
10.680	Forest Health Protection	28,679	--	28,679	28,679	--
10.769	Rural Business Enterprise Grants	(190)	--	(190)	(190)	--
10.901	Resource Conservation and Development	10,078	--	10,078	10,078	--
10.902	Soil and Water Conservation	372,524	--	372,524	372,524	--
10.905	Plant Materials for Conservation	1,967	--	1,967	--	1,967
10.912	Environmental Quality Incentives Program	178,645	42,906	221,551	110,646	110,905
10.962	Cochran Fellowship Program - International Training - Foreign Participant	67,696	--	67,696	67,696	--
10.XXX	Other Department of Agriculture Programs					
	03-CR-11061820-055	4,279	--	4,279	4,279	--
	04-JV-11221617-246	1,144	--	1,144	1,144	--
	04-JV-11261952-301	7,435	--	7,435	7,435	--
	04-JV-11261952-307 PNW	2,549	--	2,549	2,549	--
	04-JV-11261952-335 PNW	53,530	--	53,530	53,530	--
	04-JV-11261952-350 PNW	51,845	--	51,845	51,845	--
	04-JV-11261952-354 PNW	53,746	--	53,746	53,746	--
	04-JV-11261953-355 PNW	37,248	--	37,248	37,248	--
	05-CS-11083601-001	48,497	--	48,497	48,497	--

The accompanying notes are an integral part of this schedule.

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		05-JV-11231300-029	11,561	--	11,561	11,561	--
		05-JV-11261951-409 PNW	58,140	--	58,140	58,140	--
		05-JV-11261952-370 PNW	365,419	--	365,419	365,419	--
		05-JV-11261952-384 PNW	46,339	--	46,339	46,339	--
		05-JV-11261952-415 PNW	17,747	--	17,747	17,747	--
		05-JV-11261967-069 PNW	633	--	633	633	--
		06-CR-11061503-015 MOD 2	7,642	--	7,642	7,642	--
		06-JV-11231300-141	96,735	--	96,735	96,735	--
		06-JV-11261952-424 PNW	10,832	--	10,832	10,832	--
		06-JV-11261975-267 PNW	15,999	--	15,999	15,999	--
		06-JV-11261975-295 PNW	20,702	--	20,702	20,702	--
		06-JV-11261975-299 PNW	5,672	--	5,672	5,672	--
		06-JV-11261979-272 PNW	28,164	--	28,164	28,164	--
		06-JV-11272138-049	133,127	--	133,127	133,127	--
		07-CR-11061800-018	102,804	9,182	111,986	111,986	--
		07-JV-11062754-491	1,002,783	--	1,002,783	1,002,783	--
		07-JV-11242300-086	28,271	--	28,271	28,271	--
		07-JV-11242300-107	41,980	--	41,980	41,980	--
		07-JV-11261952-464 PNW	16,285	--	16,285	16,285	--
		07-JV-11261953-462 PNW	8,665	--	8,665	8,665	--
		07-JV-11261975-328 PNW	50,346	--	50,346	50,346	--
		07-JV-11261975-333 PNW	27,765	--	27,765	27,765	--
		07-JV-11261979-327 PNW	57,820	--	57,820	57,820	--
		07-JV-11272138-032	39,957	--	39,957	39,957	--
		08-JV-11261951-487 PNW	131,439	--	131,439	131,439	--
		08-JV-11261952-502 PNW	4,289	--	4,289	4,289	--
		08-JV-11261955-491 PNW	29,333	--	29,333	29,333	--
		08-JV-11261975-353 PNW	19,761	--	19,761	19,761	--
		09-CR-11060600-007	2,967	--	2,967	2,967	--
		09-JV-11242305-025	2,383	--	2,383	2,383	--
		09-JV-11261900-002 PNW	14,027	--	14,027	14,027	--
		09-JV-11261900-003 PNW	5,075	--	5,075	5,075	--
		09-JV-11261975-013 PNW 126571	173	--	173	173	--
		449970-02	3,112,081	73,959	3,186,040	--	3,186,040
		AG-04GG-P-09-0029	14,042	--	14,042	--	14,042
		AG-04GG-P-09-0030	3,575	--	3,575	3,575	--
		AG-04GG-P-09-0046	1,056	--	1,056	1,056	--
			8,592	--	8,592	8,592	--

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	AG-04GG-P-09-0073	28,967	--	28,967	28,967	--
	AG-04N7-P-09-0003	1,618	--	1,618	1,618	--
	AG-04T0-P-09-0018	9,507	--	9,507	9,507	--
	MO-OR0436-9004	10,967	--	10,967	10,967	--
	NFS 09-CR-11062754-018	2,420	--	2,420	2,420	--
	Not Available	971	--	971	971	--
	S09055	15,466	--	15,466	--	15,466
10.XXX	Total Other Department of Agriculture Programs	\$ 5,874,370	\$ 83,141	\$ 5,957,511	\$ 2,741,963	\$ 3,215,548
11.302	Economic Development_Support for Planning Organizations	759	--	759	--	759
11.307	Economic Adjustment Assistance	120,328	--	120,328	--	120,328
11.417	Sea Grant Support	2,555,504	277,083	2,832,587	2,619,922	212,665
11.419	Coastal Zone Management Administration Awards	138,108	45,263	183,371	--	183,371
11.420	Coastal Zone Management Estuarine Research Reserves	40,796	--	40,796	40,796	--
11.426	Financial Assistance for National Centers for Central Coastal Ocean Science	35,777	--	35,777	--	35,777
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	35,444	--	35,444	35,444	--
11.430	Undersea Research	88,257	--	88,257	88,257	--
11.431	Climate and Atmospheric Research	527,601	112,564	640,165	535,678	104,487
11.432	Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	1,102,409	22,130	1,124,539	1,098,479	26,060
11.433	Marine Fisheries Initiative	2,293	--	2,293	2,293	--
11.436	Columbia River Fisheries Development Program	239,003	--	239,003	116,342	122,661
11.437	Pacific Fisheries Data Program	27,182	--	27,182	16,944	10,238
11.438	Pacific Coast Salmon Recovery_Pacific Salmon Treaty Program	92,415	--	92,415	--	92,415
11.439	Marine Mammal Data Program	473,451	--	473,451	227,270	246,181
11.440	Environmental Sciences, Applications, Data, and Education	1,646,504	195,417	1,841,921	1,841,921	--
11.452	Unallied Industry Projects	151,740	--	151,740	151,740	--
11.454	Unallied Management Projects	89,994	--	89,994	--	89,994
11.455	Cooperative Science and Education Program	1,061,655	--	1,061,655	1,061,655	--
11.460	Special Oceanic and Atmospheric Projects	126,270	--	126,270	126,270	--
11.463	Habitat Conservation	34,310	--	34,310	--	34,310
11.469	Congressionally Identified Awards and Projects	14,726	--	14,726	14,726	--
11.472	Unallied Science Program	881,733	--	881,733	10,449	871,284
11.473	Coastal Services Center	405,621	--	405,621	8,093	397,528
11.474	Atlantic Coastal Fisheries Cooperative Management Act	28,575	--	28,575	28,575	--
11.478	Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	378,476	--	378,476	378,476	--
11.609	Measurement and Engineering Research and Standards	49,901	--	49,901	--	49,901
11.XXX	Other Department of Commerce Programs					
	AB133F06SE3676	44,297	--	44,297	44,297	--
	AB133F08SE3489	10,034	--	10,034	10,034	--
	AB133F08SE4153	16,067	--	16,067	16,067	--
	AB133F08SE4903	21,514	--	21,514	21,514	--

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
		AB133F09SE0973	15,000	--	15,000	15,000	--
		AB133F09SE1188	7,932	--	7,932	7,932	--
		AB133F09SE1772	13,144	--	13,144	13,144	--
		HC 12403	34,933	--	34,933	--	34,933
		Not Available	4,222	--	4,222	--	4,222
		PO Z879367	30,459	--	30,459	--	30,459
11.XXX	Total Other Department of Commerce Programs		\$ 197,602	\$ --	\$ 197,602	\$ 127,988	\$ 69,614
12.104	Flood Plain Management Services		11,993	--	11,993	11,993	--
12.107	Navigation Projects		14,957	--	14,957	--	14,957
12.114	Collaborative Research and Development		547,907	297,864	845,771	845,771	--
12.300	Basic and Applied Scientific Research		8,414,980	151,350	8,566,330	7,853,062	713,268
12.351	Basic Scientific Research - Combating Weapons of Mass Destruction		154,954	--	154,954	154,954	--
12.401	National Guard Military Operations and Maintenance (O&M) Projects		53,203	--	53,203	--	53,203
12.420	Military Medical Research and Development		2,947,266	82,983	3,030,249	2,387,951	642,298
12.431	Basic Scientific Research		1,052,398	22,395	1,074,793	709,550	365,243
12.550	National Flagship Language Program Grants To U.S. Institutions Of Higher Education		(5,694)	--	(5,694)	--	(5,694)
12.551	National Security Education Program David L. Boren Scholarships		1,315,611	402,819	1,718,430	191	1,718,239
12.630	Basic, Applied, and Advanced Research in Science and Engineering		2,295,977	431,188	2,727,165	2,092,908	634,257
12.800	Air Force Defense Research Sciences Program		2,436,111	371,530	2,807,641	2,705,740	101,901
12.901	Mathematical Sciences Grants Program		10,664	--	10,664	10,664	--
12.910	Research and Technology Development		1,825,867	--	1,825,867	--	1,825,867
12.XXX	Other Department of Defense Programs						
		00001616	23,794	--	23,794	--	23,794
		0160 S HE178	100,847	--	100,847	--	100,847
		27-001325,Release 1 (Phase II)	177,940	--	177,940	--	177,940
		801884-BS	28,960	--	28,960	--	28,960
		8140000479	33,959	--	33,959	--	33,959
		BUOTM-15555	24,577	--	24,577	--	24,577
		FA8718-09-C-0004	2,620	--	2,620	2,620	--
		G-2334-3 AMEND 2	334,879	--	334,879	--	334,879
		H98230-07-C-0412	2,641	--	2,641	2,641	--
		H98230-08-C-0329	485,475	290,274	775,749	775,749	--
		HLS 200-101 TASK ORDER#1	36,836	--	36,836	--	36,836
		N62583-09-C-0032	20,941	--	20,941	20,941	--
		Not Available	51,091	--	51,091	--	51,091
		ORFO-02-24-09-01tk	9,842	--	9,842	--	9,842

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	PO# LB001742/TO #0006	5,393	--	5,393	--	5,393
	W66QKZ72481481 TASK 01	1,451	--	1,451	1,451	--
	W911QY-09-P-0051	17,975	--	17,975	17,975	--
	W9127N-0820001	1,067,392	281,211	1,348,603	1,348,603	--
	W9127N-08-F-0083	14,145	--	14,145	14,145	--
	W912EF-09C0013	201,133	93,930	295,063	295,063	--
	W912HZ-08-P-0003	49,132	--	49,132	49,132	--
	W9132T-06-C-0010	9,004	--	9,004	9,004	--
	Z941603	14,727	--	14,727	--	14,727
12.XXX	Total Other Department of Defense Programs	<u>\$ 2,714,754</u>	<u>\$ 665,415</u>	<u>\$ 3,380,169</u>	<u>\$ 2,537,324</u>	<u>\$ 842,845</u>
14.138	Mortgage Insurance_Rental Housing for the Elderly	1,824	--	1,824	1,824	--
14.506	General Research and Technology Activity	37,230	--	37,230	37,230	--
14.517	Early Doctoral Student Research Grants	8,253	--	8,253	8,253	--
14.XXX	Other Department of Housing and Urban Development 7010-24-B2H	124,300	--	124,300	--	124,300
14.XXX	Total Other Department of Housing and Urban Development	124,300	--	124,300	--	124,300
15.224	Cultural Resource Management	46,264	--	46,264	46,168	96
15.225	Recreation Resource Management	109,033	--	109,033	95,518	13,515
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	4,924	--	4,924	4,924	--
15.231	Fish, Wildlife and Plant Conservation Resource Management	81,903	--	81,903	81,903	--
15.233	Forests and Woodlands Resource Management	968	--	968	968	--
15.234	Secure Rural Schools and Community Self-Determination	1,479	--	1,479	--	1,479
15.238	Challenge Cost Share	929	--	929	929	--
15.242	National Fire Plan - Rural Fire Assistance	47,422	--	47,422	47,422	--
15.423	Minerals Management Service (MMS) Environmental Studies Program (ESP)	3,479	--	3,479	--	3,479
15.504	Water Reclamation and Reuse Program	26,330	13,543	39,873	39,873	--
15.507	Water 2025	(2)	--	(2)	(2)	--
15.517	Fish and Wildlife Coordination Act	11,271	--	11,271	11,271	--
15.605	Sport Fish Restoration Program	31,692	--	31,692	--	31,692
15.608	Fish and Wildlife Management Assistance	293,360	--	293,360	164,558	128,802
15.611	Wildlife Restoration	63,300	--	63,300	2,731	60,569
15.615	Cooperative Endangered Species Conservation Fund	882	--	882	--	882
15.630	Coastal Program	802	--	802	802	--
15.631	Partners for Fish and Wildlife	11,725	--	11,725	11,725	--
15.634	State Wildlife Grants	193,794	--	193,794	--	193,794
15.637	Migratory Bird Joint Ventures	53,559	--	53,559	--	53,559
15.649	Service Training and Technical Assistance (Generic Training)	78,489	--	78,489	78,489	--
15.650	Research Grants (Generic)	98,535	--	98,535	98,535	--
15.805	Assistance to State Water Resources Research Institutes	60,224	9,607	69,831	69,831	--

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
15.807	Earthquake Hazards Reduction Program		242,375	--	242,375	223,011	19,364
15.808	U.S. Geological Survey_Research and Data Collection		1,982,205	--	1,982,205	1,621,802	360,403
15.811	Gap Analysis Program		26,332	--	26,332	26,332	--
15.812	Cooperative Research Units Program		1,181,497	--	1,181,497	1,181,497	--
15.904	Historic Preservation Fund Grants-In-Aid		(300)	--	(300)	(300)	--
15.915	Technical Preservation Services		300,491	--	300,491	284,698	15,793
15.916	Outdoor Recreation_Acquisition, Development and Planning		289,648	--	289,648	289,648	--
15.922	Native American Graves Protection and Repatriation Act		36,986	--	36,986	36,986	--
15.XXX	Other Department of the Interior Programs						
		06MBSA7009	5,535	--	5,535	5,535	--
		5120	4,602	--	4,602	--	4,602
		77-1084634	80,075	--	80,075	--	80,075
		81450-5-J520	31,387	--	31,387	31,387	--
		81450-6-J524	66,585	--	66,585	66,585	--
		H8W07060001 / J8W07070017	28,358	--	28,358	28,358	--
		H8W07060001 / J8W07070024	914	--	914	914	--
		H8W07060001 / J8W07080007	49,857	--	49,857	49,857	--
		H8W07060001 / J8W07080030	9,139	--	9,139	9,139	--
		H8W07060001 / J8W07090009	12,123	--	12,123	12,123	--
		H8W07060001 TASK J8W07070015	7,382	--	7,382	7,382	--
		H8W07060001 TASK J8W07070021	1,932	--	1,932	1,932	--
		HAA003D00 / L03AC13009	4	--	4	4	--
		HAA003D00 / L06AC14460	81,989	--	81,989	81,989	--
		HAA003D00 / L07AC14389	361	7,055	7,416	7,416	--
		HAA003D00 / L07AC14736	54,156	--	54,156	54,156	--
		HAA003D00 / L07AC14737	72,174	--	72,174	72,174	--

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	HAA003D00 / L08AC13564	51,595	1,631	53,226	53,226	--
	HAA003D00 / L08AC14082	59,282	--	59,282	59,282	--
	HAA003D00 / L08AC14923	258,663	--	258,663	258,663	--
	HAA003F00 / L08AC13562	18,070	--	18,070	18,070	--
	J9430060007	1,255	--	1,255	1,255	--
	L06AC12984	3,589	--	3,589	3,589	--
	L08AC13253	10,000	--	10,000	10,000	--
	L08AC14087	11,171	--	11,171	11,171	--
	Not Available	64,635	--	64,635	64,635	--
	PAA-07-0015	47,253	--	47,253	47,253	--
	TASK J8W07060010	22,569	--	22,569	22,569	--
	TASK J8W07080012	17,823	--	17,823	17,823	--
	TASK J8W07080013	3,252	--	3,252	3,252	--
	TASK J8W07080020	21,213	--	21,213	21,213	--
	TASK J8W07080022	11,718	--	11,718	11,718	--
15.XXX	Total Other Department of the Interior Programs	<u>\$ 1,108,661</u>	<u>\$ 8,686</u>	<u>\$ 1,117,347</u>	<u>\$ 1,032,670</u>	<u>\$ 84,677</u>
16.523	Juvenile Accountability Block Grants	55,093	--	55,093	--	55,093
16.542	Part D - Research, Evaluation, Technical Assistance and Training	68,028	--	68,028	68,028	--
16.548	Title V_ Delinquency Prevention Program	88,670	--	88,670	88,670	--
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	76,622	--	76,622	76,622	--
16.575	Crime Victim Assistance	32,755	--	32,755	--	32,755
16.727	Enforcing Underage Drinking Laws Program	4,950	--	4,950	--	4,950
16.730	Reduction and Prevention of Children's Exposure to Violence	2,086	--	2,086	--	2,086
16.738	Edward Byrne Memorial Justice Assistance Grant Program	4,851	--	4,851	--	4,851
16.741	Forensic DNA Backlog Reduction Program	(1,667)	--	(1,667)	(1,667)	--
17.XXX	Other Department of Labor Programs					
	S9101-PSU C-6222	52,029	--	52,029	--	52,029
17.XXX	Total Other Department of Labor Programs	<u>\$ 52,029</u>	<u>\$ --</u>	<u>\$ 52,029</u>	<u>\$ --</u>	<u>\$ 52,029</u>
19.415	Professional and Cultural Exchange Programs_Citizen Exchange	36,045	--	36,045	36,045	--
19.418	Educational Exchange, American Studies Institute	109,750	--	109,750	109,750	--
19.423	Exchange_English Language Specialist/Speaker Program	782	--	782	782	--
19.430	International Education Training and Research	61,546	--	61,546	--	61,546
20.108	Aviation Research Grants	118,411	41,429	159,840	159,840	--
20.109	Air Transportation Centers of Excellence	21,004	--	21,004	21,004	--
20.200	Highway Research and Development Program	707,629	1,189	708,818	--	708,818
20.205	Highway Planning and Construction	1,290,741	21,464	1,312,205	16,548	1,295,657
20.215	Highway Training and Education	58,284	16,437	74,721	--	74,721
20.218	National Motor Carrier Safety	7,432	--	7,432	--	7,432
20.507	Federal Transit Formula Grants	9,094	--	9,094	--	9,094

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
20.509	Formula Grants for Other Than Urbanized Areas		158,182	--	158,182	--	158,182
20.514	Public Transportation Research		170,924	--	170,924	152,816	18,108
20.515	State Planning and Research		801,780	67,533	869,313	--	869,313
20.600	State and Community Highway Safety		63,903	--	63,903	--	63,903
20.609	Safety Belt Performance Grants		130,001	--	130,001	--	130,001
20.611	Incentive Grant Program to Prohibit Racial Profiling		340,727	--	340,727	--	340,727
20.612	Incentive Grant Program to Increases Motorcyclist Safety		80,000	--	80,000	--	80,000
20.701	University Transportation Centers Program		2,426,637	187,113	2,613,750	2,581,743	32,007
20.761	Biobased Transportation Research		386,397	469,825	856,222	856,222	--
20.XXX	Other Department of Transportation Programs						
	38127-3		15,000	--	15,000	--	15,000
	DRI-A-08-OSU		51,131	--	51,131	--	51,131
	Not Available		32,850	--	32,850	32,850	--
	PW0229		10,397	--	10,397	--	10,397
20.XXX	Total Other Department of Transportation Programs		\$ 109,378	\$ --	\$ 109,378	\$ 32,850	\$ 76,528
43.001	Aerospace Education Services Program		243,055	45,209	288,264	202,531	85,733
43.002	Technology Transfer		3,606,076	229,713	3,835,789	2,638,640	1,197,149
43.XXX	Other NASA programs						
	#PSU-07.1		22,200	--	22,200	--	22,200
	1347570		4,631	--	4,631	--	4,631
	1357040		7,209	--	7,209	--	7,209
	A87091E		269	--	269	--	269
	G-6524-1		64,794	--	64,794	--	64,794
	KK9106		55,001	--	55,001	--	55,001
	NNC05AA29A		187,671	--	187,671	187,671	--
	NNC08QA05P		74,537	--	74,537	74,537	--
	NNG04GJ41G		62,517	--	62,517	62,517	--
	NNG04GJ84G		405	22,603	23,008	23,008	--
	NNG06GB42G		82,263	--	82,263	82,263	--
	NNG06GE17G		29,650	--	29,650	29,650	--
	NNG06GF54G		99,833	102,940	202,773	202,773	--
	NNX07AJ26G		33,445	--	33,445	33,445	--
	NNX07AR36H		30,115	--	30,115	30,115	--
	NNX07AU05G		138,726	--	138,726	138,726	--
	NNX07AV76G #1		34,806	--	34,806	34,806	--
	NNX08A022G		64,808	--	64,808	64,808	--
	NNX08AF72G		135,733	--	135,733	135,733	--
	NNX08AF95G #1		80,530	--	80,530	80,530	--
	NNX08AR37G		71,185	--	71,185	71,185	--

The accompanying notes are an integral part of this schedule.

	NNX08AR40G	70,982	--	70,982	70,982	--
	NNX08AV27G	10,789	--	10,789	10,789	--
	NNX09AC03G	352	--	352	352	--
	NNX09AF20G	17,076	--	17,076	17,076	--
	Z641801	4,277	--	4,277	--	4,277
43.XXX	Total Other NASA programs	\$ 1,383,804	\$ 125,543	\$ 1,509,347	\$ 1,350,966	\$ 158,381
45.025	Promotion of the Arts_Partnership Agreements	4,996	--	4,996	4,996	--
45.160	Promotion of the Humanities_Fellowships and Stipends	37,692	--	37,692	37,692	--
45.161	Promotion of the Humanities_Research	10,062	--	10,062	10,062	--
45.163	Promotion of the Humanities_Professional Development	127,659	--	127,659	127,659	--
45.XXX	Other National Foundation on the Arts and the Humanities Not Available	31,806	--	31,806	--	31,806
45.XXX	Total Other National Foundation on the Arts and the Humanities	\$ 31,806	\$ --	\$ 31,806	\$ --	\$ 31,806
47.041	Engineering Grants	5,219,544	58,337	5,277,881	4,100,563	1,177,318
47.049	Mathematical and Physical Sciences	4,911,889	142,035	5,053,924	5,022,604	31,320
47.050	Geosciences	20,651,329	703,633	21,354,962	18,551,341	2,803,621
47.070	Computer and Information Science and Engineering	3,877,692	334,696	4,212,388	4,096,328	116,060
47.074	Biological Sciences	10,171,562	629,183	10,800,745	9,877,316	923,429
47.075	Social, Behavioral, and Economic Sciences	1,515,037	217,704	1,732,741	1,705,500	27,241
47.076	Education and Human Resources	4,127,817	482,327	4,610,144	4,122,555	487,589
47.078	Polar Programs	1,518,496	601,997	2,120,493	2,052,381	68,112
47.079	International Science and Engineering (OISE)	80,258	--	80,258	79,363	895
47.080	Office of Cyberinfrastructure	717,124	560,827	1,277,951	1,277,951	--
47.082	ARRA - Trans-NSF Recovery Act Research Support	20,548	--	20,548	20,548	--
47.XXX	Other National Science Foundation Programs Not Available	29,727	--	29,727	29,727	--
47.XXX	Total Other National Science Foundation Programs	\$ 29,727	\$ --	\$ 29,727	\$ 29,727	\$ --
64.XXX	Other Department of Veterans Affairs Programs IPA 06-251	8,234	--	8,234	8,234	--
64.XXX	Total Other Department of Veterans Affairs Programs	\$ 8,234	\$ --	\$ 8,234	\$ 8,234	\$ --
66.001	Air Pollution Control Program Support	7,594	--	7,594	--	7,594
66.034	Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	10,375	61,541	71,916	71,916	--
66.112	Surveys, Studies, Investigations, Training, Demonstrations, and Special Purpose Grants for Regional Geographic Initiatives	67,820	--	67,820	67,820	--
66.454	Water Quality Management Planning	6,985	--	6,985	--	6,985
66.460	Nonpoint Source Implementation Grants	134,532	--	134,532	--	134,532
66.461	Regional Wetland Program Development Grants	48,981	12,976	61,957	61,957	--
66.509	Science to Achieve Results (STAR) Research Program	509,200	100,326	609,526	547,495	62,031
66.510	Surveys, Studies, Investigations and Special Purpose Grants within the Office of Research and Development	(2,830)	--	(2,830)	(2,830)	--
66.511	Office of Research and Development Consolidated Research/Training/Fellowships	395,049	--	395,049	395,049	--
66.512	Regional Environmental Monitoring and Assessment Program	32,426	--	32,426	32,426	--

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
	(REMAP) Research Projects						
66.514	Science to Achieve Results (STAR) Fellowship Program		7,753	--	7,753	7,753	--
66.516	P3 Award: National Student Design Competition for Sustainability		1,056	3,494	4,550	4,550	--
66.605	Performance Partnership Grants		15,445	--	15,445	--	15,445
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		14,019	--	14,019	--	14,019
66.610	Surveys, Studies, Investigations and Special Purpose Grants within the Office of the Administrator		16	--	16	16	--
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		17,844	--	17,844	--	17,844
66.714	Pesticide Environmental Stewardship Regional Grants		1,415	--	1,415	--	1,415
66.716	Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies		1,695,056	11,727	1,706,783	1,706,783	--
66.802	Superfund State, Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements		39,152	--	39,152	--	39,152
66.XXX	Other Environmental Protection Agency Programs						
	EP090000068		26,252	--	26,252	26,252	--
	EPA 83293301-284		377	--	377	--	377
66.XXX	Total Other Environmental Protection Agency Programs		\$ 26,629	\$ --	\$ 26,629	\$ 26,252	\$ 377
77.006	U. S. Nuclear Regulatory Commission Nuclear Education Grant Program		712,551	243,855	956,406	935,707	20,699
81.049	Office of Science Financial Assistance Program		8,722,542	710,953	9,433,495	8,101,507	1,331,988
81.064	Office of Scientific and Technical Information		11,334	--	11,334	--	11,334
81.079	Regional Biomass Energy Programs		185,065	--	185,065	--	185,065
81.086	Conservation Research and Development		233,579	--	233,579	176,655	56,924
81.087	Renewable Energy Research and Development		724,885	52,832	777,717	574,949	202,768
81.089	Fossil Energy Research and Development		97,953	--	97,953	57,277	40,676
81.104	Office of Environmental Waste Processing		204,963	--	204,963	--	204,963
81.113	Defense Nuclear Nonproliferation Research		288,210	--	288,210	288,210	--
81.114	University Reactor Infrastructure and Education Support		217,453	13,492	230,945	230,945	--
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance		14,048	--	14,048	--	14,048
81.119	State Energy Program Special Projects		(229)	--	(229)	--	(229)
81.121	Nuclear Energy Research, Development and Demonstration		1,058,468	--	1,058,468	475,632	582,836
81.XXX	Other Department of Energy Programs						
	00026625		17,535	--	17,535	17,535	--
	00031010		8,027	--	8,027	8,027	--
	00040619		5,520	--	5,520	5,520	--

The accompanying notes are an integral part of this schedule.

	00044868-00006	103,518	--	103,518	--	103,518
	00044868-00010	58,155	--	58,155	--	58,155
	0034379	128,580	--	128,580	128,580	--
	09-23	25,681	--	25,681	--	25,681
	09-25	17,307	--	17,307	--	17,307
	25907	103,211	--	103,211	103,211	--
	4000066157	69,188	--	69,188	--	69,188
	40625	7,977	--	7,977	7,977	--
	41817M4080/003	63,831	--	63,831	--	63,831
	41817M4193	62,113	--	62,113	--	62,113
	41817M4310	62,581	--	62,581	--	62,581
	41817M4403	2,601	--	2,601	--	2,601
	4187M4499	4,098	--	4,098	--	4,098
	42783	4,475	--	4,475	4,475	--
	54081	18,401	--	18,401	--	18,401
	57494-79791	32,200	--	32,200	--	32,200
	58519	22,575	--	22,575	--	22,575
	64814	25,013	--	25,013	--	25,013
	64951	426	--	426	--	426
	68396-01 / 09-ND-0051	25,055	--	25,055	25,055	--
	76357	20,331	--	20,331	--	20,331
	DOE BER 3	73,937	--	73,937	--	73,937
	FG0297ER41026	96,262	--	96,262	96,262	--
	Not Available	657	--	657	--	657
	PO 855473	3,500	--	3,500	3,500	--
	S004122A00	5,376	--	5,376	--	5,376
	SPO 912648	2,214	--	2,214	--	2,214
81.XXX	Total Other Department of Energy Programs	<u>\$ 1,070,345</u>	<u>\$ --</u>	<u>\$ 1,070,345</u>	<u>\$ 400,142</u>	<u>\$ 670,203</u>
84.002	Adult Education_Basic Grants to States	515,951	--	515,951	--	515,951
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	9,582	--	9,582	--	9,582
84.017	International Research and Studies	152,375	--	152,375	152,375	--
84.022	Overseas Programs_Doctoral Dissertation Research Abroad	34,745	--	34,745	34,745	--
84.027	Special Education_Grants to States	269,819	--	269,819	--	269,819
84.083	Women's Educational Equity Act Program	6,878	--	6,878	--	6,878
84.116	Fund for the Improvement of Postsecondary Education	463,215	40,069	503,284	497,864	5,420
84.133	National Institute on Disability and Rehabilitation Research	2,000,567	267,342	2,267,909	1,934,997	332,912
84.149	Migrant Education_College Assistance Migrant Program	399,401	--	399,401	399,401	--
84.173	Special Education_Preschool Grants	181,698	11,942	193,640	--	193,640
84.184	Safe and Drug-Free Schools and Communities_National Programs	3,240	--	3,240	--	3,240
84.186	Safe and Drug-Free Schools and Communities_State Grants	12,150	--	12,150	--	12,150
84.195	Bilingual Education_Professional Development	215,760	10,751	226,511	226,511	--

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, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
84.213	Even Start_State Educational Agencies		28,414	--	28,414	--	28,414
84.215	Fund for the Improvement of Education		126,155	--	126,155	--	126,155
84.229	Language Resource Centers		343,959	--	343,959	342,681	1,278
84.235	Rehabilitation Services Demonstration and Training Programs		192,783	--	192,783	--	192,783
84.287	Twenty-First Century Community Learning Centers		117,796	--	117,796	--	117,796
84.293	Foreign Language Assistance		20,480	--	20,480	--	20,480
84.305	Education Research, Development and Dissemination		1,191,300	513,581	1,704,881	1,359,222	345,659
84.323	Special Education - State Personnel Development		58,220	65,640	123,860	--	123,860
84.324	Research in Special Education		2,891,229	327,307	3,218,536	3,144,219	74,317
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities		242,511	--	242,511	212,777	29,734
84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities		3,008,287	1,979,230	4,987,517	4,739,393	248,124
84.327	Special Education_Technology and Media Services for Individuals with Disabilities		1,548,238	214,091	1,762,329	1,762,329	--
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)		25,919	--	25,919	--	25,919
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs		18,668	--	18,668	--	18,668
84.350	Transition to Teaching		11,517	--	11,517	11,517	--
84.365	English Language Acquisition Grants		11,316	--	11,316	--	11,316
84.366	Mathematics and Science Partnerships		517,541	20,000	537,541	--	537,541
84.367	Improving Teacher Quality State Grants		728,907	157,469	886,376	886,376	--
84.373	Special Education_Technical Assistance on State Data Collection		(185)	--	(185)	(185)	--
93.009	Compassion Capital Fund		122,862	--	122,862	--	122,862
93.043	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services		2,601	--	2,601	--	2,601
93.048	Special Programs for the Aging_Title IV and Title II_Discretionary Projects		59,033	--	59,033	--	59,033
93.087	Enhance The Safety Of Children Affected By Parental Methamphetamine Or Other Substance Abuse		153,633	--	153,633	--	153,633
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)		535,402	--	535,402	--	535,402
93.113	Environmental Health		3,448,029	--	3,448,029	3,267,412	180,617
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		11,468	--	11,468	--	11,468
93.121	Oral Diseases and Disorders Research		738,395	--	738,395	707,239	31,156
93.136	Injury Prevention and Control Research and State and Community Based Programs		364,646	529,289	893,935	893,935	--

The accompanying notes are an integral part of this schedule.

93.143	NIEHS Superfund Hazardous Substances - Basic Research and Education	137,747	--	137,747	137,747	--
93.172	Human Genome Research	3,406,915	559,829	3,966,744	3,706,649	260,095
93.173	Research Related to Deafness and Communication Disorders	1,973,916	--	1,973,916	1,973,916	--
93.184	Disabilities Prevention	1,091	--	1,091	--	1,091
93.213	Research and Training in Complementary and Alternative Medicine	1,156,937	101,351	1,258,288	1,206,746	51,542
93.226	Research on Healthcare Costs, Quality and Outcomes	117,171	--	117,171	--	117,171
93.234	Traumatic Brain Injury State Demonstration Grant Program	140,378	4,800	145,178	--	145,178
93.242	Mental Health Research Grants	1,250,121	169,530	1,419,651	1,194,853	224,798
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	439,088	--	439,088	--	439,088
93.262	Occupational Safety and Health Program	344,039	62,730	406,769	385,766	21,003
93.268	Immunization Grants	54	--	54	--	54
93.272	Alcohol National Research Service Awards for Research Training	46,541	--	46,541	46,541	--
93.273	Alcohol Research Programs	956,714	16,837	973,551	973,551	--
93.276	Drug-Free Communities Support Program Grants	13,616	--	13,616	--	13,616
93.279	Drug Abuse and Addiction Research Programs	3,340,337	272,718	3,613,055	3,125,852	487,203
93.281	Mental Health Research Career/Scientist Development Awards	(31,988)	--	(31,988)	(31,988)	--
93.282	Mental Health National Research Service Awards for Research Training	242,138	--	242,138	242,138	--
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	3,300	--	3,300	--	3,300
93.286	Discovery and Applied Research for Technological Innovations to Improve Human Health	413,270	39,220	452,490	452,490	--
93.307	Minority Health and Health Disparities Research	27,971	--	27,971	--	27,971
93.310	Trans-NIH Research Support	323,793	--	323,793	323,793	--
93.333	Clinical Research	22,524	4,131	26,655	--	26,655
93.361	Nursing Research	18,419	--	18,419	--	18,419
93.389	National Center for Research Resources	2,692,246	--	2,692,246	2,326,294	365,952
93.390	Academic Research Enhancement Award	3,413	--	3,413	--	3,413
93.393	Cancer Cause and Prevention Research	216,228	249,931	466,159	450,925	15,234
93.395	Cancer Treatment Research	25,148	--	25,148	25,148	--
93.399	Cancer Control	811,990	--	811,990	811,990	--
93.551	Abandoned Infants	201,056	--	201,056	201,056	--
93.575	Child Care and Development Block Grant	850,537	1,045	851,582	--	851,582
93.576	Refugee and Entrant Assistance_Discretionary Grants	365,677	--	365,677	365,677	--
93.586	State Court Improvement Program	4,353	--	4,353	--	4,353
93.587	Promote the Survival and Continuing Vitality of Native American Languages	4,377	--	4,377	--	4,377
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	51,761	--	51,761	--	51,761
93.600	Head Start	79,024	--	79,024	3,978	75,046
93.631	Developmental Disabilities Projects of National Significance	10,946	--	10,946	--	10,946
93.632	University Centers for Excellence in Developmental Disabilities	23,777	--	23,777	12,907	10,870

The accompanying notes are an integral part of this schedule.

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009 (continued)

Federal CFDA Number	Federal Funding Agencies and Program Titles	Contract Number	Direct Expenditures	Amounts Provided to Subrecipients	Total	Direct Awards	Indirect Awards
	Education, Research, and Service						
93.643	Children's Justice Grants to States		119,410	--	119,410	--	119,410
93.647	Social Services Research and Demonstration		28,735	15,951	44,686	44,686	--
93.658	Foster Care_Title IV-E		632,852	--	632,852	--	632,852
93.670	Child Abuse and Neglect Discretionary Activities		30,308	--	30,308	--	30,308
93.701	ARRA - Trans-NIH Recovery Act Research Support		24,246	--	24,246	24,246	--
93.713	ARRA - Child Care and Development Block Grant		216,624	--	216,624	--	216,624
93.778	Medical Assistance Program		648,473	--	648,473	--	648,473
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		26,339	--	26,339	--	26,339
93.837	Cardiovascular Diseases Research		1,151,495	--	1,151,495	1,149,008	2,487
93.838	Lung Diseases Research		281,859	55,056	336,915	291,038	45,877
93.846	Arthritis, Musculoskeletal and Skin Diseases Research		1,027,431	--	1,027,431	1,027,431	--
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research		845,993	--	845,993	802,243	43,750
93.848	Digestive Diseases and Nutrition Research		414,012	--	414,012	381,275	32,737
93.849	Kidney Diseases, Urology and Hematology Research		24,464	--	24,464	--	24,464
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders		1,944,333	--	1,944,333	1,871,239	73,094
93.855	Allergy, Immunology and Transplantation Research		1,905,230	46,954	1,952,184	1,894,449	57,735
93.856	Microbiology and Infectious Diseases Research		720,224	60,714	780,938	558,600	222,338
93.859	Biomedical Research and Research Training		6,820,031	364,179	7,184,210	6,377,622	806,588
93.864	Population Research		52,274	--	52,274	52,274	--
93.865	Child Health and Human Development Extramural Research		4,244,395	414,540	4,658,935	4,563,917	95,018
93.866	Aging Research		2,499,954	258,890	2,758,844	2,643,609	115,235
93.867	Vision Research		24,745	--	24,745	--	24,745
93.910	Family and Community Violence Prevention Program		127,829	89,911	217,740	217,740	--
93.945	Assistance Programs for Chronic Disease Prevention and Control		6,983	--	6,983	--	6,983
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		339,672	--	339,672	339,672	--
93.955	Health and Safety Programs for Construction Work		172,163	--	172,163	--	172,163
93.969	Geriatric Education Centers		172,862	--	172,862	--	172,862
93.974	Family Planning_Service Delivery Improvement Research Grants		284,484	--	284,484	284,484	--
93.989	International Research and Research Training		55,001	--	55,001	--	55,001
93.995	Adolescent Family Life_Demonstration Projects		28,235	--	28,235	--	28,235
93.XXX	Other Department of Health and Human Services Programs						
		00242.02054.001	9,884	--	9,884	--	9,884
		00242.02054.001 MOD	121,862	--	121,862	--	121,862
		35126-5S-729	359	--	359	--	359
		ICDI-6	30	--	30	--	30

The accompanying notes are an integral part of this schedule.

	Not Available	64,442	--	64,442	--	64,442
	SC-05-02054 001-03	33,449	--	33,449	--	33,449
93.XXX	Total Other Department of Health and Human Services Programs	<u>\$ 230,026</u>	<u>\$ --</u>	<u>\$ 230,026</u>	<u>\$ --</u>	<u>\$ 230,026</u>
94.013	Volunteers in Service to America	14,910	--	14,910	14,910	--
97.007	Homeland Security Preparedness Technical Assistance Program	7,463	--	7,463	7,463	--
97.XXX	Other Homeland Security Programs					
	Not Available	14,217	--	14,217	--	14,217
97.XXX	Total Other Homeland Security Programs	<u>\$ 14,217</u>	<u>\$ --</u>	<u>\$ 14,217</u>	<u>\$ --</u>	<u>\$ 14,217</u>
98.001	USAID Foreign Assistance for Programs Overseas	(17,337)	237,047	219,710	195,587	24,123
98.XXX	Other USAID Programs					
	5004-CR1-IWW	41,567	--	41,567	--	41,567
	688-A-00-07-00044-00	138,001	151,075	289,076	289,076	--
	EPP-A-00-06-00012	634,254	1,104,658	1,738,912	1,738,912	--
98.XXX	Total Other USAID Programs	<u>\$ 813,822</u>	<u>\$ 1,255,733</u>	<u>\$ 2,069,555</u>	<u>\$ 2,027,988</u>	<u>\$ 41,567</u>
Total Research and Development Cluster		<u>\$ 215,241,601</u>	<u>\$ 18,667,261</u>	<u>\$ 233,908,862</u>	<u>\$ 189,089,507</u>	<u>\$ 44,819,355</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 7,619,001,296</u>	<u>\$1,189,861,756</u>	<u>\$ 8,808,863,052</u>	<u>\$8,681,259,477</u>	<u>\$ 127,603,575</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, 2009

Note 1. Basis of Presentation

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

Note 2. Reporting Entity

The financial statements of the State of Oregon include all fund types for all agencies, boards, commissions, authorities, courts, and colleges and universities that are legally part of the State's primary government and its component units. The Oregon Health and Science University (OHSU) is a legally separate component unit. For the year ended June 30, 2009, OHSU has issued separate financial statements and has obtained a separate single audit as outlined in Subpart E.500 of OMB Circular A-133. Therefore, the accompanying schedule does not include the federal grant activity of OHSU. A copy of these reports can be obtained from OHSU, 2525 SW First Avenue, Suite 201, Portland, Oregon 97201.

Note 3. Programs Involving Non-Cash Assistance

Federal expenditures reported in the schedule include the following non-cash assistance programs. All values are either fair market value at the time of receipt or assessed value provided by the Federal agency.

CFDA			
Number	Title	Type of Assistance	Value
10.550	Food Donation	Commodities	\$ 9,851,994
10.565	Commodity Supplemental Food Program	Commodities	298,909
10.567	Food Distribution Program on Indian Reservations	Commodities	98,691
10.569	Emergency Food Assistance Program (Food Commodities)	Commodities	6,710,601
39.003	Donation of Federal Surplus Personal Property	Donated surplus property	971,262
93.268	Immunization Grants	Vaccines	26,757,597
	Total		<u>\$ 44,689,054</u>

Note 4. Loans and Loan Guarantees

Loans outstanding and new loans made during the year ended June 30, 2009 are as follows:

CFDA		Outstanding	New Loans Made
Number	Title	Balance as of June 30, 2009	During the Year Ended June 30, 2009
11.307	Economic Adjustment Assistance	\$ 5,874,314	\$ 960,000
14.239	HOME Investment Partnerships Program	7,677,804	805,378
66.458	Capitalization Grants for Clean Water State Revolving Funds	22,240,714	22,664,942
66.468	Capitalization Grants for Drinking Water State Revolving Funds	33,078,143	18,673,330
84.038	Federal Perkins Loan Program-Federal Capital Contributions	76,171,196	7,389,355
	Total	<u>\$ 145,042,171</u>	<u>\$ 50,493,005</u>

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Note 5. Unemployment Insurance

State unemployment tax revenues and the federal government contributions in lieu of State taxes are deposited to the Unemployment Trust Fund in the U.S. Treasury. These funds may only be used to pay benefits under the federally approved State unemployment law. Of the \$1,934,778,004 reported as expenditures for the Unemployment Insurance program (CFDA 17.225), \$1,411,923,064 represented expenditures of State funds held in the Unemployment Trust Fund.

Note 6. Pass-Through Awards

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

CFDA

<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
10.001	University of Nebraska	5,036	25-6235-0145-006
10.025	National Cattlemen's Beef Association	10,761	48832
10.200	Rutgers, The State University of New Jersey	15,264	2008-OR001BDP
10.200	South Dakota State University	(3,556)	3T3633
10.200	South Dakota State University	25,640	3TE050
10.200	South Dakota State University	72,439	3FD042
10.200	Texas Agriculture Experiment Station	(19)	570349
10.200	University of Alaska	(619)	PO FP606001 / UAF 06-0086
10.200	University of California	235	SA7233
10.200	University of California	8,798	SA7476
10.200	University of California, Davis	113	06-009etx
10.200	University of California, Davis	464	06-023etx
10.200	University of California, Davis	1,286	06-012etx
10.200	University of California, Davis	10,925	08-001136-OSU1
10.200	University of California, Davis	55,217	08-001136-OSU2
10.200	University of California, Davis	68,085	07-011etx
10.200	University of Washington	2,713	143005
10.200	University of Washington	8,116	2007-38500-18593
10.200	University of Washington	11,408	464562
10.200	University of Washington	11,941	913579
10.200	University of Washington	17,735	319345
10.200	University of Washington	57,899	603254
10.200	Utah State University	(1)	051687010
10.200	Utah State University	777	051687038
10.200	Utah State University	1,579	051687030
10.200	Utah State University	10,118	04-1535006
10.200	Utah State University	13,837	06155036
10.200	Washington State University	(620)	104947_G001848
10.200	Washington State University	(24)	104947_G001847
10.200	Washington State University	508	G002075
10.200	Washington State University	537	G002050
10.200	Washington State University	586	110565_G002390
10.200	Washington State University	1,053	104947_G001850
10.200	Washington State University	1,130	105047_G002287
10.200	Washington State University	1,403	G002134

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>CFDA</u>		<u>Amount</u>	<u>ID Number</u>
<u>Number</u>	<u>Organization</u>		
10.200	Washington State University	2,118	G002101
10.200	Washington State University	2,300	G002100
10.200	Washington State University	2,656	104828_G001909
10.200	Washington State University	3,052	110565_G002391
10.200	Washington State University	3,472	105047_G002288
10.200	Washington State University	3,613	G002051
10.200	Washington State University	3,790	110549_G002427
10.200	Washington State University	10,336	104828_G001911
10.200	Washington State University	13,301	G002076
10.200	Washington State University	13,820	G002077
10.200	Washington State University	17,981	110565_G002389
10.200	Washington State University	20,099	G002097
10.200	Washington State University	21,120	107856_G002241
10.200	Washington State University	26,195	104947_G001846
10.200	Washington State University	26,425	G002099
10.200	Washington State University	35,748	G002053
10.200	Washington State University	42,433	G002102
10.200	Washington State University	45,571	G002098
10.200	Washington State University	110,055	105577_G002412
10.202	Cal Poly Corporation	3,857	08-018-52151
10.206	Michigan State University	27,463	61-4175A
10.206	Michigan State University	52,403	61-4244F
10.206	Michigan Technology University	7,096	040636Z / PO P0061771
10.206	University of Arizona	51,015	PO Y452465
10.206	University of California, Davis	41,033	K016618-13
10.206	University of California, Davis	269,973	Sub07-000752-01
10.206	University of Maryland	56,155	Z507221
10.206	University of Maryland	89,433	Z521909
10.206	University of Minnesota	47,509	Q6736000101
10.206	University of Minnesota	106,743	Q4096504501
10.206	University of Wisconsin	57,067	X346861
10.212	AquaTechnics, Inc.	16,845	2009-1606
10.215	University of Maryland	3,560	PO L138563
10.215	Utah State University	473	080861041
10.215	Utah State University	4,193	080861005
10.215	Utah State University	40,236	080861010
10.225	Janus Youth Programs, Inc.	4,034	Not Available
10.250	Montana State University	3,677	G303-08-W1872
10.303	Cornell University	43,766	47038-7701
10.303	University of California, Davis	560	07-001492-OSU3
10.303	University of California, Davis	3,436	07-001492-OSU4
10.303	University of California, Davis	20,677	07-001492-OSU1
10.303	University of California, Davis	32,017	07-001492-OSU5
10.303	University of California, Davis	45,056	07-001492-OSU2
10.303	University of California, Davis	48,601	K009607-OR3
10.303	University of Idaho	18,244	BJKH15_SB_003 / P0019144
10.303	University of Idaho	33,651	BJKE27-OSU-DAS / P0013813
10.303	University of Wisconsin	14,845	095K841
10.303	Washington State University	566	103087_G002326

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10.304	Kansas State University	24,930	S08018
10.304	Purdue University	36,022	8000017968-AG
10.304	University of California, Davis	21,989	07-002558-10
10.304	University of California, Davis	41,009	07-002558-11
10.309	Carnegie Mellon University	34,926	1080198-220122
10.309	University of California, Davis	3,647	08-003996-01
10.309	Washington State University	28,020	111343_G002438
10.455	Washington State University	12,926	106498_G002277
10.500	Auburn University	4,073	08-HHP-374648-0022
10.500	Auburn University	97,644	08-USDA-Army-OSU-2
10.500	Auburn University	126,086	08-USDA-Army-OSU
10.500	Clemson University	964	1260-7559-207-2006963
10.500	Kansas State University	100,074	S08145
10.500	North Carolina State University	13,750	2007-0376-31
10.500	Organic Materials Review Institute	13,794	061554006
10.500	Pennsylvania State University	1,441	3307-OSU-USDA-3713
10.500	University of California, Davis	14	07-001988-02
10.500	University of Nebraska	(4,826)	26-6365-0001-322
10.500	University of Wyoming	73	UTSTUNV46460OR
10.500	University of Wyoming	1,596	UTSTUNV46459OR
10.500	University of Wyoming	4,171	UTSTUNV46465OR
10.500	University of Wyoming	12,500	UTSTUNV46466OR
10.500	Washington State University	12,947	G002368
10.500	Washington State University	48,617	108815-G002370
10.652	National Fish and Wildlife Foundation	24,506	2005-006-008
10.664	Loyola University Chicago	9,629	Not Available
10.664	University of Washington	4,172	336127
10.665	Clackamas County	63,530	1936002286000
10.665	Grant County	1,527	1936002295
10.665	Klamath Falls	13,256	1936002301
10.665	Linn County	270,074	1936002305000
10.665	Wallowa County	1,197	1936002314
10.672	Multnomah County	6,279	4600006934
10.678	The Resource Innovation Group (TRIG)	2,965	13649
10.679	Collaborative Forest Restoration	4,094	Not Available
10.773	Naseo-Natl Assn State Energy Office	27,630	00000000000052
10.905	University of Kansas	1,967	FY2008-090
10.912	IPM Institute of North America, Inc.	64,874	2633818314
10.912	University of California, Davis	36,328	Sub08-001381-OSU
10.912	Wy'East Resource Conservation & Development Council	9,703	Not Available
11.302	Portland Development Commission	759	Not Available
11.307	Seafood Consumer Center, Inc.	120,328	Not Available
11.417	Battelle Memorial Institute	9,740	58799
11.417	Pacific Shellfish Institute	9,694	Not Available
11.417	Pacific States Marine Fisheries Commission	4,326	08-32
11.417	Pacific States Marine Fisheries Commission	12,251	09-19
11.417	Pacific States Marine Fisheries Commission	14,540	06-75
11.417	Pacific States Marine Fisheries Commission	19,956	07-77
11.417	Pacific States Marine Fisheries Commission	42,726	09-16

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11.417	Pacific States Marine Fisheries Commission	43,832	08-12
11.417	Pacific States Marine Fisheries Commission	44,876	09-14
11.417	University of Alaska	10,724	PO FP700694 / UAF 07-0029
11.419	University of New Hampshire	61,997	07-049
11.419	University of New Hampshire	71,606	08-047
11.419	Washington State Military Department	41,660	E07-401
11.426	Sunburst Sensors, LLC	35,777	2008-1417
11.426	University of Hawaii	49	PO Z816780
11.431	University of South Carolina	68,362	08-1495 /PO 81760 (13040-FA04)
11.431	University of Washington	36,125	533493
11.432	University of Miami	20,277	6-6440A-3712 / P131564
11.432	University of Michigan	2,882	PO 3001051684
11.432	University of Michigan	2,901	PO 3001065550
11.437	Pacific States Marine Fisheries Commission	10,238	09-30
11.437	Pacific States Marine Fisheries Commission	552,466	936002376
11.438	Klamath Tribes	56,581	1-991-07
11.438	Pacific Salmon Commission	2,858	9909840528
11.439	Hubbs-Sea World Research Institute	19,474	Not Available
11.439	Marine Mammal Commission	41,719	PO E4047337
11.439	North Pacific Marine Science Foundation	34,537	NA07NMF4390197
11.439	North Pacific Marine Science Foundation	38,766	NA05NMF4391068-70
11.439	Pacific States Marine Fisheries Commission	12,160	936002376
11.439	Texas A&M Research Foundation	15,064	S070038
11.439	Texas A&M Research Foundation	96,620	S070039
11.441	North Pacific Fishery Mgmt Con	18,926	920060367
11.441	Pacific Fishery Mgmt Council	88,891	910982918
11.441	Pacific States Marine Fisheries Commission	39,801	936002376
11.454	Pacific States Marine Fisheries Commission	89,994	09-21
11.463	Cascade Pacific RC&D	34,310	2007-13
11.472	North Pacific Research Board	6,480	605
11.472	North Pacific Research Board	17,231	723
11.472	North Pacific Research Board	17,439	719
11.472	North Pacific Research Board	18,863	806
11.472	North Pacific Research Board	34,615	709
11.472	North Pacific Research Board	39,530	728
11.472	North Pacific Research Board	41,421	816
11.472	North Pacific Research Board	42,965	629
11.472	North Pacific Research Board	49,693	619
11.472	North Pacific Research Board	79,181	B67 (year 01)
11.472	North Pacific Research Board	97,615	B60
11.472	North Pacific Research Board	108,113	B67 (year 02)
11.472	North Pacific Research Board	318,138	B77
11.473	University of Washington	397,528	457268
11.609	Nanoelectronics Research Corporation	49,901	2008-NE-1462E
12.107	Washington Department of Ecology	14,957	C0900077
12.300	Arete Associates	37,179	S-44002.01.4700
12.300	Columbia Power Technologies	155,678	2007-13
12.300	Institute for the Study of Learning and Expertise	275,036	OSU-01
12.300	Marine Acoustics, Inc.	30,000	PO RI0808-02 / 08-676A-OSU

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12.300	North Carolina State University	(24)	2005-1749-01
12.300	Puko'a Scientific	36,003	Not Available
12.300	University of California, Berkeley	86,792	SA5311-11244 AMEND. 4
12.300	University of Rhode Island	41,473	032002/535495
12.300	University of Washington	9,470	141303
12.300	Woods Hole Oceanographic Institution	64,829	A100495
12.420	Cornell University	81,729	53998-8633
12.420	HemCon, Inc.	117,159	Not Available
12.420	HemCon, Inc.	395,515	Proj#62/AS-1Explants/PO064626
12.420	Oregon Biomedical Engineering Institute, Inc.	13,309	2005 W81XW-OSU-01
12.420	Oregon Health & Science University	34,586	GBNEU0103C
12.431	Academy of Applied Science	(50)	SUBGRANT 06-23
12.431	Academy of Applied Science	2,599	SUBGRANT 08-05
12.431	Academy of Applied Science	8,187	ACAD OF APPLIED SCIENCE
12.431	AKT America	222,188	Not Available
12.431	University of Connecticut	(146)	758408
12.431	University of Connecticut	14,264	802208
12.431	University of Connecticut	46,338	901009
12.431	University of Washington	80,049	548644
12.551	Institute of International Education	99,990	NSEP-U631013-UO-CHN-DI07-08 #1
12.551	Institute of International Education	1,862,093	NSEP-U631006-UO-CHN MOD. 4
12.551	University of Maryland	125,558	Z914730 MOD. D
12.630	Organization for Economic Initiatives	477,819	Not Available
12.630	Stanford University	156,438	PO 20109120/SPO#36615-A
12.630	Worksystems, Inc.	23,070	PSA 08-67457
12.800	Brown University	98,712	104 / PO P996645
12.800	Cytec Corporation	(3,708)	GS35F0529J
12.800	University of Arizona	7,512	PO Y451324
12.910	Lockheed Martin Corporation	25,736	TT0704778
12.910	Lockheed Martin Corporation	286,747	PO TT0688415
12.910	Massachusetts Institute of Technology	260,442	5710002087
12.910	SRI International	(15)	55-000656-TO-06
12.910	SRI International	25,034	27-001325
12.910	SRI International	136,881	55-000656-TO-09
12.910	SRI International	164,994	55-000656-TO-11
12.910	SRI International	325,828	55-000656-TO-08
12.910	The Boeing Company	1,888	PCO KQ5992 / PC 173728
12.910	University of California, Berkeley	92,974	SA4475-32446 AMEND. 8
12.910	University of California, Berkeley	217,813	SA4997-10929
12.910	University of Idaho	73,770	KNK005-001 / PO019133
12.910	Washington State University	235,330	108956_G002273
14.218	City of Portland	84,319	38221
15.039	Confed Tribes Warm Springs Ind	6,428	390383362
15.224	Montana State University	96	G238-07-W-0094
15.225	Partnership for the Umpqua Rivers, Inc.	13,515	Not Available
15.227	Josephine County	45,000	1936002300
15.227	Klamath Falls	15,089	1936002301
15.234	Cascade Pacific RC&D	1,479	2009-775
15.423	Southwest Statistical Consulting, LLC	3,479	Not Available

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15.608	National Fish and Wildlife Foundation	(1,499)	521384139
15.608	National Fish and Wildlife Foundation	4,208	2003-0002-900
15.608	National Fish and Wildlife Foundation	5,753	2006-0175-013
15.608	Pacific States Marine Fisheries Commission	26,274	08-10
15.608	Texas A&M Research Foundation	15,536	S020058
15.611	Ducks Unlimited	40,238	US-WA-122-1 / OSU 2009-87
15.611	Montana Fish Wildlife & Parks	4,457	090188
15.611	Nature Conservancy	2,949	ORFO 03-01-10-13
15.634	Alaska Department of Fish and Game	247,264	COOP-08-123
15.637	Ducks Unlimited	53,559	US-WA-208-1
15.807	Southern California Earthquake Center	24,663	PO# 119939 AMEND. 1
15.808	Oregon Health & Science University	360,403	Not Available
15.915	Northwest Management Incorporated	15,793	Not Available
16.523	Rand Corporation	55,093	992008007
16.579	Deschutes County	46,292	200000000000008
16.579	Relief Nursery, Inc.	20,000	SA-04-028 AMEND. 1
16.579	Yamhill County	(22,972)	1012
16.580	US DEPARTMENT OF JUSTICE	2,532	530205705
16.589	Linn County	82,030	1009
16.590	Lane County	51,081	1013
16.610	State of California	551,328	9900
16.710	DOUGLAS COUNTY	5,784	936002293
16.730	Multnomah County	2,086	46000056446
16.738	Jevenile Rights Project, Inc.	4,851	AMENDMENT NUMBER 3
19.400	Institute of International Education	8	Not Available
19.418	Institute of International Education	315,739	Not Available
19.430	Institute of International Education	61,546	Not Available
20.200	Iowa State University	784	436-17-06
20.200	Purdue University	40,969	571-0120-01
20.205	Metro	(54)	927161
20.205	National Academy of Sciences	72,502	SHRP C-06(B)
20.215	National Academy of Sciences	38,140	HR 17-38
20.507	Metro	5,343	00000000000074
20.507	Metro	9,094	929059
20.509	Association of Oregon Counties	158,182	Not Available
20.514	National Academy of Sciences	18,108	TRANSIT-57
20.515	Georgia Department of Transportation	122,571	7-01
20.701	University of Alaska	32,007	PO FP800689 / UAF 08-0042
43.001	Earth and Space Research	2,031	ESR PO 07-79 05-112C
43.001	Earth and Space Research	13,599	EPO-06-697
43.001	Montana State University	30,160	G258-08-W1951
43.001	Voxtel Corporation	50,000	NNM07AA27C
43.002	Earth and Space Research	21,810	PO 06-75 05-112B
43.002	Jet Propulsion Lab/CA Inst. of Technology	40,786	1316978
43.002	Jet Propulsion Lab/CA Inst. of Technology	78,272	1249878
43.002	Jet Propulsion Lab/CA Inst. of Technology	119,537	1294728
43.002	Jet Propulsion Lab/CA Inst. of Technology	132,905	1283973
43.002	Jet Propulsion Lab/CA Inst. of Technology	183,049	1283976
43.002	Jet Propulsion Lab/CA Inst. of Technology	219,685	1206714

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43.002	Jet Propulsion Lab/CA Inst. of Technology	321,795	1206715
43.002	University of California, Santa Barbara	17,742	KK4134
43.002	University of Virginia	35,107	GP10105-131319
43.002	Woods Hole Oceanographic Institution	26,461	A100541
47.041	Colorado State University	505	G-3277-1
47.041	Nano-Electrochem, Inc.	43	2007-01
47.041	Network for Earthquake Engineering Simulation Consortium, Inc.	1,051,213	OMSA-2004, v3.1
47.041	Umpqua Research Company	(1,682)	AG209
47.041	University of California, Berkeley	(270)	SA5696-23584 / PO 1315264
47.041	University of Hawaii	38,694	Not Available
47.041	Washington State University	52,667	G001668
47.049	Clemson University	32,744	1040-7558-206-2093552
47.049	University of Washington	31,958	Not Available
47.050	Columbia University	28	001
47.050	Consortium for Ocean Leadership	33,527	JSA 8-01
47.050	Consortium for Ocean Leadership	109,902	SA 9-01
47.050	Consortm of Univ for the Advncmt of Hydrologic Sciences, Inc.	48,468	Not Available
47.050	Florida State University	11,574	R00345
47.050	Incorporated Research Institution for Seismology	98,734	489
47.050	Incorporated Research Institution for Seismology	132,857	75-MT
47.050	Incorporated Research Institution for Seismology	564,936	478
47.050	Joint Oceanographic Institutions	86	TO T311B11
47.050	Joint Oceanographic Institutions	3,070	PO T311A11
47.050	Joint Oceanographic Institutions	4,985	PO T0316A11
47.050	Monterey Bay Aqarium Research Institute	8,246	PO 0611586
47.050	Oregon Health & Science University	739,696	GSTCN0001A7.OSU
47.050	Research Foundation of the State University of New York	(556)	1050516-3-37470
47.050	Research Foundation of the State University of New York	10,065	1078175-2-49921
47.050	University of Alaska	210,820	PO FP802513 / UAF 08-0037
47.050	University of California, San Diego	10,715	PO 10278073
47.050	University of California, San Diego	18,665	PO 10275066
47.050	University of California, San Diego	31,849	PO 10277106
47.050	University of Hawaii	17,330	PO Z624325
47.050	University of North Carolina, Chapel Hill	18,688	5-54668
47.050	University of Southern California	29,596	123444 CO #1
47.050	University of Texas at San Antonio	14,400	26-100-9450
47.050	University of Washington	9,243	380561
47.050	University of Washington	81,089	938093
47.050	Villanova University	36,787	5-25568
47.050	Woods Hole Oceanographic Institution	3,642	A100551 / WBS 1.8.3.3
47.050	Woods Hole Oceanographic Institution	32,731	A100528
47.050	Woods Hole Oceanographic Institution	33,778	A100540
47.050	Woods Hole Oceanographic Institution	51,772	A100551 / WBS 1.8.3.2
47.050	Woods Hole Oceanographic Institution	61,376	A100551 / WBS 6.3.4
47.050	Woods Hole Oceanographic Institution	68,804	A100551 / WBS 6.3.2
47.050	Woods Hole Oceanographic Institution	111,341	A100551 / WBS 6.3.1
47.050	Woods Hole Oceanographic Institution	197,795	A100551 / WBS 1.8.3.1

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47.070	Oregon Health & Science University	44,272	GSTCN0001A7.PSU
47.070	Research Foundation of the City University of New York	9,795	40583-00-01A AMEND #2
47.070	University of California, Los Angeles	82,632	0070 G JE855
47.074	Carnegie Institute	274,426	6-2091-02
47.074	Cold Spring Harbor Lab	23,852	22930214 / PO 920560-SV
47.074	Idaho State University	16,854	05-181A
47.074	Iowa State University	131,590	420-40-21 B
47.074	Michigan State University	(13)	612135OREGONSU
47.074	Michigan State University	278,703	61-2556OU
47.074	North Dakota State University	5,300	15444-1
47.074	University of California, Santa Barbara	6,065	KK7100
47.074	University of Hawaii	182,476	PO Z795332
47.074	University of Montana	4,359	PG09-65957-01
47.075	Columbia University	19,544	ONE (1)
47.075	National Bureau of Economic Research	1,595	27-3383-00-0-79-636-7700
47.076	Association of Science-Technology Centers	145,267	ESI-0638981
47.076	El Camino Community College	4,070	NSF 0168669
47.076	Mathematical Association of America	17,020	Not Available
47.076	Montana State University	58,600	GC048-02-Z2484
47.076	Northwest Regional Educational Laboratory	5,778	Not Available
47.076	Oregon Museum of Science and Industry	16,445	D09-02 (PO 92225)
47.076	University of California, Berkeley	22,508	SA5168-11062 / PO 1158965
47.076	University of California, San Diego	11,689	PO 10296221
47.076	University of Colorado	61,127	154-2277 / PO 53905
47.076	WestEd	82,893	5060.01.001
47.076	Worcester Polytechnic Institute	69,595	DUE 0603221
47.078	Ohio State University Research Foundation	26,761	60000263/RF01154186
47.078	University of Washington	36,992	524541
47.078	Yale University	5,030	Y-05-0029 AMEND. 2
59.037	Lane Community College	15,236	Not Available
59.037	Lane Community College	19,298	8-603001-Z-0039-25 CN08-154
59.037	Lane Community College	30,250	07-146 & 7-603001-Z-0039-24
59.037	Lane Community College	35,862	PER JAMIE ALBERT
66.001	University of Houston	(14,145)	R-07-0190
66.001	University of Houston	21,739	R-08-0217
66.115	University of Idaho	4,539	JBK870_SB_001
66.454	Costa Pacific Communities	6,985	Not Available
66.460	Nature Conservancy	20,000	ORFO-07-11-08-04
66.460	Oregon Environmental Council	4,636	Not Available
66.509	University of Nevada - Reno	22,133	UNR-08-30
66.509	University of South Florida	39,899	1209-1093-00-A
66.714	American Farmland Trust	1,415	R10 2006-04
77.006	Rutgers, The State University of New Jersey	20,699	4-22609 / 10355 / PO S938840
81.041	Washington State University	49,621	00000000000076
81.049	Argonne National Laboratory	13,569	7F-01101
81.049	Argonne National Laboratory	31,792	8F-00502
81.049	Ceres, Inc.	150,844	DE-FG02-05ER64111
81.049	Grande Ronde Model Watershed	82,357	Not Available
81.049	Lawrence Livermore National Laboratory	5,751	B573268

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81.049	Lawrence Livermore National Laboratory	199,072	B575932
81.049	National Renewable Energy Laboratory	(342)	XAT-4-33624-11
81.049	Pacific Northwest National Lab	9,981	57494-1
81.049	Pacific Northwest National Lab	16,443	22902
81.049	Pacific Northwest National Lab	19,591	57494-3
81.049	Pacific Northwest National Lab	26,634	57494-4
81.049	Pacific Northwest National Lab	72,345	48145
81.049	Pacific Northwest National Lab	119,778	57494-2
81.049	Pacific Northwest National Lab	136,912	53501
81.049	Peregrine Power, LLC	22,535	2006-11
81.049	Research Development Solutions, LLC	35,623	41817M4071
81.049	Research Development Solutions, LLC	68,418	41817M4082
81.049	Research Development Solutions, LLC	95,090	41817M4077
81.049	Sandia National Laboratories	35,975	PO 815309
81.049	Sandia National Laboratories	326,813	822801
81.049	University of Massachusetts, Amherst	6,012	09-005177 B 00
81.049	University of Nebraska Medical Center	26,615	35-2005-2015-001
81.049	Washington State University	16,670	G001997_104349
81.064	University of Utah	104,940	2205056 AMEND. 18
81.079	South Dakota State University	185,065	3TA160
81.086	Confederated Tribes of Warm Springs Reservation Oregon	20,000	Not Available
81.086	Lawrence Berkeley National Laboratory	25,809	6860131
81.086	The Regents of the Univ of Cal	110,777	1943067788
81.086	Washington State University	40,000	00000000000076
81.087	Consortium for Plant Biotech Research	422	GO12026-226
81.087	Consortium for Plant Biotech Research	108,063	ZXL-5-44205-11 MOD. 9
81.087	Idaho Dept of Water Resources	20,576	00000000000022
81.087	United Solar Ovonic Corporation	130,151	AMENDMENT 3
81.087	University Central Florida	59,216	00000000000069
81.087	University of Delaware	46,873	17715 AMEND. 1
81.089	Montana State University	3,336	G298-08-W2036
81.089	Oak Ridge National Laboratory	37,428	4000068298
81.104	Vanderbilt University	204,963	19067-S2
81.117	National Assoc of State Universities & Land-Grant Colleges	14,048	Not Available
81.117	Washington State University	90,650	00000000000076
81.121	Georgia Institute of Technology	128,211	DPO# 2500016838/R8895-G1
81.121	Idaho National Laboratory	9,934	00044868-00008
81.121	Idaho National Laboratory	26,531	00044868-00009
81.121	Idaho National Laboratory	45,164	00044868-00007
81.121	Idaho National Laboratory	135,298	00044868-00001
81.121	Idaho National Laboratory	200,114	00044868-00004
81.121	Savannah River National Laboratory	37,584	AC 54326 O
84.015	New York University	9,401	F5682-01
84.027	Republic of Palau	(3,958)	04-003
84.027	Republic of Palau	98,329	05-009
84.083	Immigrant and Refugee Community Organization	6,878	Not Available
84.116	Association of American Colleges and Universities	5,420	Not Available
84.116	Georgia State University	359	FLAF1

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For the Year Ended June 30, 2009

<u>CFDA</u>		<u>Amount</u>	<u>ID Number</u>
<u>Number</u>	<u>Organization</u>		
84.116	University of Denver	2,252	SB#36537A-01-00
84.133	Obslap Research, LLC	54,298	Not Available
84.133	Oregon Health & Science University	5,004	GCDRC0139A I
84.133	Oregon Health & Science University	12,858	GCDRC0139A J
84.133	Oregon Health & Science University	40,855	Not Available
84.133	Oregon Health & Science University	51,337	GSONO0239-PSU
84.133	Oregon Health & Science University	79,541	GSONO0145A C
84.133	University of Illinois, Chicago	24,895	2005-0249-05-00
84.133	University of Kansas	64,126	FY2004-000
84.173	Lane Education Service District	77,007	11662
84.181	Lane Education Service District	575,752	EC CARES 2007-08
84.181	Lane Education Service District	4,090,196	Not Available
84.184	Farmington Municipal Schools	81,543	2008-01
84.184	Grants Pass YMCA	3,240	Not Available
84.184	Linn Benton Lincoln ED SVC Dis	16,524	20000000000009
84.186	Multnomah County	12,150	12035
84.186	Multnomah County	75,551	46-7403
84.215	Beaverton School District	134,909	Not Available
84.215	Educational Service District 112	1,000	2009200054
84.215	Educational Service District 112	3,540	7009200059
84.215	Educational Service District 112	3,575	7009200053
84.215	High Desert Education Service District	139,977	214 AMEND. 3
84.215	Lancaster County School District	(44,132)	Not Available
84.215	Portland Public Schools	16,846	M-54890-TO-1
84.215	Vancouver Education Service District	16,813	7251000000
84.224	Access Technologies, Inc.	50,917	Not Available
84.229	University of Wisconsin-Madison	15,000	07-8529
84.287	Metropolitan Family Services	8,540	Not Available
84.293	Lane County School District 4J	23,500	Not Available
84.305	Pacific Institutes for Research	80,594	Not Available
84.305	Pacific Institutes for Research	238,446	AMENDMENT #3
84.305	RTI International	107,639	16-312-0208116
84.323	Nevada Department of Education	34,360	243481 AMEND. 4
84.324	Oregon Research Institute	92,317	MODIFICATION 5
84.324	University of Kentucky Research Foundation	18,137	466320-03-234
84.325	Portland Community College	29,734	2170-06
84.326	California State University Northridge	35,344	SUB CON 4033629 AMEND 1
84.326	California State University Northridge	68,508	SUB CON 4033629 AMEND 2
84.326	Direction Service, Inc.	7,308	H326D030001
84.326	University of Guam	4,075	RMI
84.326	University of Guam	4,727	AMERICAN SAMOA
84.326	University of Guam	4,758	GUAM
84.326	University of Guam	5,275	CNMI
84.326	University of Guam	6,220	FSM
84.326	University of Guam	6,221	ROP
84.326	University of North Carolina, Charlotte	1,509	20050422-09-UOR
84.326	University of South Florida	31,802	5830-1242-00-B
84.334	Portland Public Schools	11,885	M-54890-TO-4 & 7
84.334	Portland Public Schools	12,397	Not Available

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<u>CFDA</u>			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
84.357	American Samoa Government	197,478	C56206A
84.357	RMC Research Corporation	835,259	Not Available
84.366	High Desert Education Service District	89,684	2004-08
84.366	High Desert Education Service District	204,959	2008-480
84.928	The National Writing Project Corporation	43,000	92-OR03 AMEND #23
84.928	The National Writing Project Corporation	61,495	Not Available
84.928	The National Writing Project Corporation	82,503	#24/92-OR01
93.009	Looking Glass Youth & Family Services	122,862	Not Available
93.042	American Institutes for Research	7,063	SC-02-1825-03 MOD. 5
93.043	Rogue Valley Council of Governments	2,601	Not Available
93.048	Rogue Valley Council of Governments	59,033	Not Available
93.086	Longview Wellness Center	7,500	15226
93.086	Longview Wellness Center	8,882	13589
93.087	Multnomah County	153,633	4600006965
93.104	Mid-County Center for Living	60,552	Not Available
93.104	Multnomah Education Service District	21,793	DOI 47-5/05-06
93.104	Multnomah Education Service District	69,434	08-0878
93.104	Multnomah Education Service District	80,630	DOI 47-2/05-06
93.104	Multnomah Education Service District	233,183	08-0717
93.104	Native American Rehabilitation Association	91,603	151-00-01, PO 17524
93.113	Louisiana State University	156,772	19193
93.113	Oregon Law Center	7,476	Not Available
93.113	University of Medicine & Dentistry of New Jersey	16,369	1 R25 RR018490
93.116	Woods Hole Oceanographic Institution	11,468	A100602
93.121	Mayo Clinic	31,156	2R01DE014036-06A2
93.172	Fred Hutchinson Cancer Research Center	158,260	0000662382
93.172	Stanford University	55,758	15890850-33465-G AMEND. 2
93.184	Special Olympics	1,091	Not Available
93.213	Oregon Health & Science University	51,542	GNEURO276A A
93.226	Center for Health Improvement	19,950	Not Available
93.226	Oregon Health & Science University	9,220	GORPN0007A-A2
93.226	Oregon Health & Science University	21,876	GINTR0034B AMEND. 3
93.226	Oregon Health & Science University	102,228	GORPN0014A A
93.242	Brigham and Women's Hospital	92,188	MOD. #1
93.242	IRIS Media, Inc.	72,397	Not Available
93.242	Oregon Health & Science University	15,181	GINTR0046A
93.242	University of California, Davis	101,560	SUB0700223 AMEND. 1
93.242	University of Pittsburgh	35,592	108118-1 AMEND. 3
93.243	Clark County Washington	53	2008-MH-02
93.243	Clark County Washington	91,220	2009-MH-21
93.243	Josephine County	16,224	Not Available
93.243	Josephine County	77,525	1-H79-TI16542-01
93.243	LifeWorks Northwest	112,833	Not Available
93.243	Mental Health Association of Oregon	35,082	Not Available
93.243	Native American Rehabilitation Association	14,528	Not Available
93.243	NPC Research	12,930	Not Available
93.243	Outside In	43,383	Not Available
93.276	Clatskanie Together Coalition	13,616	Not Available
93.279	Oregon Health & Science University	39,160	GEMME0071

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<u>CFDA</u>			
<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
93.279	Oregon Research Institute	15,811	Not Available
93.279	Oregon Research Institute	21,846	MOD. 2
93.279	Oregon Research Institute	58,009	MODIFICATION 3
93.279	Oregon Social Learning Center	12,282	5R01DA018977-05
93.279	University of Pittsburgh	238,454	0004523 AMEND #1
93.279	University of Washington	108,784	504787
93.283	University of Texas, Austin	3,300	CHK #5420923
93.307	Central State University	22,515	8426-002
93.307	Oregon Law Center	5,455	Not Available
93.333	Duke University	7,350	118685
93.361	Johns Hopkins University	6,532	96001797 AMEND. 2
93.361	Oregon Health & Science University	13,685	1R21NR010197-01
93.361	University of Illinois	4,813	2005-01168-07-00
93.389	Louisiana State University	51,067	31277
93.389	Oregon Health & Science University	113	ACTRI0303-OSU
93.389	Oregon Health & Science University	110,836	GCTRI0203A4
93.389	Oregon Health & Science University	150,956	GPHYP0150
93.389	Virginia Tech	9,200	431399-19201
93.390	University of California, Santa Barbara	18,900	KK8111 AMEND. 2
93.393	University of Illinois, Chicago	15,234	1 P01-CA98262 / 495246
93.570	National Youth Sports Program	16,913	NYSPPF 06:036
93.575	Crook County Oregon	997	Not Available
93.575	Oregon Child Care Resource and Referral Network	20,438	Not Available
93.575	Oregon Child Care Resource and Referral Network	72,982	05-07RR04
93.575	University of Minnesota	7,357	L4076291101
93.589	Smith River Rancheria Indian Tribe	(210)	038
93.589	Smith River Rancheria Indian Tribe	18,000	097
93.600	Cascade Center for Community Governance	71,095	Not Available
93.600	Oregon Child Development Coalition	3,951	Not Available
93.612	Confederated Tribes of the Grand Ronde	1,480	14889
93.612	Confederated Tribes of the Grand Ronde	21,142	13901
93.630	Oregon Council on Developmental Disabilities	170,945	118593
93.631	The Arc of the United States	10,946	Not Available
93.778	Lane Education Service District	123,027	Not Available
93.837	University of Toledo Health Science Center	2,487	N-2009-48
93.838	Oregon Health & Science University	45,877	GPULM0110A
93.847	Oregon Health & Science University	43,750	GBNEU0149C
93.848	Johns Hopkins University	6,646	2000486178
93.848	Kaiser Foundation Research Institute	26,091	1 R21 DK080277-01A1
93.849	Allvivo Vascular, Inc.	82,339	Not Available
93.853	Legacy Emanuel Hospital & Health Center	1,760	Not Available
93.853	Oregon Health & Science University	19,385	ANEUR0494_9001781_OSU
93.853	Oregon Health & Science University	52,114	GNEUR0338A(A)
93.853	Stanford University	(139)	PR-0744
93.853	University of Virginia	51,994	GC11247-128544
93.855	DesignMedix, Inc.	225	207PEY026
93.855	Molecular Express, Inc.	56,206	2008-1681
93.855	Virogenomics, Inc.	1,304	2009-1450
93.856	University of Washington	27,099	451084

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<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
93.856	University of Washington	39,657	436036
93.856	University of Washington	74,526	567787
93.856	University of Washington	81,055	567599
93.859	MitoScience, LLC	19,000	10889
93.859	University of Florida	100,017	UF-IFAS-0006184
93.859	University of Florida	243,362	UF06025 / PJ00061280
93.859	University of Michigan	171,811	F014733
93.859	University of Texas	2,633	08-030
93.859	University of Texas	69,644	Sub 09-029/PO UOSPC-0000000340
93.859	Virginia Tech	55,186	CR-19201-431510
93.859	Wake Forest University	134,657	WFUHS 58100
93.865	Oregon Center for Applied Science, Inc.	10,239	Not Available
93.865	Oregon Research Institute	28,194	Grant #1 R01 HD057839
93.865	University of California, San Francisco	56,585	4954sc
93.866	Case Western Reserve University	28,264	RES502429
93.866	CleverSet, Inc.	46,656	2007-0004
93.866	Oregon Health & Science University	(780)	AAANEUR0248_9001052
93.866	Oregon Health & Science University	41,095	Not Available
93.867	Baylor College of Medicine	59,921	Not Available
93.867	ViewPlus	24,753	2008-1447
93.879	OCHIN	13,362	1692904.1
93.945	African American Health Coalition	6,983	Not Available
93.955	Eastern Washington University	95,108	SR06803 #1
93.955	The Center to Protect Workers Rights	26,283	1030-12 AMEND. 6
93.969	Oregon Health & Science University	69,134	GSONO0240-OSU
93.969	Oregon Health & Science University	103,728	GSONO0240-PSU
93.989	Smithsonian Institute	28,863	04-SUBC-440-0000032544/172121
93.989	University of Miami	25,097	PO #M125188
93.995	Northwest Family Services	53,000	14827
94.007	North Carolina Campus Compact	1,000	Not Available
94.007	NWREL	22,350	33700000000000
94.007	Western Washington University	50,350	54558-D
98.001	Virginia Tech	24,123	19201-425678
98.012	American Council on Education	109,523	Not Available
98.012	Higher Education for Development	33,902	Not Available
10.XXX	Kansas State University	15,466	S09055
11.XXX	East West Center	34,933	HC 12403
11.XXX	HDR Engineering, Inc.	4,222	Not Available
11.XXX	University of Hawaii	30,459	PO Z879367
12.XXX	Colorado State University	259,623	G-2334-3 AMEND. 2
12.XXX	Dynetics	5,393	PO# LB001742/TO #0006
12.XXX	HLS Research, Inc.	36,836	HLS 2009-101 TASK ORDER#1
12.XXX	HRL Laboratories, LLC	28,960	801884-BS
12.XXX	Institute of International Education	246,437	NSEP-U631023-PDX-CHN-08-D12
12.XXX	Nature Conservancy	9,842	ORFO-02-24-09-01tk
12.XXX	Northrup Grumman	33,959	8140000479
12.XXX	Oceaneering, Inc.	24,577	BUOTM-15555
12.XXX	Princeton University	23,794	00001616
12.XXX	SRI International	177,940	27-001325,Release 1 (Phase II)

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CFDA

<u>Number</u>	<u>Organization</u>	<u>Amount</u>	<u>ID Number</u>
12.XXX	Stevens Institute of Technology	51,091	Not Available
12.XXX	University of California, Los Angeles	100,847	0160 S HE178
14.XXX	Neighborhood Partnership Fund	124,300	7010-24- B2H
15.XXX	California Institute of Technology	69,332	77-1084634
15.XXX	National Fish and Wildlife Foundation	49,361	521384139
15.XXX	Pacific States Marine Fisheries Commission	4,602	5120
15.XXX	Pacific States Marine Fisheries Commission	471,195	936002376
15.XXX	Tualatin River Watershed Council	4,999	Not Available
17.XXX	JBS International, Inc.	52,029	S9101-PSU C-6222
20.XXX	City of Portland	15,000	38127-3
20.XXX	Dynamic Research, Inc.	51,131	DRI-A-08-OSU
20.XXX	Geosyntec Consultants	10,397	PW0229
43.XXX	California Institute of Technology	7,209	1357040
43.XXX	Colorado State University	64,794	G-6524-1
43.XXX	Jet Propulsion Lab/CA Inst. of Technology	14,000	1347570
43.XXX	Southwest Research Institute	269	A87091E
43.XXX	TDA Research, Inc.	22,200	#PSU-07.1
43.XXX	University of California, Santa Barbara	55,001	KK9106
43.XXX	University of Maryland	4,277	Z641801
45.XXX	Philadelphia Museum of Art	31,806	Not Available
66.XXX	Consortium for Plant Biotech Research	377	EPA 83293301-284
81.XXX	Battelle Memorial Institute	18,401	54081
81.XXX	Battelle Memorial Institute	25,013	64814
81.XXX	Confed Tribes Umatilla Indian	115,884	930624734
81.XXX	Idaho National Laboratory	58,155	00044868-00010
81.XXX	Idaho National Laboratory	103,518	00044868-00006
81.XXX	Idaho National Laboratory	265,595	00044868-00003
81.XXX	Oregon Nanoscience & Microtechnologies Institute	73,937	DOE BER 3
81.XXX	Pacific Northwest National Lab	426	64951
81.XXX	Pacific Northwest National Lab	20,331	76357
81.XXX	Pacific Northwest National Lab	22,575	58519
81.XXX	Pacific Northwest National Lab	32,200	57494-79791
81.XXX	Pacific States Marine Fisheries Commission	17,307	09-25
81.XXX	Pacific States Marine Fisheries Commission	25,681	09-23
81.XXX	Pacific States Marine Fisheries Commission	1,050,994	936002376
81.XXX	Research Development Solutions, LLC	2,601	41817M4403
81.XXX	Research Development Solutions, LLC	4,098	4187M4499
81.XXX	Research Development Solutions, LLC	62,113	41817M4193
81.XXX	Research Development Solutions, LLC	62,581	41817M4310
81.XXX	Sandia National Laboratories	2,214	SPO 912648
81.XXX	UT-Battelle, LLC	69,188	4000066157
81.XXX	Washington Closure Hanford, LLC	5,376	S004122A00
93.XXX	American Institutes for Research	9,883	00242.02054.001
93.XXX	American Institutes for Research	33,449	SC-05-02054 001-03
93.XXX	American Institutes for Research	121,862	00242.02054.001 MOD 2
93.XXX	DesignMedix, Inc.	10,542	Not Available
93.XXX	ORC Macro, Inc.	359	35126-5S-729
93.XXX	Oregon Child Care Resource and Referral Network	8,647	Not Available
93.XXX	Slippery Rock University	30	ICDI-6

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93.XXX	Vanderbilt University	45,253	Not Available
93.XXX	Westat, Inc.	(4,999)	270-03-6002
97.XXX	Confederated Tribes of Coos, Lower Umpqua & Siuslaw	7,370	Not Available
98.XXX	International Resources Group	<u>41,567</u>	5004-CR1-IWW
		<u>\$44,554,120</u>	

State of Oregon
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Section I—Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

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

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

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

Type of auditor’s report issued on compliance for major programs: Qualified – Medicaid, Children's Health Insurance Program, Temporary Assistance for Needy Families, and Centers for Disease Control and Prevention Investigations and Technical Assistance

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#	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.400	Military Construction, National Guard
12.401	National Guard Military Operations and Maintenance (O&M) Projects
17.225	Unemployment Insurance
66.458	Capitalization Grants for Clean Water State Revolving
66.468	Capitalization Grants for Drinking Water State Revolving Fund
81.042	Weatherization Assistance for Low-Income Persons
93.283	Centers for Disease Control and Prevention - Investigations & Technical Assistance
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.658	Foster Care Title IV-E
93.659	Adoption Assistance
93.767	Children's Health Insurance Program
cluster	Supplemental Nutrition Assistance Program (SNAP) Cluster
cluster	Child Nutrition Cluster
cluster	Section 8 Project-Based Cluster
cluster	Workforce Investment Act (WIA) Cluster
cluster	Highway Planning and Construction Cluster
cluster	Title I Grants to Local Educational Agencies Cluster
cluster	Special Education Cluster (IDEA)
cluster	Rehabilitation Services_Vocational Rehabilitation Grants to States Cluster
cluster	State Fiscal Stabilization Fund Cluster
cluster	Immunization Grants Cluster
cluster	Temporary Assistance for Needy Families Cluster
cluster	Community Services Block Grant Cluster
cluster	Child Care and Development Fund Cluster
cluster	Medicaid Cluster
cluster	Student Financial Assistance Cluster
cluster	Research and Development Cluster

Dollar threshold used to distinguish between
type A and type B programs: \$25,940,857

Auditee qualified as low-risk auditee? yes no

State of Oregon
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Section II – Financial Statement Findings

09-01

Oregon Department of Human Services

Lack of Assurance that Controls Exist and are Effective over a Significant Financial System
Material Weakness

The Oregon Accounting Manual describes management's responsibility for ensuring internal controls are adequate to provide reasonable assurance that transactions are accurate and properly recorded and executed in accordance with management's objectives. That same level of assurance is required for services and financial information provided to the department by independent service providers.

During the audit, we noted that department management does not have assurance that information processed for the Medicaid program is accurate and reliable. During fiscal year 2009, the department relied on an independent service provider to develop and maintain a new Medicaid Management Information System (MMIS). The MMIS processes Medicaid eligible claims including payments to providers and individuals, capitated payments for managed care, and other non-claim payments and transactions. Between system implementation in December 2008 and June 2009, the MMIS processed \$1.3 billion in expenditures.

We inquired of department management regarding internal controls over transactions processed through the MMIS. We were provided with limited information related to some controls performed by the department, and management directed us to pre-implementation testing of the MMIS by department staff and an independent review performed by a contracted quality assurance vendor. However, none of these activities provided the department with adequate assurance that information provided by the MMIS service provider was accurate and reliable. Further, the contracted quality assurance vendor identified seven "system functional areas" that were not ready to process live data due to "severity 1 defects," and recommended the MMIS not be approved to process live data until significant system defects were adequately addressed.

Furthermore, management has not ensured that all contracts for significant financial services include a clause requiring an independent review of controls. Significant service contracts are those that provide significant financial information to management and upon which management must rely for the accuracy of that information. Without an adequate understanding and documentation of the controls implemented by service providers, or an independent review of these controls, department management does not have adequate assurance that the MMIS financial information is accurate and reliable. Specifically, management lacks assurance that the service provider for MMIS has adequate controls to ensure the \$1.3 billion in expenditures processed through the system in fiscal year 2009 was accurately reported.

We recommend department management seek adequate assurance for the accuracy of all financial information they report. Management should have a documented understanding of the controls involved in transactions, whether automated or manual, to ensure the integrity of the information. When necessary, such as for significant financial systems operated by service providers, department management should obtain independent assurance over the reliability and accuracy of the information. This may be accomplished, in part, by ensuring contracts for

State of Oregon
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significant services require internal control reviews and that the reviews are performed periodically as determined necessary.

AGENCY'S RESPONSE:

The department agrees with the finding.

Discussion:

The department implemented a new Medicaid Management Information System (MMIS) in December 2008. This system replaced the department's former legacy system used to track, pay and report on a majority of the state's Medicaid eligible services. Operation of the MMIS is a joint effort between the Department of Human Services, who is responsible for the system, and our service provider, who has been contracted to implement it. Both the department and our service provider have experience designing and maintaining large information management systems. Under the current Operations and Maintenance contract, our service provider maintains control over the source code and is responsible for security of the code. Only our service provider's staff have update access for programming changes, implementing change orders, and correcting system defects. The department remains responsible for physical security of the system, for controlling user access, for updating reference tables and identifying errors in data entry and in output.

Over the course of the audit, the department provided a considerable number of documents outlining system operations and controls at both the department and our service provider. However, the department acknowledges that further work is needed to adequately document, communicate and review MMIS internal controls and processes.

The decision to implement the new MMIS in December 2008 was the only practical option available at that time and continues to be a wise financial decision for the state. The federal government, which had been paying 90 percent of the development costs, refused to pay for additional development. Comparisons to other states showed that Oregon was at a greater state of readiness than other states that had gone live with the same system. Although the quality assurance contractor expressed the reservations referenced in the finding, they also expressed their understanding of the department's legitimate reasons for not delaying implementation further.

The decision to go live was supported by a formal readiness assessment process that weighted outstanding issues against funding pressures, staff morale and the likelihood of full stabilization without being in a production environment. The decision was also supported by manual workarounds to ensure that the business processes functioned properly as the system was stabilized.

Corrective Action:

The department will continue to improve our documentation of the internal controls regarding the MMIS. The system is set for certification review and acceptance in the second half of 2010 by the Centers for Medicare and Medicaid Services (CMS.) This comprehensive review will identify any significant system shortcomings that require further mitigation. Based on these recommendations, and the work of Secretary of State Audit Division staff currently auditing the MMIS, as well as department Internal Audit staff work, the department will modify the existing contract with our service provider. This modification will require that an independent internal control review be periodically performed to ensure the effectiveness of their controls in reporting accurate and complete information to the department.

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The contract with the existing service provider will be modified to require an independent internal control review be completed prior to July 1, 2011.

09-02

Oregon Department of Human Services
Strengthen Knowledge Skills and Abilities

Management's responsibility for the department's control environment includes ensuring key staff have the requisite knowledge, skills and abilities to perform their duties. Specifically, department management should ensure that accounting personnel responsible for preparing and approving transactions, including adjustments and year-end closing entries, possess the requisite knowledge, skills, and abilities to perform their duties in accordance with Generally Accepted Accounting Principles (GAAP) and Governmental Accounting and Financial Reporting Standards.

During the audit, we noted that accounting staff did not always appear to have the necessary understanding of GAAP to properly record transactions for financial reporting purposes. For example, we noted several errors that fell into each of the following categories:

- We found instances where transactions were not accurately reported. For example, when the department made adjustments to correct general ledger accounts from prior years, instead of recording a prior period adjustment, the department adjusted revenue and expenditure accounts in the current fiscal year. The error resulted in a \$6 million overstatement of expenditures in fiscal year 2009.
- We found instances where year-end liability and expenditure accruals were not considered, or were not recorded in accordance with GAAP. For example, the department did not record interest payable associated with a short term loan outstanding at year end, nor did the department consider whether a year-end adjustment was needed to correctly reflect outstanding receivables from third party insurance carriers.
- We found instances where the timing of revenues, expenditures and reductions of expenditures were not recorded in compliance with GAAP or state and department policy. For example, the department recorded expenditures when benefits were authorized rather than when the benefits were used. This overstated expenditures by \$6.8 million in fiscal year 2009.

Without management efforts to ensure staff have the requisite knowledge, skills and abilities to perform their assigned duties, department management runs the risk that errors could result in material misstatement to the financial statements and non-compliance with state and federal requirements. This is a recurring finding.

We recommend department management ensure accounting personnel have the requisite knowledge, skills, and abilities to accurately perform their assigned duties and ensure the resulting accounting records are in accordance with GAAP. Management should emphasize the importance of understanding GAAP to personnel who are responsible for recording transactions, calculating year-end accruals, and making adjustments that cross fiscal years. Management should also create a better awareness of the differences between budgetary accounting and GAAP, and when each is applicable.

AGENCY'S RESPONSE:

The department partially agrees with the finding.

Discussion:

The Department of Human Services (DHS) recognizes that staff skills need to improve. DHS's financial situation presents the most complex accounting and financial management questions in Oregon government. Because of this, DHS financial staff should be the best. The department is committed to achieve excellence not only in producing the annual financial statements but in improving management and federal financial reporting.

The complexity occurs because DHS keeps accounting records for three different purposes – the statewide financial report, budgetary reporting, and federal reporting. Each of these operate on different time periods, closing deadlines, and accrual rules. Thus all staff making entries must be cognizant of the effect of their entry on all three reporting processes.

Although the finding itself is a broad statement about staff skills, it is based largely on errors in the precise area where the three reports differ – accruals, prior period adjustments, and other year-end transactions. The errors themselves largely affected statewide financial reporting, not budgetary or federal reporting. They were immaterial to the statewide financial report and, in some cases, had they been entered correctly, would not have changed the statewide financial report. Nonetheless, many were errors and DHS is responsible to ensure staff has the ability and resources to record them correctly.

Because of the dual nature of this finding, this response will first describe DHS efforts to improve staff ability to properly record transactions and then discuss issues that arise from the specific entries.

Improving skills

Due to efforts made in response to a prior audit finding, DHS believes the performance of its Statewide Financial Reporting Team has improved in the last two years. The team developed and documented a detailed process for estimating year-end accruals based on actual accruals in the prior year adjusted for known variations from prior period activity. This estimation is necessary because state policy requires that financial statement accruals be completed by mid-August – 45 days before the accrual period ends.

The five current members of this unit all have accounting degrees. Two have MBAs and one is a CPA. Although the accrual estimation process has improved and most entries were better supported than in the past, the auditors raised issues with some entries made by the unit. In addition, some errors were made outside the unit by staff making entries for budgetary purposes that were not cognizant of the appropriate way to record the transaction for statewide reporting. The department's corrective action plan will address both of these issues.

Specific issues

Although many of the entries were errors that simply need to be corrected, there are two areas that DHS believes warrant further discussion – SNAP (food stamp) expenditures and accruals at the comptroller object level.

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SNAP expenditures

DHS pays SNAP (food stamp) benefits through a debit card operated by a third party vendor. The client receives the debit card and uses it to purchase eligible food. Each month, DHS authorizes the third party vendor to load each card with the benefit each client is eligible to receive. The client has one year to spend the eligible funds. Each month, DHS and the third party vendor identify and reconcile benefits unspent for more than one year.

Currently, DHS expenses these benefit payments when they are loaded onto the client's card. The audit questioned this practice, asserting the expenditure should be based on when purchases are actually made by the client. The management representation letter was prepared with an adjustment reflecting the audit opinion. On reflection, unspent funds on an EBT card are a liability of the state and are available for expenditure by the client at any time, including any carryover balances from prior months that have not expired. Thus the proper accounting treatment is less clear than either treatment.

Accruals at the comptroller object level

DHS's documented process for making year-end accrual estimates follows the Statewide Accounting and Reporting Services (SARS) criteria for reporting year-end accruals at the GAAP level. The audit examined the accrual entries at the comptroller object level, a more detailed level than required for the state financial report. For example, the department entered its accruals in GAAP Object 6100 – Special Payments. The audit asserted the accruals should have been split into two comptroller Objects 6800 – Distribution to Individuals and 6900 – Other Special Payments. These two entries roll-up into the same line (GAAP object 6100 – Special Payments) in the statewide financial report. In other words, splitting the entries has no effect on the statewide financial report.

As noted earlier, state accounting policy directs agencies to estimate financial statement accruals earlier than is typical for other entities. In effect the policy says the benefits of a timely report are more important than any error introduced by the estimating process. The effect of implementing the audit recommendation would be to further complicate the estimation process within an already tight timeline for making the estimates and with no benefit to the statewide financial report.

DHS is currently examining the workload and other implications of implementing the recommendations. When that review is complete, DHS would appreciate a discussion of the conflicting priorities.

Corrective Action:

To improve performance, the Office of Financial Services will document all of the errors and develop and initiate staff training with a specific focus on identifying and preparing prior period adjustments, identifying and recording revenue/reduction of expense, and recognition of rule differences between state, federal and budgetary accounting. We will also develop a check-list for those who release or approve batches that will aid in the review of common errors.

All corrective actions will be completed prior to December 31, 2010.

09-03

Oregon Employment Department

Improve Controls Over Transactions and Reconcile to Accounting Records

Material Weakness

An effective system of internal control includes adequate procedures that ensure transactions are accurately, completely, and properly recorded in the accounting system in accordance with generally accepted accounting principles. An effective system also includes adequate controls to ensure that financial information in the accounting system reconciles to supporting documentation. Further, the Oregon Accounting Manual states that departments should regularly perform bank reconciliations of cash recorded in agency records to bank statements. Cash reconciliations are an important control that provides assurance that account balances are accurate.

During our audit, an audit adjustment was made to the financial statements to correct a \$106 million understatement of unemployment benefit expenditures and a \$106 million overstatement of cash. The department's Oregon Benefit Information System creates unemployment benefit claims, tracks benefit amounts to be paid to claimants, withholds federal and state taxes, and collects on overpayments of benefits. On a daily basis, the benefit expenditure data from the benefit system is manually entered into spreadsheets, which the department maintains and uses to prepare the entry to record the expenditures in the state's accounting system. After the initial entry is recorded in the accounting system, the department makes additional accounting system entries to transfer the expenditures between funds for budgetary purposes. During this process, the department made an error, which resulted in the understatement of expenditures and overstatement of cash. The department does not have a process in place to ensure that these entries are made accurately in the accounting system.

The department's cash reconciliations also did not identify the cash error as the department reconciles cash balances between bank statements and the department's internal spreadsheets, but does not reconcile these balances to the cash balance in its accounting records. Furthermore, we identified additional cash reconciling errors totaling \$9.4 million between the department's spreadsheets and its accounting records for its cash suspense account. We also identified an \$11.8 million difference between the department's accounting records and its spreadsheets for its United States Treasury unemployment insurance trust fund cash account at June 30, 2009.

Monthly reconciliations of the cash accounts to the accounting records would have identified the errors in the cash accounts and other reconciling items that may have occurred. By not performing sufficient control procedures, the department was not able to timely identify and correct these significant accounting errors.

We recommend department management implement a control over the process of transferring expenditures for budgetary purposes, and perform reconciliations of its spreadsheets to its accounting system to ensure amounts are accurately, completely, and properly recorded in the accounting system.

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AGENCY'S RESPONSE:

- 1. We acknowledge this posting error and note that there was not cash shortage. However, we will change our procedure immediately regarding expenditure movements from suspense to appropriated funds. The beginning cash and expenditure totals will be retained as well as the ending balances of both. Having these two sets of documents will make it easier to identify and correct errors.*
- 2. Cash reconciliations of suspense accounts are labor intensive. Additional staff will be hired and devoted to reconciliation duties. In addition, we plan to prepare a cost benefit analysis of query tools for our Benefit and Tax databases to allow for standardized querying by staff. We will provide your office with an implementation timeline when the analysis is complete.*

09-04

Oregon Employment Department

Controls Over Initiating and Recording Transactions Should Be Improved

The Oregon Accounting Manual states that each agency is ultimately responsible for establishing, maintaining and improving the agency's internal controls. Internal controls must be adequate to provide reasonable assurance that management's goals and objectives are being accomplished effectively and efficiently and that transactions are accurate, properly recorded, and executed in accordance with management's authorizations.

The department did not have adequate controls in place to ensure that federal draws were appropriately calculated, recorded, and supported and that year-end accruals were accurate. Specifically, we noted the following:

- The department made calculation errors in five of 20 federal draws reviewed, resulting in miscalculations totaling \$366,024 and a net underdraw of \$110,346. Another draw contained calculation errors but we were unable to determine the correct draw amount because the department changed their methodology during the year and was not able to provide the supporting documentation. The department draws federal funds for benefit programs after the benefits are paid to individuals. The department performs complex calculations based on actual benefit amounts paid to determine the draw amounts. During fiscal year 2009, one person was responsible for calculating and performing the draws without any management review.
- Based on review of actual draws, the department understated fiscal year 2009 federal revenue by \$14 million. At year-end, the department prepared an accrual to record federal revenue earned but not received. The department was not able to clearly indicate how they determined their accrual nor do they have an accrual methodology documented. Further, the federal revenue accruals were performed by one staff person without any management review.
- The department incorrectly calculated a year-end adjustment, which resulted in understatements to taxes receivable and employment tax revenues of \$1.9 million.

We recommend department management implement a review process to ensure that transactions are appropriate and adequately supported.

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AGENCY'S RESPONSE:

1. *We agree that errors occurred in the federal benefit draw process. This process is performed by a single individual. Currently no routine review is conducted on the benefit draw requests. We are however, designing a new procedure to review the benefit draws after the draw is made.*
2. *We agree that there were incomplete Federal revenue accrual entries. During the time period covered by this audit there were an unprecedented number of new federal programs created to address the worst recession in seventy years. Transactional activity increased more than four fold in order to support program areas serving Oregon businesses and the unemployed. Federal program revenue increased from \$500 Million to approximately \$1.8 Billion within the year. Beginning in July 2008 the following federal programs were added: Emergency Unemployment Compensation with multiple tiers, Federal Extended Benefits, Federal High Extended Benefits, Federal Adjusted Unemployment Compensation, and the American Recovery and Reinvestment Act. Accounting staff resources were immediately engaged in setting up new programs and ensuring that accounting structures were in place to track all revenues and expenditures associated with these new programs. Additional efforts were also made to meet the increased tracking and reporting requirements set forth by both Federal and State government in the spirit of transparency. Due to these extraordinary circumstances and increased workloads, the time available for existing accounting staff to research, prepare and the reviewing of the accounting entries was significantly reduced. We are in the process of hiring additional accounting staff. These staff will be hired by the end of the second quarter of 2010. This will help the Department meet the transactional increased mentioned above as well as successfully complete its fiscal year end closing requirements.*
3. *Our earlier comment #2 applies here as well. Tax Receivable adjustments are some of the more complex and difficult entries to prepare and review. The increased transactional workload and limited experienced staff hurt our efforts to maintain accuracy and documentation. We believe the additional staff and thorough training, mentioned above, will address this finding.*

09-05

Oregon Department of Transportation
Infrastructure Reporting
Material Weakness

The department has had a material weakness surrounding its infrastructure accounting and reporting processes since fiscal year 2004. Since that time, the department has taken action to correct some issues; however, the following issues remained unresolved during fiscal year 2009:

- The department's methodology for recording infrastructure transactions does not include a step to identify accumulated costs for completed projects that are to be capitalized. As a result, not all project costs were captured and properly recorded in the State Highways and Tunnels and Bridges accounts for fiscal year 2009. At fiscal year end, the department uses an automated tool to compile the infrastructure project costs for current year transactions. The costs are then identified as ongoing or completed. Costs for ongoing

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projects are added to the Construction in Progress account, and costs for completed projects are added to the State Highways and Tunnel and Bridges accounts as appropriate. Accumulated costs for the completed projects, however, are not identified and included in the department's adjustments to the accounts. As a result, the ending balances of the infrastructure accounts were understated. This condition was exacerbated by coding errors and double counting errors that were not detected by the department's review process, but were identified through auditing procedures.

- The department's method of depreciating the state's highways is resulting in a rapidly depreciating asset. We first reported this issue in fiscal year 2004 when the department's accounting records indicated that state highways were 55 percent depreciated. As of the end of fiscal year 2009, the accounting records indicated that 71 percent of the state highways were depreciated. At the current rate of depreciation, we estimate the highways would be almost fully depreciated by 2016. A number of factors affect the depreciation rate. For example, asset balances and accumulated depreciation need to be adjusted for additions and disposals as appropriate, and asset useful lives need to be reevaluated over time. Over the years, the department has made adjustments to its infrastructure accounts that resulted in incremental improvements; however, it has not dedicated sufficient resources to determine a cause or a resolution for this persistent condition. Inaccurate and incomplete accounting of infrastructure additions and disposals could cause the state's government-wide financial statements in the Comprehensive Annual Financial Report to be materially misstated.
- Communication needs to improve between divisions of the department that play a role in infrastructure financial issues. For example, the Highway Program Office maintains a database of infrastructure projects that the department's accounting unit accesses as part of the process for gathering costs on completed and ongoing infrastructure projects. During fiscal year 2009, employee absenteeism in the Highway Program Office prevented some projects from being updated in the system as completed. As a result, the department's accounting unit did not record all completed project costs, which caused some infrastructure accounts to be understated. Had communications occurred between the divisions, the missing data might have been identified in a timely manner. As it was, the missing information was identified through auditing procedures.

The quality of the state's Comprehensive Annual Financial Report depends on the accuracy and completeness of recorded accounting transactions. Because the department records its infrastructure transactions as year-end adjustments, it is essential that these adjustments be accurate and complete.

We recommend department management reassess its methodology for compiling infrastructure accounting information for year-end reporting and modify its methodology as needed to ensure infrastructure accounts are accurately and completely reported. Furthermore, the department needs to improve the effectiveness of its review process for the infrastructure accounts.

We recommend department management make it a priority to dedicate resources from all divisions involved in infrastructure reporting (e.g., Highway Program Office, Bridge

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Development Unit, Office of Maintenance and Operations, and Information Systems) to develop a solution for the rapidly depreciating assets.

We recommend department management identify internal divisions that play a role in infrastructure financial issues and establish communication channels with them to improve and enhance its infrastructure accounting and reporting processes.

AGENCY'S RESPONSE:

The department agrees with the finding and recommendations. The following is the department's response:

Corrective Action Planned:

The department plans to evaluate the in-house developed GASB34 tool and modify it. The department will evaluate and modify the methodology used to compile infrastructure inception-to-date construction in process (CIP) accounting information to improve the process. The department plans to cross train staff and increase the level of review. Furthermore, the department will pursue a larger work effort involving consultants for an in-depth, holistic review of the department's infrastructure reporting process and determine the best methodology to achieve the most accurate and complete reporting of the department's infrastructure accounts. This corrective action is anticipated to be completed in fiscal year 2010 for CIP and fiscal year 2011 for remaining tasks.

Corrective Action Planned:

The Financial Services Branch management plans to hold meetings and make presentations to other divisions within the department to explain the reporting requirements and compliance that must be adhered to. These presentations will provide an opportunity for other divisions to understand the challenges of reporting the large complex infrastructure activities for the department and the importance the divisions have in supporting accurate and complete reporting for the department. This corrective action is anticipated to be completed in fiscal year 2011.

Corrective Action Planned:

The Financial Services Branch plans to take the lead in identifying divisions and staff that play a key role in the accurate and complete reporting of infrastructure activity. Meetings will be held to discuss reporting requirements and how best to capture the detail data for the most accurate and complete reporting at a departmental level. This effort will be supplemented with consultant support in order to encompass a holistic review and solution for the department. This corrective action is anticipated to be completed in fiscal year 2011.

09-06

Oregon Department of State Lands

Inadequate System of Internal Controls Over Investment Transactions

The Oregon Constitution dedicated revenues from the sale and management of some state-owned rangelands, forest lands, waterways and other types of lands to the Common School Fund, with earnings distributed to Oregon's public schools. The Common School Fund is managed by the State Land Board, with the Department of State Lands (department) serving as the administrative

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agency of the fund. The State Treasurer and the Oregon Investment Council manage the investments of the Common School Fund and the department accounts for the investments. The fair value of the Common School Fund portfolio as of June 30, 2009, was \$748 million.

We reviewed the department's processes and controls in place over investments. We found that the department was not properly recording all of its monthly investment activity. Specifically, the department was only recording monthly activity for one of its thirteen investment funds and some of that recorded activity was not properly accounted for as a purchase, sale, investment income, or a gain/loss on the sale of investments. Upon inquiry, fiscal staff and management were unaware that they were not reporting all of their investment activity and were not aware of the investment activity reports they were receiving from the Office of the State Treasurer.

With assistance from the Department of Administrative Services controller's division, the department prepared year-end closing entries related to its investments and accurately reported investments at fiscal year-end. However, we found that investment-related activity associated with investment income, unrealized gains and losses for investments and investment expenses were not always properly classified in the state's accounting system.

Without an adequate system of internal control in place, management does not have assurance that transactions are accurately, completely, and properly recorded in the accounting system in accordance with generally accepted accounting principles.

We recommend department management obtain an understanding of their investment portfolio and the financial reporting standards and implement controls to ensure that their investments and investment-related transactions are accurately, completely, and properly recorded in the accounting system.

AGENCY'S RESPONSE:

The Department of State Lands agrees with the recommendation and has hired an independent consultant with extensive experience with state of Oregon Accounting policies, procedures and systems and investment accounting expertise to work with management and staff to achieve the recommendation.

Analysis of the investment portfolio, determination of the appropriate accounting entries and development of monthly procedures have all been completed. The Department anticipates implementation by March 31, 2010.

09-07

Oregon State Treasury

Strengthen Internal Controls Over Investment Valuations

The Oregon State Treasury's (Treasury) management is responsible for establishing and maintaining internal controls designed to provide reasonable assurance that investment balances reported to agencies are valued in accordance with generally accepted accounting principles. We found Treasury could improve the design of its controls over investment related to the following:

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- During the audit period, Treasury did not have a specific control activity in place to ensure Treasury's investment custodian independently valued public equity and fixed income positions. Their custodian was relying on the price provided to them by Treasury's external investment managers for some positions rather than performing independent valuations. As a result, no independent reviews of the external fund managers' prices were being performed. After this issue was identified, Treasury began working with the investment custodian to decrease the number of positions not being independently priced. Based on a review of market price sources reported by the investment custodian as of June 30, 2009, 37 percent of the value of the fixed income and 8 percent of the value of the public equity positions were not independently valued but were based on prices provided by the external investment managers.
- As a result of a prior audit finding related to Treasury's controls over alternative investment valuations, Treasury implemented a process to review partnership valuations for financial reporting purposes. However, Treasury did not clearly identify and document specific criteria or situations that would require Treasury to further review and evaluate if there could be an impact to the alternative investments valuation. For example, although Treasury documented which partnership had a qualified independent audit opinion, they did not document their determination that the qualification had no impact on the valuation. Further, they had not developed criteria to support their determination.

An effective internal control system includes adequate procedures that ensure investments are accurately and properly valued. By not performing sufficient control procedures, the Treasury may not be able to timely identify and correct investment valuation errors.

We recommend Treasury management continue to strengthen internal controls over the valuation of investments by ensuring an independent valuation is performed on all positions and developing specific criteria for evaluating reported fair values to ensure that valuations are reasonable.

AGENCY'S RESPONSE:

Oregon State Treasury (OST) Investment and Investment Accounting staff continue to strengthen internal controls over the valuation of investments. Development of formal procedures is ongoing, and staff within OST are exploring resources available from current Oregon Investment Council consultants, investment managers and the custodian bank to ensure the best possible coverage of valuation concerns. In response to specific items addressed in the finding, the following actions are planned:

- *Independent Valuation of Public Equity and Fixed Income Positions – A work team has been formed to explore this concern in more detail. Investment Officers will work with third-party managers to gain a detailed understanding of their valuation process for positions that do not have a readily available market price, and Investment Accounting staff will work with our custodian bank to identify options for independent review of these positions. The work team will develop an initial course of action no later than August 31st to address fiscal year end financial reporting, with the expectation that control processes will be refined and finalized by the end of the calendar year.*
- *Controls Over Alternative Investment Valuations – Investment Accounting staff are currently formalizing the control structure over partnership valuation reviews. This work will be completed by June 30th.*

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09-08

**Oregon Department of Education
Year End Accruals**

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.

While the department continues to improve its process for accruing revenues and expenditures, our testing of the fiscal year 2009 accruals found that the department's estimates were still significantly different from actual revenues and expenditures for the accrual period. In addition, some revenue accruals were posted to an incorrect fund. As a result, revenue for fiscal year 2009 was understated by approximately \$10 million in the Educational Support Fund and overstated by \$5 million in the Nutritional Support Fund. Expenditures were understated by approximately \$11 million in the Educational Support Fund and by \$3 million in the Nutritional Support Fund. We reported a similar finding for the prior two audit periods. *See prior year findings 08-09 and 07-20*

We Recommend department management ensure that year-end accruals are reasonably estimated in conformance with generally accepted accounting principles and posted to the proper fund.

AGENCY'S RESPONSE:

The department agrees with the finding that estimates were still significantly different from actual revenues and expenditures for the accrual period. In addition, some revenue accruals were posted to the incorrect fund.

As acknowledged in your letter, the department continues to improve its process for accruing revenues and expenditures. The Director of Financial Services has updated the department's accrual procedure to include a methodology to estimate and record expenditures. Even though improvements were made, the department isn't able to accurately estimate post-Month 13 expenditures due to having only one year of historical data. As we noted in our response to a similar finding for the fiscal year ending June 30, 2008, we expect the agency's estimates to improve over time as more historical information becomes available, i.e., we expect these data to contribute to our ability to more accurately estimate and record these accruals.

09-09

**Oregon Department of Forestry
Financial Reporting Risk Assessment Process Needs Strengthening**

Risk assessment is part of an interrelated internal control framework. Management's responsibility is to identify financial reporting objectives and the risks related to achieving those objectives, including risks associated with system generated financial information. Once risks are identified, management should consider their significance, the likelihood of their occurrence, and ensure mitigation of key risks through implemented control activities. Department management's current practice is an informal process that identifies risks while reviewing and updating department policies. Management stated that they also address risks as concerns come to their

attention. Their process does not begin with identification of financial reporting objectives and risks related to those objectives.

Without a formal process for identifying risks, there is a greater chance that key financial reporting risks could be overlooked. During our audit, we noted weaknesses in the purchase order system access controls and weaknesses in internal controls over services and supplies expenditures that might have been identified with a more comprehensive risk assessment process. *See prior year finding 07-6*

We recommend department management implement a comprehensive risk assessment for financial reporting objectives within its internal control framework. The risk assessment process should begin with identifying financial reporting objectives, and include risks related to those objectives. Management should assess the significance of the risks, the likelihood of occurrence of the risks, and implement control activities to address the key identified risks.

AGENCY'S RESPONSE:

The Department agrees with this finding. The Department has only had an agency-wide Risk Management and Analysis Process for two years, so the process is still very young within the Department. Department managers still have skills and knowledge to obtain to refine the risk management and analysis capabilities within the Department. These risk management skills and knowledge will be developed thorough time to expand beyond our current capabilities of identifying inherent risks to a more robust event identification process that better identifies specific unmanaged risks. However, our early efforts have been placed in codifying objectives and identifying the organizational activities that produce the outcomes we desire. We will improve through time and feel very secure about the process we are developing and that it is one of the most professional frameworks for risk management and analysis. In the future, the Department would appreciate the auditors sharing with us an acceptable process from another state agency.

Ongoing training and meetings for all Department managers will be occurring through time to achieve the appropriate level of skill in our Risk management and Analysis Process, so there is no clear completion date.

09-10

Oregon Department of Forestry

Weaknesses in Access Controls for Purchase Order System

The department processes services and supplies expenditures through its purchase order (PO) system. Access to the PO system is granted after an employee requests access and receives approval from his or her supervisor. User access should be in line with department needs and employee job requirements. According to department policy, the Application and Data Owner is responsible for: granting and tracking employee access to the computer application; maintaining a listing of employees and level of access; and, completing a periodic review of all access levels.

We noted the following weaknesses in the access controls over the PO system:

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- The appointed Application and Data Owner for the PO system was unaware of the appointment. The prior Application and Data Owner had relinquished responsibility for granting employee access to the PO system.
- Access requests and approvals are not consistently documented in a centralized location.
- A listing of employees' access and their access levels is not maintained for the PO system. Additionally, the department could not readily produce a listing of employees with PO system access showing employees' level of approved access.
- There are no periodic reviews of PO system user access.
- Eight employees who were noted as having the ability to initiate a purchase order in the PO system also have delegated signature authority to approve expenditures, thereby creating a weakness in segregation of duties controls over expenditures.
- PO system access is not terminated when an employee separates from the department. Department management informed us this weakness was mitigated by controls over the department's network access; employees that separate from the department should have their network access terminated, which would result in PO system access being effectively prevented. However, we found this mitigating control was not reliable. Four of seven employees with PO system access that separated from the department during fiscal year 2009 did not have their network access terminated timely. Termination of network access for these four employees ranged from 3 to 72 days past their termination dates. For one of the seven employees, network access was terminated, but the date access was terminated is unknown. The department's network directory does not log a date when a separated employee's access to the network is terminated and the department does not have an alternative method of consistently documenting when an employee's access to the network is terminated.

These access control weaknesses increase the risk of unauthorized or unintentional use or modification of the PO system, which could result in inappropriate expenditures. Although expenditures require an approval signature by a delegated authority and are reviewed centrally in Fiscal Services, these controls do not completely mitigate the risks of inappropriate expenditures occurring and going undetected, as the department is highly decentralized with more than 150 employees with delegated signature authority.

We recommend department management ensure that access controls over the PO system are implemented and functioning. Controls should include the following:

- User access requests and appropriate approvals, from both the employee's supervisor and the Application and Data Owner, should be consistently required and documented prior to access being granted.
- An updated listing of employees with access to the system and their level of access should be maintained.
- Periodic reviews of user access for the PO system should occur to ensure appropriate PO system access levels are maintained.
- Segregation of duties controls should exist between the initiation of a purchase order and the expenditure approval.
- Access to the PO system, whether directly or through network access, should be terminated timely upon an employee's separation from the department.

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AGENCY'S RESPONSE:

The Department recognizes the risks surrounding the Purchase Order (PO) System and agrees with the noted weaknesses in the access controls over the PO system and the recommendations made for correcting these weaknesses. Fiscal Services is working with Information Technology to determine a method to strengthen the controls and processes surrounding security and access to the system. Part of this is the development of new procedures for requesting and managing security in accordance with our stated policies in department Directives 0-2-3-203 Internal Controls – Financial Transaction Access Levels, 0-2-3-205 Internal Controls Over Expenditures and 0-2-3-206 Internal Controls Over Delegated Authority. All requests for access to the PO system will go through the Fiscal Manager whose staff will maintain the security data for the system. Periodic reviews will be done on employees' access and their access levels. We are testing the methods that can be used to close out access to the system without damaging the data associated with the users. This will take more research and testing which we will be doing over the next few months. If changes to the tables associated with access cannot be changed we will be developing mitigating controls to put in place.

In reference to each of the recommendations we will take the following steps:

- *User access requests and appropriate approvals, from both the employee's supervisor and the Application and Data Owner, should be consistently required and documented prior to access being granted.*
 - *We agree with this recommendation and will include this in the procedures outlined above.*
- *An updated listing of employees with access to the system and their level of access should be maintained.*
 - *We agree with this recommendation and will include this in the procedures outlined above.*
- *Periodic reviews of user access to the PO system should occur to ensure appropriate PO system access levels are maintained.*
 - *We agree with this recommendation and will implement it as part of our security procedures.*
- *Segregation of duties controls should exist between the initiation of a purchase order and the expenditure approval.*
 - *We agree with this recommendation, however since we are a decentralized agency we have offices that may have staff of 1-3 persons where the ability to have a complete segregation of duties is not possible. We have included the ability to have mitigating controls in place to allow the staff the ability to complete their work without undue constraints on them while maintaining a healthy level of risk against fraud or misuse. These mitigating controls include the requirement that two different people initiate and approve the PO. No one person can initiate and approve a PO, but there is at times the need for the person that would normally approve a PO to be the initiator because of an illness, vacation, or an emergency assignment to another position. In these cases the person that would normally approve the payment would become the initiator and a third person, either in the*

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office or in another local office would become the approver. Our Fiscal office assures that the proper initiator/signatures are in place.

- *Access to the PO system, whether directly or through network access, should be terminated timely upon an employee's separation from the department.*
 - *We agree with this recommendation. We have policies and procedures in place covering the notification of IT and Fiscal Services when employees with access depart the agency or transfer within the agency. We will review these policies and procedures with managers and employees and we will enforce them fully.*

09-11

Oregon Department of Fish and Wildlife
Inaccurate Recording of Expenditures

The department and Oregon State Police (OSP) have a contractual agreement where OSP provides law enforcement services over fish and wildlife regulations and the department reimburses OSP for these services on a monthly basis. We reviewed the 16 transactions processed for fiscal year 2009 and found that one should have been posted to fiscal year 2008 and another constituted a pre-payment for fiscal year 2010; consequently, expenditures were overstated by \$879,975 for fiscal year 2009. In addition, we found that the payments were misclassified as transfers in the accounting system when they should have been recorded as expenditures.

We recommend department management ensure expenditures are properly recognized, recorded, and classified in the accounting system.

AGENCY'S RESPONSE:

The department agrees with the finding. The misclassification of the expenditures as transfers has been identified in our most recent risk assessment for financial close processes so that it will be correctly recorded for fiscal year 2010 (task completion date: June 30, 2010). For ensuing fiscal years, the department will coordinate with Department of Administrative Services Budget and Management Section to budget the costs so that they will be recorded as expenditures (task completion date: September 30, 2011). The department will also be hosting a training for its Fiscal Staff to refresh them on identifying the appropriate period in which to post expenditures (task completion date: June 30, 2010).

Section III – Federal Awards Findings and Questioned Costs

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

09-12

Oregon Department of Human Services

Medicaid Cluster

Children's Health Insurance Program, CFDA 93.767

Eligibility, Allowable Costs, Activities Allowed or Unallowed

Lack of Assurance Over MMIS Internal Controls

Material Weakness

During fiscal year 2009, the department relied on an independent service provider to develop and maintain a new Medicaid Management Information System (MMIS). The MMIS processes Medicaid and CHIP eligible claims and includes payments to providers and individuals, capitated payments for managed care and other non-claim payments and transactions. Between system implementation in December 2008 and June 2009, the MMIS processed \$1.3 billion in expenditures. Payments processed through the MMIS utilize system coding to help ensure compliance with state and federal rules related to eligibility, and allowable costs and activities. We inquired of department management regarding internal controls over transactions processed through the MMIS. Though the department had some procedures in place that provided limited controls over financial reliability and compliance, the department lacked adequate assurance that transactions processed by the service provider through the MMIS were accurate and in compliance with federal and state rules. Please refer to the current year financial finding at 09-01 for additional detail.

We recommend department management obtain independent assurance over the reliability and accuracy of the system's controls.

AGENCY'S RESPONSE:

The department agrees with the recommendation.

Discussion:

Please refer to the current year financial finding 09-01 response for additional detail.

Corrective Action Plan:

The department will continue to improve our documentation of the internal controls regarding the MMIS. The system is set for certification review and acceptance in the second half of 2010 by the Centers for Medicare and Medicaid Services (CMS). This comprehensive review will identify any significant system shortcomings that require further mitigation. Based on these recommendations, and the work of Secretary of State Audits Division staff currently auditing the MMIS, as well as department Internal Audit staff work, the department will modify the existing contract with our service provider. This modification will require that an independent internal control review be periodically performed to ensure the effectiveness of their controls in reporting accurate and complete information to the department.

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09-13

Oregon Department of Human Services

Medicaid Cluster

Allowable Costs – Incorrect/Unsupported Payment Rates

Questioned Costs of \$3,668

Federal funding from the Medicaid Program provides medical benefits to low-income, eligible persons. Medicaid payments made for allowable services should be based on documented and approved rates. During State fiscal year 2009, we found that controls were not adequate to ensure all payment rates were documented and accurate. Specifically, we tested 62 payments and found four were paid at a rate that was not adequately supported and one was made based on an incorrect rate.

The above errors resulted in known questioned costs of \$3,668 for the fiscal year. Likely questioned costs exceed \$10,000 when projected to the population.

We recommend department management strengthen controls to ensure that all rates are correct and adequately supported. Further, department management should determine the amount of Medicaid funds applied toward the incorrect or unsupported rates and ensure any unallowable amounts are credited back to the federal program.

AGENCY'S RESPONSE:

The department partially agrees with the finding.

Discussion:

Of the four rates found to be inadequately supported, three occurred solely because their determination methodology was not promulgated in Administrative Rule. The rate methodology for most of the Medicaid program is outlined in Oregon Administrative Rule 410-120-1340. However, the rate methodology for the Durable Medical Equipment (DME) program has not been promulgated in rule.

The department's rates for these items is currently set by policy. The department reviewed the policy and determined that the payments to the providers was accurate based upon the existing policy.

The remaining inadequately supported rate involved services provided by a Seniors and Peoples with Disabilities (SPD) Community Developmental Disability Program (CDDP) provider. This determination of this rate was not adequately documented. The federal amount of questioned costs for these services was \$3,464.

The rate found to be incorrect was for a physician administered drug which is priced using Medicare Average Sales Price (ASP) fee schedule. The ASP fee schedule was manually entered into the old claims payment system with a data entry error of two cents and carried over into the new MMIS data conversion. Based on the department's research, the rate was incorrect for a one quarter period (October 1, 2008 to December 31, 2008) before it was corrected. This data entry error caused 30 claims to process incorrectly during the time period at a cost of \$28.24 Total Funds.

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Corrective Action Plan:

The department will include the DME program in its Administrative Rule which outlines payment methods (OAR 410-120-1340). The payment rules are updated once per year and the next revision is scheduled to be in effect January 1, 2011.

For the remaining inadequately supported rate, SPD limited the staff authorized to complete the assessment tool used to determine payment rates. Only staff in the Restructuring Budgets, Assessments and Rates Unit within SPD may implement the tools that determine these rates, unless otherwise authorized. This allows for greater standardization and permits SPD to retain better records of the client assessment and subsequent rate calculations. Prior to the 2009-2011 Biennium, assessment tools could be completed by CDDP or Regional Crisis Diversion staff.

The process that resulted in the use of the one incorrect rate has been discontinued. Beginning July 2009 the process for entering rates into the MMIS system changed from a manual data entry function to an automated download process. The rates are downloaded directly from the Centers for Medicare and Medicaid Services (CMS) website containing the ASP fee table. This file is loaded into a test environment where rates are reviewed by the department's Business Service Unit and Policy Unit. Once this review takes place and the file has been approved, our MMIS service provider is instructed to move the test table into production. An additional review is done during this move in order to assure the file transferred accurately.

The federal portion of the \$28.24 data entry related error referenced above, and the \$3,464 federal funds questioned as a result of the inadequately supported SPD related rate, will be credited back to the federal program.

09-14

Oregon Department of Human Services
Children's Health Insurance Program, CFDA 93.767
Eligibility – Incorrect Eligibility Determinations
Questioned Costs of \$5,892
Material Weakness

Federal funding from the Children's Health Insurance Program (CHIP) provides health assistance to uninsured, low-income children. To be eligible for CHIP funded assistance, an applicant must have family income that is less than 185 percent of the federal poverty level and not be eligible for Medicaid, submit an application that is signed by all adults in the filing group, provide proof of income, and have been uninsured for the previous 6 months.

During our fiscal year 2009 review of 50 client case files, we identified department errors and missing or incomplete documentation related to an applicant's determination of eligibility. Specifically, we found the following:

1. Eight clients were not within the allowable CHIP income limit.
 - Four Clients' income levels were incorrectly calculated and were ineligible;
 - Two clients were correctly determined ineligible, but were entered into the system as eligible;

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- Two clients should have been funded with Medicaid instead of CHIP because they were below the allowable federal poverty level for their age group.
- 2. One client had not met the 6 month period of un-insurance. Though the department later identified their error, they did not make sure CHIP funds applied to the client's claims were properly reimbursed back to the federal program.
- 3. One client reported third party liability insurance after they were on CHIP. The department did not terminate benefits timely, resulting in two additional months of CHIP funded benefits.
- 4. The department was unable to locate one of 50 requested client applications.
- 5. Four applications were not signed by all adults in the household.

The above eligibility errors resulted in known questioned costs of \$5,892 for the 2009 fiscal year. Likely questioned costs exceed \$10,000 when projected to the population. *See prior year finding 07-39*

We recommend department management strengthen controls over the eligibility process to ensure that applications are complete, income determinations are accurate, and information entered into the department's systems is accurate. Further, department management should determine the total amount of CHIP funds paid on behalf of ineligible clients and ensure it is properly credited back to the federal program.

AGENCY'S RESPONSE:

The department agrees with the finding.

Discussion:

Children, Adults and Families (CAF) Self Sufficiency Programs (SSP) continues to proactively strengthen controls over the eligibility process. Income budgeting, signatures, third party liability, placement into correct medical programs and documentation issues are being addressed.

In October 2009, the department streamlined the Children's Health Insurance Program (CHIP) eligibility process.

- *The CHIP countable income calculation used for the initial eligibility decision was reduced from a three-month income average to a two-month average.*
- *The un-insurance requirement was modified to make it less restrictive and easier to verify.*
- *Decreased the CHIP un-insurance waiting period from six to two months.*
- *The CHIP resource limit was eliminated.*
- *Increased the CHIP income limit to 201% of the Federal Poverty Level.*

The Self Sufficiency Program Accuracy Team (SSPAT) conducted a special project of CHIP reviews consisting of ten branches between April and June 2009. The primary areas of review were budgeting, available third party resources, effective dates and correct program decisions. Trend information was shared with Program Managers, Line Managers and eligibility workers at the ten branch offices and with the medical training team. The SSPAT Team also created a PowerPoint for staff that covers date of request, effective date, private major medical insurance, pursuing assets, income, combining Oregon Health Plan (OHP) households, and changing household members.

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In July 2009, DHS implemented the Oregon Health Plan On-Line Application (OHP 7210W). The on-line application is submitted electronically into the imaging system and has an electronic signature.

For all medical programs, staff are trained that an individual does not need to complete a new Oregon Health Plan Application (7210) or Application for all Programs (415F) as long as the client is currently receiving DHS program benefits at the time they make the request for medical benefits. DHS staff review the application currently on file and “pend” for any verification that is needed to determine ongoing medical benefits. The August 2009 On Target newsletter included an article on when an application is needed for medical benefits.

Corrective Action Plan:

In January 2010, the Self Sufficiency Medical Quality Control (MEQC) staff started conducting a CHIP review of case openings/conversions with December 2009 effective dates. (Cases being reviewed are from December 2009 through February 2010.) Once the review process is complete, branch error summaries will be provided, with corrective action required. Staff are trained to send a request to Client Maintenance Unit to have an individual placed in the correct program if an administrative error is found.

In 2010, DHS is implementing a new on-line interactive medical application. The new on-line medical application will have the capability to accept multiple signatures. This new interactive application will also bring to the attention of the case manager if the individual has third party liability.

The Health Insurance Group (HIG) routinely works MMIS report TPL-0689-M, which identifies clients who have had active third party liability (TPL) for the past six months. When they are reviewing the TPL they also check to see if the client is receiving CHIP medical. For individuals who are receiving CHIP medical coverage and have TPL, the case is referred to OHP Statewide Processing Center. The OHP Statewide Processing Center eligibility staff review the case to see if the individual is eligible for Medicaid. If there is not Medicaid eligibility, the medical case is closed.

Self Sufficiency Modernization (SSM) efforts:

CAF SSP program staff are working in partnership with Office of Information Services staff to modernize CAF SSP eligibility systems.

- The first phase of the new web-based application is the on-line OHP 7210W. The 7210W is a version of the OHP 7210 submitted electronically by the user into the SSP imaging system. A later version of an interview style on-line medical application is being developed for expected implementation in 2010.*
- 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.*
- 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.*

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- *The department plans to automate the medical program eligibility decision process using a web-based computer system application.*
- *An additional component is 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 benefit calculator will review the eligibility factors for each medical category, including countable income, and assist the eligibility worker in making an eligibility determination. Income calculations will be automated. The new income calculation functionality will improve the accuracy of earned income calculations.*
- *The modernization efforts will continue to be implemented in phases, continuing throughout 2010.*

The department will determine the amount of CHIP funds paid on behalf of the ineligible clients identified in the finding and credit the federal program as appropriate.

09-15

Oregon Department of Human Services

Temporary Assistance for Needy Families, CFDA 93.558

Eligibility – Child Welfare System Coding Issues

Questioned Costs \$ 648,943

Material Weakness

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

For seven of 25 randomly selected fiscal year 2009 child welfare clients, federal TANF funds were used to make payments for some services even though the client was not eligible and the system correctly reflected the client's ineligibility. Upon inquiry and research by the department, the department discovered that certain family support services codes were coded to be paid with federal TANF funds without considering the client's eligibility. The questioned costs for these cases for the fiscal year were \$5,249.

In addition, we reviewed client data for fiscal year 2009 and identified 25 clients whose benefits exceeded the \$25,350 threshold. The department uses a monthly report to monitor clients to ensure they do not exceed the maximum yearly assistance limit. The department was monitoring and correctly coding the clients as ineligible in the child welfare system. Upon inquiry, the department determined that system coding issues caused the payments to continue to be funded with federal funds regardless of eligibility. Further, the department noted that clients continued to appear on the monthly report as exceeding the threshold, yet no further follow-up had been performed. The questioned costs for these cases for the fiscal year were \$643,694.

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We recommend department management identify and correct all system coding to ensure compliance with federal eligibility requirements. In addition, department management should ensure follow-up and resolution occurs if a client coded as ineligible in the system remains on the monthly report. Further, department management should determine the total amount of TANF funds paid on behalf of ineligible clients and ensure it is properly credited back to the federal program.

AGENCY'S RESPONSE:

The department agrees with the finding.

Discussion:

The department discovered during the audit that some family support services that meet the TANF requirements if provided to an eligible client were programmed in the department's financial system to be funded by TANF regardless of the client's eligibility for TANF. This apparently resulted from a misunderstanding of TANF requirements that occurred in the 2007-2009 budget process. The services were incorrectly charged beginning in November 2007.

An analyst in the Federal Compliance Unit is responsible for monitoring the monthly report of clients who have or are approaching services exceeding the \$25,350 annual limit. The analyst is responsible for ending the clients' TANF eligibility. Each month the analyst would verify the clients on the previous month's report had been made ineligible. However, the analyst and management did not research why some clients continued to show on the monthly report.

Corrective Action Plan:

The department will ensure that the funding for the services which were programmed to charge federal TANF funds incorrectly is corrected. The payments will be reprocessed to ensure the federal funds are reimbursed based on the clients' eligibility. The department will also determine, document and make appropriate funding adjustment to the federal program. The documentation and adjustments will include the clients who had exceeded the \$25,350 limit to ensure all payments funded by TANF beyond the clients' eligibility have been credited back to the federal program.

The department will monitor the monthly \$25,350 report to ensure that any clients reported on previous reports receive the necessary adjustment to payments. Any client that remains on the report more than two months will be completely analyzed, any problems identified will be corrected and documentation of actions taken will be attached to the monthly \$25,350 report.

The department has implemented a monthly Federal Funding Program Update meeting. Representatives from budget, financial services, federal compliance and program policy will be represented at this update meeting. The current expenditures of the federal funds will be monitored and discussed. Proposed changes to use of federal funds will be discussed and decisions will be made jointly by department fiscal and program management.

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09-16

**Oregon Department of Human Services
Temporary Assistance for Needy Families, CFDA 93.558**

Eligibility

Questioned costs \$3,227

Federal regulations permit states to use federal Temporary Assistance for Needy Families (TANF) funds for activities previously authorized in a September 30, 1995, approved Emergency Assistance to Needy Families with Children State plan (Title IV-A). The authorized plan permits the department to provide emergency child welfare intervention services for a period of no more than 365 days. After 365 days, the department re-determines client eligibility based on the 1995 approved plan.

For non-child welfare clients to be eligible for TANF benefits, the client must meet specified financial and non-financial eligibility criteria including deprivation. Deprivation encompasses the continued absence of a parent that does not visit the child in the child's home more than four times or 30 hours per week.

Of the 25 child welfare emergency assistance clients selected for testing, the department did not perform a re-determination of eligibility for one of the clients receiving services for more than 365 days. Questioned costs for this case for services, provided beyond the 365 days, for the fiscal year were \$2,976. In addition, the department provided some services for one month for a client designated as pre-TANF, but eligibility documentation stated there was no deprivation as required by department policy. Questioned costs for this case for the fiscal year were \$251.

We recommend department management ensure that eligibility re-determinations are conducted timely and that all eligibility criteria are substantiated. Further, department management should determine the total amount of TANF funds paid on behalf of ineligible clients and ensure it is properly credited back to the federal program.

AGENCY'S RESPONSE:

The department agrees with the finding.

Discussion:

Child Welfare (Emergency Assistance Re-determinations)

Procedures established in September 2008 requiring the completion of annual re-determinations for Child Welfare related TANF Emergency Assistance have resulted in improved compliance. The monthly report used to notify Child Welfare Federal Revenue Specialists (FRS) when re-determinations are due is the same report used by the Federal Compliance Unit analyst to monitor ongoing compliance. Unfortunately, this report can be difficult to understand due to conflicting eligibility history data on Child Welfare's legacy system.

Self Sufficiency (Pre-TANF Eligibility)

The Transition, Referral, and Client Self-Sufficiency (TRACS) narrative system is used to maintain a chronological, legal record of program eligibility and client case plan activity. Information narrated by case workers in TRACS includes specific financial and non-financial information related to eligibility for the Pre-TANF and TANF cash assistance programs, and the

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final program eligibility determination. The TRACS narrative for the identified Pre-TANF case did not contain clear, detailed information regarding eligibility based on deprivation.

Corrective Action Plan:

In addition to follow-up and correction of the cases with the identified errors, the department will determine the total amount of TANF funds paid on behalf of these ineligible clients and credit it back to the federal program. The department will also take the following steps to implement the recommendation:

Child Welfare (Emergency Assistance Re-determinations)

- *Send a Policy Transmittal to the Child Welfare FRS to remind them of the requirement to complete TANF re-determinations annually.*
- *Provide refresher training to individual FRS' (identified from the Federal Compliance Unit analyst's monitoring of the re-determination report) who are not completing the annual re-determinations timely.*

Self Sufficiency (Pre-TANF Eligibility)

- *Send a Policy Transmittal to Self-Sufficiency field staff - reminder of TANF financial and non-financial eligibility requirements and TRACS narration to support the eligibility decision.*
- *Review and update training materials related to TANF non-financial and financial eligibility factors and TRACS narration.*

09-17

Oregon Department of Human Services

Temporary Assistance for Needy Families, CFDA 93.558

Special Tests and Provisions – Income Eligibility Verification System

Federal regulations require each state to participate in the income eligibility verification system (IEVS), which includes using income and benefit screens accessible through the department's client maintenance system when making TANF eligibility determinations. The verification of utilizing these screens is documented for each client.

Of 25 client files tested, three files did not have documentation that the IEVS screens were verified when determining eligibility. We verified that all three clients did meet TANF eligibility criteria.

We recommend department management ensure that verification of IEVS required screens are documented when determining client eligibility.

AGENCY'S RESPONSE:

The department partially agrees with the finding.

Discussion:

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This finding occurred because the department no longer enters into its case management narration system, for every case, separate specific statements that each Income and Eligibility Verification System (IEVS) screen has been checked.

The TANF program policy requires Self-Sufficiency workers to verify and document eligibility. Staff are also required to use the information from the IEVS screens as well as other documentary evidence (oral or written) in determining and verifying financial and non-financial eligibility. This is consistent with federal guidance. The three cases identified in this audit included information in the Transition, Referral, and Client Self-Sufficiency (TRACS) narrative system indicating they were eligible.

While the department agrees that verification of financial and non-financial requirements must be adequately documented when determining client eligibility, the department disagrees that the use of the IEVS related screens must be independently documented for every client. States are required to participate in the IEVS. Oregon participates as required through regular use of IEVS screens by eligibility workers and cross matching of data across other agencies including: Unemployment Compensation match with Oregon Employment Department (OED); wage match with OED; Social Security Administration income match and SSN verification. Discrepancy reports are created monthly for use by eligibility staff. The three cases identified in this audit did not appear in the discrepancy reports.

The IEVS requirement is that States use the information obtained through IEVS. Section 1137 (a)(4)(C) of the Social Security Act provides that “the use of such information shall be targeted to those uses which are most likely to be productive in identifying and preventing ineligibility and incorrect payments, and no State shall be required to use such information to verify the eligibility of all recipients.” There is not a federal requirement for documenting each time IEVS screens are viewed for every case. ACF policy instruction: TANF-ACF-PI-2007-08 provides that eligibility decisions, including denials or closures, cannot be made solely based upon the results of IEVS checks. Consequently, Self-Sufficiency staff are required to validate the data obtained through a variety of resources using the source with the most reliability for the given scenario.

Recently, the Office of Self-sufficiency has been working to achieve a more streamlined environment. This is in response to the need for increased efficiency given the high number of intakes and resulting higher than budgeted caseloads. This needed efficiency also comes as a result of staffing related to the TANF program field administration being approximately 40 percent of need.

One of the recent efficiency improvements involved discontinued use of narrative templates. Self-sufficiency workers are still required to document their eligibility decisions, including decisions based on both financial and non-financial requirements. However, staff are instructed to report how they verified pertinent eligibility information about a client.

While the department’s TANF program participates in IEVS as required, the department recognizes improvements could be made to better utilize data from some of our federal partner agencies.

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While the department expressed concern with this finding, the department's processes for meeting this requirement were not adequately communicated during the audit.

Corrective Action Plan:

The department will review current policies and guidance to staff regarding verification and documentation of eligibility. The department will also continue to work with federal partners to improve the State's systematic approach to meeting the IEVS requirement.

09-18

Oregon Department of Human Services

Centers for Disease Control and Prevention: Investigations and

Technical Assistance CFDA 93.283

Allowable Costs - Payroll Adjustments Made that Increased Grant Revenue

Questioned Costs - \$10,098

Material Weakness

During the audit, we noted two instances of adjustments made to grant expenditures that moved payroll dollars from one grant to another. The first instance was an adjustment request with additional commentary detail written stating "Move expenditures to reduce over payroll expense." The adjustment reduced payroll expense on the CDC grant for "Cancer Prevention and Control" and increased payroll expense for the CDC grant "Approaches to Arthritis" for an employee who is listed as a shared employee. The employee originally certified they worked on the Cancer Prevention and Control grant for 49.28 hours during the month of April 2009, and then manually changed the certification to state they worked on the Arthritis grant for 49.28 hours. This employee is the same employee who initialed the adjustment request document stating "Move expenditures to reduce over payroll expense."

The second instance was an adjustment request with additional commentary detail written stating "Move expenditures to balance grant." The adjustment reduced payroll expense on the CDC grant for "Collaborative Chronic Disease Prevention" and increased payroll expense for the CDC grant "Cancer Prevention and Control" for an employee who is not listed as a shared employee. The employee certified they worked 160 hours during May 2009 on the "Collaborative Chronic Disease Prevention" grant, and no changes were made to this certification document. The adjustment moved all of the May 2009 payroll dollars.

Upon questioning, program staff informed us that monthly meetings are held during which grant projected costs are analyzed and adjustments made to payroll expense for four shared employees as needed to shift time in order to stay within specific grant budgets. We observed a monthly (March 2009) grant projection worksheet printed 5/1/2009 which had notes at the bottom stating "The removing of the four for March – June will net (SIC) be accurately projected until March and April adjustments come through. I am going to leave the removed at all four months until the adjustments are made." A program staff also seemed to be unaware that the default work coding in the time keeping system could be over-ridden by the employee to reflect actual time spent on specific grants.

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According to OMB Circular A-87, payroll costs directly charged to federal grants should be based on time and effort as documented on personnel activity reports or other equivalent documentation, and may not be allocated to any particular federal award to overcome funding deficiencies of a specific grant.

Allocating payroll costs disproportionately to the time and effort documented as expended on a specific grant results in over or under charges to those grants, and may result in a repayment of questioned costs. We question \$10,098 known costs (the two instances above) and \$572,570 of projected costs.

We recommend that training be provided to personnel on the use of the electronic time keeping system and applicable work charge codes for the relevant grants, and that all payroll adjustments be based on corrections to actual time and effort charges and not to overcome funding deficiencies. Shared staff should document their actual time and effort at least monthly, and more frequently if they experience constant daily variations as to which grants they work on. Time that cannot be subdivided between grants should be allocated based on an acceptable cost allocation methodology as discussed in OMB Circular A-87.

AGENCY'S RESPONSE:

The department agrees with the recommendation. Within the Health Promotion and Chronic Disease Prevention (HPCDP) Section there are several "shared" staff who are budgeted in all the HPCDP Chronic Disease grants or cooperative agreements that are included in the CDC Investigations and Technical Assistance Program. These budgets are approved by the CDC. These staff are typically responsible for the management and administrative functions across all the Chronic Disease grants and provide support to all the grants all the time. The charges to any of these grants for shared staff time are approved and allowable expenditures under each grant.

A recent CDC Request for Applications specifically encouraged a shared approach to leveraging resources for chronic disease programs. Our methodology for managing the costs of shared staff across all the grants was based on our interpretation of this guidance from the CDC. We have initiated conversations with CDC about these audit findings. They agree that states, like Oregon, who have acted on their direction to integrate programs and leverage resources across multiple grants are in a difficult situation when it comes to time/activity reporting. The CDC Chronic Disease and Health Promotion Center has agreed to work with Oregon to find a mutually acceptable way to monitor personnel expenses for shared staff whose work crosses multiple grants and cannot be easily dissected to individual grants, while still remaining in compliance with OMB Circular A-87.

The department agrees that a mistake was made in the second instance described above. The employees in the Office of Disease Prevention & Epidemiology who work on multiple grants or cooperative agreements included in the CDC Investigations and Technical Assistance Program are required to do time and activity reporting. They must meet this requirement by over-riding the default coding on the monthly electronic timesheet with the coding for the grants/activities where they worked during the month. Management does not shift payroll costs for employees from one grant to another disproportionately, without regard for which grant the individual actually worked on. The payroll adjustment that was made did not reflect actual grant activity for the month of May 2009. Rather, adjustments to time/activity reporting needed to have been done

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over several earlier months to reflect actual time spent on the Cancer Prevention and Control grant.

Per the recommendation above, training will be provided for those HPCDP staff whose time is paid from multiple grants. The training will include use of the electronic time keeping system and guidance on how to apply charge codes for relevant grants to reflect actual time and effort. Shared staff will document their actual time and effort at least monthly, or more frequently for identifiable daily variations for grants they work on. HPCDP will work with CDC Chronic Disease and Health Promotion Center to find a mutually acceptable method for allocating time for shared staff work that crosses multiple grants and cannot be easily subdivided between grants.

09-19

Oregon Department of Human Services

Adoption Assistance, CFDA 93.659

Allowable Costs – Payments do not Match Adoption Agreement

Questioned Costs - \$866,000

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 agreement must be signed prior to any change in payment amounts.

In 2007, the Division of Audits identified an overpayment resulting from errors that occurred when the department restored adoption assistance payments after a budget reduction on 2003. During the 2008 audit, they 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 cumulative potential overpayments as of November 2009 to be more than \$1.396 million, of which more than \$866,000 was federal funds.

While the payments do not exceed the Foster Care rates in effect at the time, they are deemed undocumented and therefore unallowable costs as the program regulations require they be in accordance with a signed adoption assistance agreement.

The department did not originally detect the overpayments because the department did not have a procedure in place to detect whether the signed agreement rate agreed to adoption assistance payment. As a result of prior year findings, the department has recently developed a report that will identify these discrepancies. See prior year findings 07-42 and 08-28.

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We recommend department management implement a procedure to completely review and detect whether assistance payments agree with the signed adoption agreements and to get any amended assistance agreements filed in the case files. We further recommend that the department management work with the designated federal agency to determine the appropriate way to resolve any potential overpayments.

AGENCY'S RESPONSE:

The department agrees with the recommendation. The department will complete the manual review of payment rates for the reduction period cases with non-basic rates prior to December 31, 2009. Once this reduction period case payment rate review has been completed the department will work with the Administration for Children and Families Children's Bureau, Region X Child Welfare Program Office, to determine any additional rate change documentation needed within the reduction period case files and to determine the proper way to handle any identified overpayments of Title IV-E Adoption Assistance funds.

09-20

**Oregon Department of Human Services
Child Care and Development Fund Cluster
Eligibility – Lack of Documentation**

OMB Circular A-133 Compliance Supplement outlines the responsibility of recipients of Federal awards regarding eligibility determination by the organization. Specifically, Part 3, Section E, Eligibility, states the organization is required to: (1) determine whether required eligibility determinations were made, (including obtaining any required documentation & verifications), that individual program participants or groups of participants (including area of service delivery) were determined to be eligible, and that only eligible individuals or groups of individuals (including area of service delivery) participate in the program; (2) determine whether subawards were made only to eligible subrecipients; (3) determine whether amounts provided to or on behalf of eligibles were calculated in accordance with program requirements.

During our testing of eligibility requirements, one of 25 case files selected for testing could not be located. We received a listing of all eligible participants for the period July 1, 2008 through June 30, 2009, and selected a sample of 25 items to test. We examined each file to determine whether required eligibility determinations were made, that individual program participants were determined to be eligible, and that only eligible individuals participated in the program.

Documents to support the eligibility determination for participants are contained in files which are held at various agency locations. Although most of our sample files were provided, one could not be located. While employees continued to search for the file throughout the audit, they were unable to locate it during the audit. Therefore, we were unable to test compliance requirements for one participant. The Children, Adults and Families Division (CAF) field business procedures for transferring case files were not properly followed by one district. If participant files are not readily available and properly maintained, the agency cannot provide the supporting documentation that proper eligibility determinations were met. In addition, if participant files are

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not safeguarded, it creates an opportunity for the confidential information contained within the file to be compromised.

We recommend that the agency provide additional training for the one district on transferring case files. We also recommend the agency communicate to all CAF Self-sufficiency branch offices the importance of following established business procedures for transferring case files.

AGENCY'S RESPONSE:

The department agrees with the recommendation. The District 8 CAF Business Expert will provide case file transfer training to District 8 Self Sufficiency Program staff by January 31, 2010.

The department will communicate the importance of following the established transfer procedures at upcoming CAF statewide meetings; including CAF District Managers, Self Sufficiency Program Managers, and the Self Sufficiency Supervisors quarterly meetings, scheduled for January and February, 2010.

09-21

Oregon Employment Department
Child Care and Development Fund Cluster
Cash Management – Review and Approval
Questioned Costs - \$31,681

OMB Circular A-133 Compliance Supplement outlines the responsibility of recipients of Federal awards regarding funds received by the organization. Specifically, the organization is required to: (1) follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury, or pass-through entity, and their disbursements; (2) determine whether the pass-through entity implemented procedures to assure that subrecipients conformed substantially to the same timing requirements that apply to the pass-through entity; (3) report any interest earned on advances. In addition, OMB Circular A-133 Compliance Supplement Part 6 Internal Controls, Cash Management, states that controls should provide reasonable assurance that the draw down of Federal cash is only for immediate needs and States comply with applicable Treasury agreements. In addition, the organization should have appropriate assignment of responsibility for approval of cash draw downs and payments to subrecipients and there should be an appropriate level of supervisory review of cash management activities.

During our testing of 13 cash draw downs, we noted that 11 draw downs did not contain documentation or approval of the draw. In addition, documentation for one of the draw downs could not be located. Draw downs are currently being prepared and reviewed by the Fiscal Manager. Each time a draw down is necessary, the Fiscal Manager prepares a schedule, based on current cash balances, calculating the amount of the draw down. Rather than this being done for individual programs, the calculations and draw downs are prepared and executed for multiple programs. After the draw down is completed, the documentation is split into individual grants and kept in various files throughout the department. As a result, support for cash draws is not well organized and draw for \$31,681 could not be tested for compliance.

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Without appropriate documentation and review, cash draw downs are susceptible to errors and incorrect draws. In addition, without a clear process of organizing and filing draw downs, supporting documentation could be easily misplaced or misfiled. The agency does not currently have in place a process for review and approval of cash draw downs by someone other than the person preparing the draw down. In addition, the agency draws for multiple programs at one time, and documentation for the draw downs are kept in various program files and are not easily located.

We recommend that the agency implement a process to have each drawdown reviewed and approved, by someone other than the person preparing the draw down, prior to request for payment being executed. In addition, we recommend that support for all cash draw downs is retained and properly filed.

AGENCY'S RESPONSE:

We concur. Cash draw schedules, like the ones sampled by Moss-Adams auditors, is not an original document in direct support of an SFMS entry. It is a supporting schedule and has been treated as such during the fiscal year just audited. Given this finding, we will be implementing these two practices: we will initial and date each page of the multiple page grant draw request schedule and we will retain management approval from a Financial Services manager other than the unit leadworker – in a file that can be accessed by future auditors. That change in procedure will be in January 2010; during the July 2009 to December 2009 period, our records will be unchanged. However, we will make sure that cash draws in that 6 month period are initialed by the requestor.

09-22

Oregon Employment Department

Child Care and Development Fund Cluster

Allowable Costs – Expenditures Not Following Proper Cutoff & Lack of Documentation

Questioned Costs \$19,837

OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, establishes the principles for allowable costs to federal awards. Attachment A, paragraph C.1 states that costs must be adequately documented. In addition, paragraph C.3 state that costs must be allocable to the federal award and that the goods and services involved are chargeable or assignable to the cost in accordance with relative benefits received.

During our testing of general disbursements, we found that documentation for one disbursement item could not be located, and as such, approval of the invoice could not be verified. In addition, during our testing we noted that two disbursements were coded to the incorrect year and expenditures were incorrectly recorded in fiscal year 2009 rather than fiscal year 2008. Once expenditures are processed and paid, support for the transaction is filed and maintained. Of the 30 items selected for testing, the original documentation could not be located for one of those items. For the disbursements recorded in the incorrect fiscal year, there are two dates to note when reviewing invoices, effective date and invoice date. The agency used the effective date instead of invoice date and subsequently recorded the expenditure in the wrong fiscal year. Expenditures

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were actually for services performed in 2008 and should have been reported in that fiscal year. Instead they were incorrectly recorded in fiscal year 2009.

Review, approval, and retention of documentation of disbursements supports the correctness and reasonableness of items charged to the grant. Lack of approval and/or oversight increases the possibility of inappropriate expenditures being charged to a grant or lack of reconciliation of amounts. In addition, the lack of support for a disbursement creates the possibility of misappropriation of funds. Without adequate review of invoices, disbursements are susceptible to being recorded in the wrong fiscal year and specifically in this case, 2009 expenditures were overstated by \$19,837. Due to personnel constraints and work load of employees, filing of documents is not always done on a timely basis. The one item that could not be found was either filed in an incorrect location or not yet filed and therefore could not be located in a timely manner. The two items posted in the incorrect year were a result of employee error. The expenditure had been reviewed, however was posted to the wrong fiscal year.

We recommend that original documentation be retained for disbursements and/or filed on a timely basis. We also recommend the agency should examine its review procedures to ensure they are effective and working as intended, especially for items near the end of the fiscal year.

AGENCY'S RESPONSE:

We concur. In 2010, we will be implementing electronic scanning of our financial documents (SFMS input documents). Postage allocation schedules, like the one that could not be located, are the type of documents we plan to scan and file electronically. In the meantime, we will place greater care and concern with retaining allocation type schedules that support expenditure adjustments.

09-23

Oregon Employment Department

Child Care and Development Fund Cluster

Schedule of Expenditures of Federal Awards (SEFA) Preparation

OMB Circular A-133, Section 300, requires a recipient of Federal awards to identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. During our testing of the Schedule of Expenditure of Federal Awards (SEFA), we were unable to reconcile the federal expenditures from the accounting system to the client prepared SEFA. We noted that FY 2009 accrued expenses were not included on the 2009 SEFA.

During our testing of the SEFA and reconciliation to current year expenditures, we noted the amounts did not reconcile. Based on our work performed and through discussions with the agency, it was noted that the difference was due to accrued expenses being posted to Other Funds – Admin, rather than Federal Funds – Admin. As a result, when a query was pulled to create the SEFA, accrued expenses were not included. Upon discovery, the client changed the accrual so that expenditures would post to Federal Funds – Admin and the adjustment has been made to the SEFA. The year end accruals were incorrectly coded by staff not familiar with the federal accruals and the entry was not reviewed by an appropriate level of management. 2009

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expenditures on the SEFA were understated by \$1,083,561, due to accruals not being properly recorded in the accounting system.

We recommend that the agency develop and implement policies to ensure the preparation of the SEFA is complete and accurate. As such, we recommend that a review process be implemented for year end accruals to ensure all amounts have been captured and appropriately reported on the SEFA.

AGENCY'S RESPONSE:

We concur. That correction was recently shared with State Controller's Division of Oregon Department of Administrative Services on December 15, 2009. We will be adding an additional layer of review of adjustments. One challenge we had during the adjustment period for fiscal year ended June 30, 2009 (Period 13) is that some staff was not available during that time. To rectify this situation, the Oregon Employment Department has added staffing in all aspects of accounting and financial reporting.

09-24

Oregon Employment Department
Child Care and Development Fund Cluster
Subrecipient Monitoring – Subrecipient Audit Compliance

OMB Circular A-133, Section 400(d) outlines the responsibilities of recipients of Federal awards regarding funds passed-through to other organizations. Specifically, the pass-through entity is to: (1) monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contract or grant agreements and that performance goals are achieved; and (2) ensure that subrecipients, as qualified, meet the audit requirements of Circular A-133, and to review subrecipient audit findings and corrective action.

During our testing of subrecipient monitoring, we noted that the agency does not require subrecipients to submit their A-133 audit reports or follow up with subrecipients to ensure those reports were properly submitted. In addition, the agency does not require a certification from the subrecipient if an A-133 report is not required. Rather, they put the responsibility on the subrecipient to provide any of that information. Most of the federal money the agency receives is passed through to subrecipients. There are approximately 80 subrecipients who receive funds from the agency. The agency does perform some monitoring over subrecipients when the agency provides over \$500,000 in federal funds to that subrecipient. However, subrecipients could be receiving federal funds from other sources that would require an A-133 report. The agency is not ensuring that subrecipients submit A-133 audits or documenting if such an audit is not required.

The agency does not currently understand the requirements for subrecipient monitoring and therefore does not have procedures in place to ensure compliance with those requirements. Personnel believe the subrecipients should know if they are required to have an OMB A-133 Audit, and therefore, leave it up to the subrecipient to provide the necessary information, rather than ensuring that the information is obtained. Lack of monitoring subrecipient A-133 audits

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could result in the lack of management decisions on audit findings, verification of corrective action on findings, and verification of compliance.

We recommend that the agency implement a policy to monitor subrecipient audit requirements, regardless of dollar amounts funded by the Child Care Development Block Grant, in case of the presence of other federal funding sources. In addition, we recommend the agency put in place a review process of the A-133 audits for deficiencies and proper follow up. We recommend that the agency take appropriate action to ensure compliance with these policies in the future. We also recommend if the subrecipient does not require an audit, that the agency obtain a certification from the subrecipient or document that such an audit is not required.

AGENCY'S RESPONSE:

We concur. The Department's Child Care Division issued letters to all federal CCDF sub-recipients on December 15, 2009, which stated that any contractor receiving \$500,000 or more from all Federal sources within a twelve month period was required to submit a third party audit report. The letter also reiterated language in the current contract or agreement that states:

“Contractor will provide to the Department an audit of all CCDF receipts and expenditures following the appropriate federal audit requirements of the Single Audit Act Amendments of 1996. Audit requirements are included in OMB Circular A-133. The audit may be prepared either at the end of the Contractor's fiscal year or upon termination of the Child Care Division contract, so long as the audit covers a period no longer than twelve (12) calendar months. The CFDA number for funding from the Oregon Employment Department, Child Care Division for federal CCDF Discretionary funds is 93.575.”

09-25

Oregon Housing and Community Services Department

Low-Income Home Energy Assistance, CFDA 93.568

Subrecipient Monitoring - Lack of Program Onsite Monitoring of Subrecipients

Federal regulations require the department to monitor the activities of subrecipients to ensure that federal awards are used for authorized purposes. The department's Low-Income Home Energy Assistance Program (LIHEAP) state plan requires program and fiscal onsite visits of subrecipients be performed to partially fulfill this requirement. The department's LIHEAP Operation Manual and the Oregon Administrative Rules further specify that each subrecipient be monitored at least once each two years or at least once during its program year.

Of the department's \$44,718,704 in federal funds for LIHEAP for the year ended June 30, 2009, approximately 98 percent were passed through to subrecipients. Although department management conducted fiscal onsite monitoring, they had not performed program onsite monitoring since program year 2007.

According to management, inadequate resources have hindered the department's ability to perform its program onsite reviews. Insufficient subrecipient monitoring increases the risk that subrecipients are not administering federal awards in compliance with federal requirements. Department management made efforts to compensate for a lack of program onsite monitoring

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through training and technical assistance visits, desktop monitoring, and communications. However, there was insufficient documentation of these alternate procedures to allow us to confirm their effectiveness. In addition, these alternate procedures did not address all program monitoring activities such as client eligibility determinations at the subrecipient level.

We recommend department management ensure required program monitoring is performed in compliance with federal requirements. In addition, we recommend sufficient documentation of monitoring activities be maintained.

AGENCY'S RESPONSE:

Oregon Housing and Community Services Department concurs with these findings and has implemented the following process in order to meet subrecipient monitoring requirements on all programs. Pegge McGuire, Community Resource Division Administrator is responsible for the implementation of the corrective action.

Program Coordinators will conduct periodic onsite monitoring visits as outlined in the state plan for each program. The onsite visits began in late 2009. State plans and Oregon Administrative Rules have been revised to reflect a monitoring schedule that more closely corresponds with the federal requirements outlined in the respective program, rather than a more frequent schedule.

In addition, a Community Resources Division staff member has been assigned to be a desk monitor for the Division. This staff member, in conjunction with the Program Coordinators, the department's Fiscal Monitor, the Division Administrator, the section managers, and the Grants and Monitoring Manager, has created and will maintain a regular desk monitoring schedule that will become part of a comprehensive risk assessment tool.

Desk monitoring includes review of client files to determine eligibility and program compliance as well as comparisons of client data from files with OPUS data input. Program policy and procedures will also be reviewed. Documentation to be reviewed will include education and outreach documents to ensure compliance with programmatic and other requirements (e.g. equal opportunity access to programs).

Results of desk monitoring, fiscal monitoring, and review of A-133 audits will be used as a part of a comprehensive risk assessment to identify any needs for increased levels of onsite monitoring at the subrecipient agency.

**09-26
Oregon Housing and Community Services Department
Low-Income Home Energy Assistance, CFDA 93.568
Community Services Block Grant, CFDA 93.569
Reporting - Late Report Submission**

Federal regulations require the department to submit an annual financial status report for the Community Services Block Grant Program (CSBG) and the Low-Income Home Energy

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Assistance Program (LIHEAP). The financial status reports for the period ending September 30, 2008, were required to be submitted by December 30, 2008. The department submitted the majority of the reports in January 2010, approximately a year late. The individual responsible for submitting the financial status report was previously unaware of the reporting requirement, but took immediate action to prepare the delinquent reports once notified of the error.

We recommend department management establish a report tracking process to ensure compliance with federal reporting requirements.

AGENCY'S RESPONSE:

The department concurs with this finding. A tracking sheet that identifies when reports are due and who is responsible for filing the reports will be developed by April 30, 2010.

09-27

Oregon Housing and Community Services Department
Community Services Block Grant, CFDA 93.569

Subrecipient Monitoring - Lack of Program Onsite Monitoring of Subrecipients

Federal regulations over the Community Services Block Grant (CSBG) require the department to conduct periodic onsite subrecipient reviews. Further, the department's CSBG state plan requires these reviews be conducted at least once during the subrecipient's program year. The department's monitoring activities include fiscal and program subrecipient monitoring. Program monitoring includes a review of the subrecipient's determination that a client is eligible for services. Although department management conducted fiscal onsite reviews, they have not performed program onsite reviews since program year 2007. In addition, we were unable to determine whether CSBG client eligibility was reviewed during the monitoring conducted in program year 2007.

According to department management, inadequate resources hindered the department's ability to perform its program onsite reviews. Insufficient subrecipient monitoring increases the risk that subrecipients are not administering federal awards in compliance with federal requirements. This is of particular concern since the program has been awarded a significant amount of American Recovery and Reinvestment Act Funds.

We recommend department management ensure required program monitoring is performed in compliance with federal requirements and the approved state plan. In addition, we recommend that when program site visits are conducted, appropriate documentation of the visit is maintained

AGENCY'S RESPONSE:

Oregon Housing and Community Services Department concurs with these findings and has implemented the following process in order to meet subrecipient monitoring requirements on all programs. Pegge McGuire, Community Resource Division Administrator is responsible for the implementation of the corrective action.

Program Coordinators will conduct periodic onsite monitoring visits as outlined in the state plan for each program. The onsite visits began in late 2009. State plans and Oregon Administrative Rules have been revised to reflect a monitoring schedule that more closely

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corresponds with the federal requirements outlined in the respective program, rather than a more frequent schedule.

In addition, a Community Resources Division staff member has been assigned to be a desk monitor for the Division. This staff member, in conjunction with the Program Coordinators, the department's Fiscal Monitor, the Division Administrator, the section managers, and the Grants and Monitoring Manager, has created and will maintain a regular desk monitoring schedule that will become part of a comprehensive risk assessment tool.

Desk monitoring includes review of client files to determine eligibility and program compliance as well as comparisons of client data from files with OPUS data input. Program policy and procedures will also be reviewed. Documentation to be reviewed will include education and outreach documents to ensure compliance with programmatic and other requirements (e.g. equal opportunity access to programs).

Results of desk monitoring, fiscal monitoring, and review of A-133 audits will be used as a part of a comprehensive risk assessment to identify any needs for increased levels of onsite monitoring at the subrecipient agency.

U. S. DEPARTMENT OF AGRICULTURE

09-28

Oregon Department of Human Services

Supplemental Nutrition Assistance Program (SNAP) Cluster

Allowable Costs/Cost Principles - Reported Payroll Expenditures Exceeded Actual Questioned Costs \$27,223

Per OMB Cost Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, 2 CFR Part 225, Appendix B, paragraph 8(h)(4) states where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8(h)(5), such as after-the-fact distribution of the actual activity, account for total activity in which the employee was compensated and must be prepared monthly and signed by the employee.

During the audit we found that the Oregon Department of Human Services (DHS) incorrectly charged the Food Stamp Cluster for 100 percent of two employees' salaries and wages who were working on multiple activities or cost objectives for the entire year. For these employees, DHS did not require actual time records, time studies or the equivalent in order to properly allocate actual time to the specific Federal grants. For these two employees identified, job assignments were modified several years prior to our audit, however the employee's salary and wage allocation was not correspondingly updated. Additionally, for these employees, DHS did not require them to record their actual time separately per program or activity. Instead timecards are used to track days off due to vacation or sickness. Budgeted percentages are used to charge payroll costs to the individual Federal grant. Timesheets that record actual program time incurred for employees that work on multiple activities or cost objectives are not utilized. Personnel costs charged to the Federal grant are not adequately supported per OMB Circular A-87 and may not be

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reflective of the personnel costs actually attributable to the program. Questioned costs for payroll allocation were approximately \$27,223.

We recommend that DHS develop and implement a system to track actual personnel compensation for those individuals working on multiple Federal grants but whose time is not allocated using another time effort and reporting method. We recommend that those allocations based on actual amounts be reflected in the accounting system and properly allocated to the federal grants.

AGENCY'S RESPONSE:

The department agrees with the recommendation. The DHS cost allocation unit has provided training for the staff affected to ensure appropriate time codes are used to reflect multiple program areas these staff now work on. Codes and basic instructions were communicated to staff on December 16, 2009, for Self Sufficiency Program Accuracy Team (SSPAT) and December 17, 2009 for Quality Control (QC). These instructions directed staff to begin using these codes immediately. Follow up training will be conducted at the next regularly scheduled all staff meeting for each affected area. This will occur on January 1, 2010, in the SSPAT Unit and January 21, 2010, in the QC unit.

The questioned costs identified in this audit will be corrected through an adjustment to the SNAP administrative grant by February 28, 2010. Furthermore, July 2009 through December 2009 administrative costs for these staff will be reviewed and similarly adjusted by February 28, 2010.

U. S. DEPARTMENT OF DEFENSE

09-29

Oregon Military Department

Military Construction, National Guard , CFDA 12.400

Allowable Costs - Funding Source Is Not Clearly Documented for Equipment Purchases

The National Guard Bureau (NGB) regulation 415-5, Section 4-5, allows funds for the Military Construction – National Guard program (program) to be used for installed building equipment that is affixed or built into the facility and becomes an integral part of the facility. This type of equipment is normally provided as a part of the construction contract and is included as a funded construction cost. All other types of equipment as defined in the regulations must be purchased with other funds. It is the department's responsibility to ensure that program funds are expended according to NGB regulations.

During our audit, we noted that an invoice for a current construction project included several equipment purchases that did not meet the requirements established for program funds. The department could not provide documentation to clearly show that this equipment was purchased with other funds. Although department management stated that each line item in contractor invoices is carefully considered in determining funding sources, the allocation process is not documented. As a result, the department could not demonstrate that program funds were only used for allowable equipment purchases.

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We recommend department management ensure its funding allocation process is fully documented to clearly demonstrate program funds are used only for allowable equipment purchases.

AGENCY'S RESPONSE:

The agency agrees with the audit finding. To remedy, OMD will implement the following process change: For all MILCON pay applications to contractors, MILCON project management staff will prepare separate and distinct payment request documentation for purchases which fall outside the allowable scope of CFDA 12.400 expenditures. Documentation will include form NGB 93, OMD Form 101 and any other documentation required for compliance with OAM 10.15.00.PO (Transaction Documentation Requirements).

09-30

Oregon Military Department

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

Procurement – Instance of Noncompliance with Buy-American Provisions

Questioned Costs - Unknown

OMB circular A-133, Compliance Supplement Addendum #1, Section 3, Procurement and Suspension and Debarment states that Section 1605 of American Recovery and Reinvestment Acts (ARRA) prohibits the use of ARRA funds for a project for the construction, alteration, maintenance, or repair of a public building or work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States. In addition, ARRA provides for waiver of these requirements under specified circumstances.

During our review of Procurement Contracts, we noted that several construction contract agreements that were funded with ARRA funds did not contain the required Buy America language. During inquiries of Oregon Military Department Management regarding 12.401 ARRA funds for fiscal year 2009, we found that State boiler plate contracts were used for Oregon Military Department construction and capital improvement projects that were funded partially and/or fully with Federal (ARRA) stimulus funds, and that they did not include the Buy-American provisions as is required by the ARRA compliance requirements. Further inquiry and analysis disclosed that the Oregon Military Department learned in February of 2009, that it would be receiving ARRA funds, which resulted in the Oregon Military Department moving forward with various planned construction and capital improvement projects. Subsequently, all agreements entered into between February and May 2009 that were to be funded with ARRA dollars, did not contain the Buy-American provisions. Seven of those agreements were for projects funded with 12.401 ARRA funds in fiscal year 2009. However, once the Oregon Military Department signed the Master Cooperative Agreement related to the ARRA funds in May 2009 and learned of the Buy-American provisions, they started including that language in the new contracts for construction and capital improvement projects that included ARRA funding.

The Oregon Military Department was not aware of the Buy-American provisions during the period when they initiated their first ARRA funded contracts. The Oregon Military Department began accepting bids and entering into contracts for these projects in February prior to the Oregon Military Department signing the Master Cooperative Agreement which disclosed the Buy-American provisions which were to be included in construction contracts funded with ARRA

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dollars. Federal (ARRA) stimulus funds used for various construction and capital improvement projects could have been incorrectly used by vendors and contractors that resulted in a direct violation of ARRA requirements and grant agreements.

We recommend the Oregon Military Department implement a process to monitor ARRA compliance requirements and subsequent changes related to those requirements. In addition, we recommend that the Oregon Military Department put in place a review process over procurements, especially with contracts funded with ARRA funds, to ensure that the new contracts are compliant with ARRA procurement compliance requirements. We also recommend that the Oregon Military Department review the contracts that did not contain the required Buy America language to ensure that funds were spent in accordance with ARRA requirements.

AGENCY'S RESPONSE:

Agency management agrees with the finding. Oregon Military Department (State) and National Guard Bureau (Federal) entered into a federal/state cooperative agreement on May 6, 2009 and terminates September 30, 2010. Article VII of the agreement specifies the State shall abide by section 1605 of the recovery act which includes the "Buy American" provision. Oregon Military Department shall ensure procurements expending ARRA funds are in conformance with Article VII of the agreement.

U.S. DEPARTMENT OF LABOR

09-31

Oregon Employment Department
Unemployment Insurance, CFDA 17.225
Improve Controls Over SEFA Reporting
Material Weakness

The Oregon Department of Administrative Services manages the data collection and preparation of the State of Oregon's Schedule of Expenditures of Federal Awards (SEFA). Each state agency is responsible for reviewing their federal expenditure data to ensure the accuracy and completeness of the SEFA for their agency.

During our fiscal year 2009 audit, we found that the department did not have adequate procedures in place to identify and correct coding errors, which caused the SEFA and related note disclosure to be misstated for the Unemployment Insurance program. We found that the department understated the SEFA program expenditures by \$157 million and misclassified \$418 million of federal expenditures as state expenditures in the note disclosure.

The department's SEFA for the Unemployment Insurance Program was understated by \$157 million at June 30, 2009, due to errors. During the 2009 financial audit, an audit adjustment for \$106 million was made to increase the department's unemployment benefit expenditures due to an error in the accounting records. This accounting error also caused the department's unemployment benefit expenditures to be understated on the SEFA. Please refer to the current year financial finding 09-03 for additional detail. The department's SEFA was further understated by \$51 million, of which \$47 million was American Reinvestment and Recovery Act (ARRA) expenditures. Although these expenditures were correctly recorded in the state's accounting

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system as unemployment benefits and ARRA expenditures, the department did not correctly code these transactions to the SEFA.

Additionally, in compliance with federal requirements, the department reports both state and federal expenditures for the Unemployment Insurance Program in the SEFA and separately discloses the portion of total program expenditures that are federal and state expenditures. We reviewed the note disclosure and accounting records and discovered that the department misclassified \$418 million of federal expenditures as state expenditures in the note disclosure. The transactions were correctly identified as federal expenditures in the accounting records.

We recommend department management implement a review process to ensure the accuracy of the department's SEFA, including the note disclosure.

AGENCY'S RESPONSE:

The Department agrees that errors occurred in the coding of Unemployment Benefit amounts – both in the SEFA and in the disclosure note to the SEFA. As the auditors acknowledged, the underlying data was available and posted in SFMA correctly, however, the coding of the grant profiles for SEFA reporting purposes was incorrect for some new grants. The timeframe for review and correction was very short as the department's new funds for Stimulus Act UI activity was approved by DAS in June 2009. We will be undergoing a complete review of Federal expenditures in advance of the fiscal year end close for FYE 6/30/10. We also will be reviewing the profile make-up of Unemployment Benefits into their Other Fund and Federal Fund components. In addition, we will be expanding support and review of the next SEFA note that will be submitted to DAS-Statewide Accounting and Reporting Services. We intend to have key Budget staff review the underlying support as well as Accounting staff.

We will also send a letter to US-DOL asking that they update OMB Circular A-133 Compliance Supplement in light of the Stimulus Act. The Compliance Supplement is where guidance is given on the SEFA note disclosure about State-source and Federal-source Unemployment Insurance Compensation. The current Compliance Supplement contains no Stimulus Act program guidance.

09-32

Oregon Employment Department
Unemployment Insurance, CFDA 17.225
Cash Management - Controls Over Federal Draws Should Be Improved

The Office of Management and Budget Circular A-133 states the auditee shall maintain internal control over federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with applicable laws and regulations. The department requests federal funds daily in accordance with the Cash Management Improvement Act for reimbursement of federal unemployment benefit expenditures.

We audited the Unemployment Insurance Program's federal revenue during our financial audit for the fiscal year ended June 30, 2009. We determined the department did not have adequate controls in place to ensure that federal cash draws were appropriately calculated and adequately supported. Please refer to the current year financial finding 09-04 for additional detail.

We recommend department management implement a review process to ensure that federal program cash draws are appropriate and adequately supported.

AGENCY'S RESPONSE:

The Department agrees that errors occurred in the federal benefit draw process. This process is performed by a single individual. Currently no routine review is conducted on the benefit draw requests. We are however, designing a new procedure to review the benefit draws after the draw is made.

U.S. DEPARTMENT OF ENERGY

09-33

Oregon Housing and Community Services Department

Weatherization Assistance for Low-Income Persons, CFDA 81.042

Subrecipient Monitoring - Lack of Program Onsite Monitoring of Subrecipients

Federal regulations over the Weatherization Assistance for Low-Income Persons Program (WAP) require the department to conduct a comprehensive monitoring of each subrecipient at least once a year. The comprehensive monitoring must include a review of client files and subrecipient records, as well as actual inspection of at least 5 percent of the completed units. The department performs these reviews and inspections during their program onsite monitoring visits. The department's WAP state plan requires that each subrecipient be monitored at least once during its program year.

We found that the department did not perform onsite monitoring for 8 of the 17 subrecipients for the 2008 program year ended March 31, 2009. According to management, inadequate resources hindered the department's ability to perform its program onsite visits, and they are currently working to devote more resources toward meeting the monitoring requirement for the 2009 program year. Insufficient subrecipient monitoring increases the risk that subrecipients are not administering federal awards in compliance with federal requirements. This is of particular concern since the program was awarded a significant amount of American Recovery and Reinvestment Act funds.

We recommend department management ensure required program monitoring is performed in compliance with federal requirements.

AGENCY'S RESPONSE:

Oregon Housing and Community Services Department concurs with these findings and has implemented the following process in order to meet subrecipient monitoring requirements on all programs. Pegge McGuire, Community Resource Division Administrator is responsible for the implementation of the corrective action.

Program Coordinators will conduct periodic onsite monitoring visits as outlined in the state plan for each program. The onsite visits began in late 2009. State plans and Oregon Administrative Rules have been revised to reflect a monitoring schedule that more closely corresponds with the federal requirements outlined in the respective program, rather than a more frequent schedule.

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In addition, a Community Resources Division staff member has been assigned to be a desk monitor for the Division. This staff member, in conjunction with the Program Coordinators, the department's Fiscal Monitor, the Division Administrator, the section managers, and the Grants and Monitoring Manager, has created and will maintain a regular desk monitoring schedule that will become part of a comprehensive risk assessment tool.

Desk monitoring includes review of client files to determine eligibility and program compliance as well as comparisons of client data from files with OPUS data input. Program policy and procedures will also be reviewed. Documentation to be reviewed will include education and outreach documents to ensure compliance with programmatic and other requirements (e.g. equal opportunity access to programs).

Results of desk monitoring, fiscal monitoring, and review of A-133 audits will be used as a part of a comprehensive risk assessment to identify any needs for increased levels of onsite monitoring at the subrecipient agency.

U. S. DEPARTMENT OF EDUCATION

09-34

Oregon Department of Human Services

Vocational Rehabilitation, CFDA 84.126

Cash Management – Lack of Controls Over Cash Management

Material Weakness

In accordance with the Cash Management Improvement Act (CMIA), when a federal program exceeds the state's threshold, the federal program is required to follow the state's established funding techniques for various payment types when requesting federal funds. State fiscal year 2009 was the first year the department's expenditures for vocational rehabilitation program payments exceeded the state's CMIA threshold. Consequently, it was the first year the department was required to follow the established estimated clearance pattern for program payments.

We found that the department did not have adequate internal controls in place to ensure the department complied with the state's established clearance pattern and appropriately calculated federal draws. We reviewed formulas the department uses to comply with the established estimated clearance pattern and we reviewed 12 of the department's 26 federal draw requests. We noted the following:

- The formulas did not agree to the established estimated clearance pattern for program expenditures. The formula errors generally resulted in the department drawing federal funds too soon;
- Seven of the federal draw amounts were calculated using incomplete or incorrect expenditure amounts;

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- One federal draw was based on a comparison of program expenditures to federal revenues drawn instead of the established estimated clearance pattern; and
- The process used for determining federal draw amounts does not ensure that all expenditures are drawn when eligible.

Department management is responsible for ensuring adequate controls are in place to comply with federal program requirements. The department did not have a review process in place to ensure it correctly calculated federal draw amounts and complied with the state's established estimated clearance pattern. For amounts that may have been drawn too soon, the department may be liable for interest on federal funds.

We recommend department management apply the correct estimated clearance pattern to all applicable vocational rehabilitation expenditures and implement a review process to ensure federal draws are calculated correctly and drawn in compliance with established estimated clearance patterns. Additionally, the department should determine the effect of the errors for the year and assess whether interest is owed to the federal program for vocational rehabilitation federal funds drawn too soon during state fiscal year 2009.

AGENCY'S RESPONSE:

The department agrees with the finding.

Discussion:

This was the first year that the vocational rehabilitation program was required to calculate a clearance pattern under the Cash Management Improvement Act (CMIA).

Formula Errors

The first three bullets in the finding relate to formula errors in calculating the check clearance pattern. The two major errors were that the first three days of the estimated check clearance pattern were combined on the federal draw spreadsheet and prior period balances were not being carried forward and included in the current draw request. The first error tended to over draw federal funds. The second tended to under draw.

Documentation

The last bullet noted in the finding will be resolved by establishing a process to verify the expenditure type to the expenditure amount in the draw with better documentation and a supporting system query.

Corrective Action:

Formula Errors

All of the formula related errors have been corrected and the Grant Accountant has been trained on the proper method of utilizing the estimated check clearance pattern for federal draws. We will update the unit desk procedure to reflect the new draw process.

Documentation

We will modify our system query for the federal draw and add the sum for each expenditure type so it is easy to compare the amounts entered on estimated check clearance patterns with amounts in the system. We will develop and implement a review process to ensure federal draws are correctly calculated and drawn in compliance with established check clearance patterns.

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The CMIA draw process is now being correctly implemented. Based on this recommendation we analyzed how the original draws were calculated and compared them to the appropriate CMIA estimated check clearance pattern and determined no interest was due to the Federal government. The department recalculated the 26 federal draws (the department does not perform daily draws for the vocational rehabilitation program but rather averages approximately two draws per month) and determined there was a net \$2.54 million under draw for State fiscal year 2009. This averages an approximate \$98,000 under draw per draw. This under draw is primarily due to the previous month balance not being carried forward into the current draw calculation.

The department will work with the Department of Administrative Services to determine the amount, if any, interest owed the federal program due to the limited periods in which the department had drawn federal funds too soon.

09-35

Oregon Department of Human Services
Vocational Rehabilitation, CFDA 84.126
Eligibility – Timeliness of Eligibility Determinations

Federal regulations require the department to determine whether an individual is eligible for vocational rehabilitation services within 60 days after the individual has submitted an application for services or file an extension.

We reviewed the timeliness of eligibility determinations for all 6,883 individuals the department determined eligible for vocational rehabilitation services in fiscal year 2009. We found the department did not complete eligibility determinations or file for eligibility extensions for 542 of the individuals within the 60 day requirement. The department determined eligibility or filed eligibility extensions for 523 individuals within two months after the 60 day requirement had passed and within 9 months for the remaining 19 individuals.

We recommend department management comply with federal requirements and ensure eligibility is determined or eligibility extensions are filed within 60 days of an individual's application for services.

AGENCY'S RESPONSE:

The department agrees with the finding.

Discussion:

The Office of Vocational Rehabilitation Services will initiate a corrective action plan on this finding, as outlined below.

Corrective Action Plan:

The Office of Vocational Rehabilitation Services (OVRs) Statewide Field Services Managers will send out a statewide communication to promptly address the agency expectations for all Vocational Rehabilitation Counselors to perform the eligibility determination process within a 60-day time frame or file for an eligibility extension as appropriate. This statewide

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correspondence will also serve to help reduce the misperception that eligibility determinations are due within a “two month period” when the specific requirement is within 60 days.

The eligibility process, including these standardized time frames, will become a focus in the Counselor Training Module being conducted regionally throughout the state this year. Department training staff will develop and provide a worksheet to assist Vocational Rehabilitation Counselors to better identify and track the eligibility date, the number of documented disabilities, and corresponding functional limitations when determining eligibility.

OVRs Administration will engage the Branch Managers in a discussion at the April 2010 Statewide Branch Managers’ Meeting regarding strategies for achieving compliance on the timeliness of eligibility determinations for services. One such strategy will address re-directing the flow of work when the Vocational Rehabilitation Counselor of record is unexpectedly absent due to illness or other unanticipated reasons. Branch Managers will also review case movement from application through eligibility by generating the “Activity Due Report”, in the ORCA case-management system, for each counselor every two weeks during the first six months of this corrective action implementation.

OVRs will conduct administrative file reviews to monitor compliance and identify the need for technical assistance. Client files will be randomly reviewed for quality control by the Program Technician in the region to evaluate the circumstances pertaining to a client’s eligibility status. Notification of the deficiencies in a staff member’s performance will be reported to the local Branch Manager. The Branch Manager will take appropriate actions regarding agency expectations with staff. OVRs Field Services Managers will perform additional random reviews and discuss with the managers on a monthly basis to enhance statewide performance.

09-36

Oregon Department of Education

Title I Grants to Local Educational Agencies, CFDA 84.010

Federal Accruals Not Posted to Schedule of Expenditures of Federal Awards

Material Weakness

Recipients of federal awards are required to identify in their accounts all federal awards received and expended. The department did not properly accrue federal expenditures for the Title I program during fiscal year 2008 or 2009. For fiscal year 2008, the department did not accrue approximately \$12.7 million in expenditures resulting in an understatement of expenditures for fiscal year 2008 and an overstatement for fiscal year 2009. At the close of 2009, the department appropriately accrued some expenditures to the fiscal year 2009 period, but did not estimate an accrual at the program level for the rest of the expenditures. These accrual errors resulted in a net overstatement of approximately \$9.8 million to the Title I program on the 2009 Schedule of Expenditures of Federal Awards.

We recommend department management consider their expenditure accruals at the program level to ensure the SEFA is accurate and complete by program.

AGENCY’S RESPONSE:

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The Department agrees with the finding that the department did not properly accrue federal expenditures for the Title I program during fiscal year 2008 or 2009. The department continues to improve the process for accruing expenditures. For fiscal year 2009, the department accrued \$2.6 million of the \$5.5 million that should have been accrued. The \$2.9 million that wasn't accrued related to expenditures after the close of the fiscal year (Month 13), which is 2 percent of total Title I expenditures of \$133.4 million. Even though improvements were made, the department isn't able to accurately estimate post-Month 13 expenditures due to having only one year of historical data. We expect the agency's estimates to improve over time as more historical information becomes available, i.e., we expect these data to contribute to our ability to more accurately estimate and record these accruals.

09-37

Oregon Department of Education
Title 1 Grants to Local Educational Agencies, CFDA 84.010
Subrecipient Monitoring

The department did not retain supporting documentation to provide sufficient evidence for subrecipient monitoring reviews of local education agencies (LEAs) and did not ensure reviews were completed timely for all subrecipients.

Federal regulations require the department to monitor subrecipients' use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that federal awards are administered in compliance with laws, regulations and provisions of contracts or grant agreements. The department developed a checklist to use for subrecipient monitoring. The checklist addresses several of the federal compliance requirements, including allowable activities and costs, eligibility, equipment management, level of effort, financial reporting, and various special tests and provisions.

We reviewed subrecipient monitoring files for 46 LEAs and found 25 of the files did not contain the checklists, or other evidence, showing the compliance requirements that were reviewed. Additionally, we found no documentation of a subrecipient monitoring review being recently conducted for four of the 46 LEAs. Department staff were not required to retain the checklists and department management stated staffing shortages resulted in postponement of some recent reviews.

We recommend department management require employees to retain evidence of compliance requirements reviewed during subrecipient monitoring and ensure subrecipient monitoring is completed timely for all subrecipients.

AGENCY'S RESPONSE:

The Department agrees that the department did not retain supporting documentation to provide sufficient evidence of subrecipient monitoring, completed through on-site visits or by desk review, of local education agencies (LEAs). The School Improvement and Accountability Team, which oversees all federal monitoring of districts for Title I-A, is appreciative of this finding and has already made corrections to address this deficiency. Upon learning of this deficiency, staff took immediate steps to correct and strengthen our system. All staff involved in federal monitoring has

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been instructed to keep their checklists and send them to the appropriate support staff for archiving with the LEA's file. As a result, all current files being closed have the appropriate evidence of compliance included as recommended by the OAD.

09-38

Oregon Department of Education
State Fiscal Stabilization Fund, CFDA 84.394
Subrecipient Monitoring – During the Award Monitoring

The Oregon Department of Education began performing some subrecipient monitoring procedures for the period under audit. However, the Oregon Department of Education does not have a sufficient during-the-award subrecipient monitoring plan in place to provide reasonable assurance that subrecipients administer State Fiscal Stabilization Fund federal awards in compliance with laws, regulations and/or the provision of contract or grant agreements. Under the subrecipient monitoring requirements in the OMB Circular A-133 Compliance Supplement, the pass-through entity is responsible for during-the-award monitoring through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with law, regulations, and the provision of contracts or grant agreements and that performance goals are achieved. Without during-the-award monitoring the Oregon Department of Education cannot provide reasonable assurance that subrecipients administer State Fiscal Stabilization Fund federal awards in compliance with laws, regulations and/or the provision of contract or grant agreements. The Oregon Department of Education had neither the lead-time nor the resources necessary to develop and implement a sufficient subrecipient monitoring plan. In addition, there has been a lack of timely specific guidance from the United States Department of Education.

We recommend that the Oregon Department of Education implement the procedures for during-the-award monitoring through reporting, site visits, regular contact, and/or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with law, regulations, and the provision of contracts or grant agreements.

AGENCY'S RESPONSE:

The Oregon Department of Education (ODE) appreciates the work done by the Secretary of State's Audits Division and its acknowledgement that we had neither the lead time nor the resources to develop and implement a full during-the-award monitoring process in 2008-09.

We also appreciate the acknowledgement that there has been a lack of timely, specific guidance on monitoring from the United States Department of Education (USED). In a report issued by the Government Accountability Office (GAO) in September 2009, GAO noted USED has not completed its monitoring plan for the SFSF and recommends it take further action to ensure states understand and carry out requirements to monitor sub-recipients. Lack of guidance regarding USED's monitoring objectives has been a significant contributing factor to why the state's monitoring plan is not final and we look forward to receiving more specific direction from USED.

Management partially agrees with this finding. We agree that we have not fully documented our current plan to monitor sub-recipients. However, we believe the finding as worded may lead the

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reader to conclude the Department has taken only minimal steps in developing and implementing a sub-recipient monitoring plan. We believe what the ODE is presently doing to oversee sub-recipients' compliance and performance is sufficient until ODE receives more specific guidance from USED: reviewing sub-recipients' single audits, requiring and reviewing quarterly reports, and using other monitoring tools as described below.

Single Audits: Monitoring procedures may take various forms, such as reviewing reports submitted by the sub-recipient and performing site visits. Monitoring may also include reviewing sub-recipients' single audit results and evaluating audit findings and the sub-recipients' corrective action plan.

Thompson Publishing Group, a widely known, respected and authoritative source of guidance for corporate, government and other professionals looking to develop regulatory compliance strategies, states in its Techniques for Monitoring Federal Subawards (2nd Edition): "For subrecipients that expend at least \$500,000 a year in federal funds, primary recipients have a valuable monitoring tool at their disposal - the subrecipients' Circular A-133 audit." "When a pass-through entity knows that a subrecipient will have a Circular A-133 audit performed, it may reduce the amount of monitoring it performs because it can rely on the single audit to identify problems or provide assurance about a subrecipient's compliance with program requirements."

A significant percentage of ODE's sub-recipients (school and education service districts) are subject to single audits. For 2007-08, single audits were conducted by independent auditors on nearly 60% of Oregon's school and education service districts. In 2008-09, for the SFSF alone, districts receiving \$500,000 (the threshold for a single audit) or more account for \$93 million of the \$115 million in SFSF funding ODE distributed or otherwise made available. Thus, ODE considers its review of single audits a valuable monitoring tool because of its wide applicability to districts.

The SFSF program award period is from 4/28/2009 to 9/30/2010, but ODE will receive districts' single audit reports prior to the end of the grant period since these audits are conducted on an annual basis. The agency's monitoring plan includes a review of these reports for instances of non-compliance or questioned costs and follow-up with sub-recipients as needed. The state is in a position to benefit from these audits on a timely basis because, under state law, the first round of audits (for FY 2008-09) is due from districts to ODE no later than December 31, 2009. Receiving these single audit reports by December 31 allows the ODE to follow up with sub-recipients during the early phase of the award period should instances of non-compliance be evident.

NOTE: Subsequent to ODE's original December 8, 2010 response to this finding, ODE has started a review of 75 audits and completed 53 of these. Of four federal findings noted, none are related to the SFSF grant.

Quarterly Reporting: In addition to the single audit reports, the ODE monitors a key sub-recipient performance goal of the SFSF program: to use funds to create or retain jobs. This is such a critical performance goal of the American Recovery and Reinvestment Act that Section 1512 of the Act requires recipients and sub-recipients of subject funds to submit quarterly reports on the number of jobs created or retained. The ODE has developed and implemented an on-line reporting tool that allows us to collect these and other required data from sub-recipients and

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report them to the Governor's Economic Recovery Executive Team (ERET), which in turns reports to the federal government on behalf of all state agencies in Oregon.

As part of the data quality review process for Section 1512 reporting, ODE program staff review submissions from sub-recipients and follow up through telephone calls and e-mails to ensure the data are reasonable. This type of during-the-award monitoring allows the ODE to determine where sub-recipients need technical assistance to ensure compliance with this very key performance goal.

Oregon successfully met the first reporting deadline of October 10, 2009. All education districts in Oregon receiving Recovery Act funds subject to Section 1512 reporting complied with this significant program requirement.

Other Monitoring Tools: In its chapter on monitoring, Thompson also lists "...other tools that are not specifically mentioned (or mandated) in federal rules and policies, but are quite effective, "e.g., training and technical assistance, document review such as requests for payment, periodic reports that include financial or performance data with respect to the goals and objectives of the federal programs, and e-mails and phone calls."

The ODE is using several of these techniques for the SFSF program, including-but not limited to- webinars on allowable costs and administration of the SFSF program; technical assistance in person, by e-mail, by telephone contact, and through issuance of an FAQ (frequently asked questions) document; and review of requests for reimbursement.

Corrective Action: The Oregon Department of Education will formalize its current monitoring plan by January 31, 2010. It will also continue to work with the Governor's Economic Recovery Executive Team as it finalizes the state's plan to monitor Recovery Act sub-recipients. (Technically, the Governor is the prime recipient for the State Fiscal Stabilization Fund (SFSF) grant.) However, the state will need more specific guidance from the USED before a final monitoring plan can be developed and implemented. Thus, the date by which the final plan can be implemented is contingent upon action by the USED.

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Section IV – Schedule of Prior Financial Statement Findings for the Years Ended June 30, 2008 and 2007

This section includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2008. It also includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2007 that were uncorrected at June 30, 2008.

Finding 08-1: **Inaccurate Financial Reporting of Investment Balances**
Material Weakness

Recommendation: Office of the State Treasurer management should 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.

Status: Partial corrective action was taken.

Corrective Action Taken to Date

The Office of the State Treasurer (OST) has completed development of formal procedures to address the control structure in place over financial reporting for investments. These procedures should help to ensure that investment information provided to state agencies and Statewide Accounting & Reporting Services (SARS) support the preparation of financial statements in accordance with generally accepted accounting principles. For the year ended June 30, 2009, additional staff time has been allocated to reporting work associated with derivatives, short sales, and repurchase/ reverse repurchase agreements to ensure proper reporting of these investment activities.

Additional Action Planned

OST received approval for two additional accounting positions in our 2009-2011 biennium budget. These positions will be dedicated to financial reporting. OST is in the process of recruiting staff, and expects to have both positions hired and in place by the end of the year.

Finding 08-2: **Lack of Internal Controls Over Financial Reporting**
Material Weakness

Recommendation: Office of the State Treasurer management should establish and maintain a documented internal control structure over financial

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reporting for the Oregon Short-Term Fund to prevent errors in the financial statement, and detect and correct errors in a timely manner.

Status: Corrective action was taken.

Finding 08-3: Taxes Receivable Misstatement During Year End Financial Reporting, Material Weakness

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

Status: Partial Corrective Action was taken.

The department recognized the importance of accurate receivable data and continues to look for means and methods of minimizing mathematical and procedural errors. We inserted an annual review of the receivable methodology into the year-end timeline.

Finding 08-4: Cash Reconciliations Not Reviewed Timely

Recommendation: The Oregon Department of Revenue (department) management should comply with state policy and ensure the cash accounts in its subsidiary system are routinely reconciled to the state accounting system

Status: Corrective action was taken.

Finding 08-5: Self Insurance Plan Note Disclosures Not Adequately Reported

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

Status: Corrective action was taken.

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Finding 08-6: Cash Reconciliations Not Performed Timely

Recommendation: The Oregon Employment Department (department) management should make cash reconciliations a priority and ensure reconciliations are performed timely.

Status: Partial Corrective Action was taken.

The Oregon Employment Department concurred with this finding. This was due in large part to the quantum leap in the number of programs and increased dollars associated with those programs to address the countries worst recession in 70 years. The current status of that finding is that it has been partially completed. Additional staffing and process improvements have been implemented, with the intent to ensure reconciliations occur in an accurate and timely fashion. However, there is more that remains to be done. We will be adding additional staff, and we anticipate that by Spring 2011 the new staff will be fully integrated. We anticipate that much more progress will be made in the fiscal year ended 6/30/10, however, we anticipate that this problem could continue into the following fiscal year.

Finding 08-7: Controls Over Year End Closing Activities Could Be Improved

Recommendation: The Oregon Employment Department (department) management should implement controls to ensure year end adjustments are appropriate and adequately supported.

Status: Partial corrective action was taken.

We are in the process in fully resolving that finding. The accounting section has been cross training staff for additional understanding and ability to assist with and review year end closing activities. This cross training is ongoing, as current staffing has continued to change, or have been absent due to FMLA related conditions, causing training to start over again. Due to time constraints and unanticipated staff changes and absences, well versed peer review was not able to be completed at the level to which the Department would otherwise normally desire. Action is still underway to ensure controls are in place to ensure adequate staffing are available to assist and review year end closing activities.

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Finding 08-8: Employee Fraud

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

Status: Partial corrective action was taken.

The Department of Education (Department) has taken steps to minimize the opportunity for fraud to occur by maintaining internal controls that are adequate to ensure accounting transactions are appropriately authorized, justified, documented and reviewed for accuracy, as follows:

- The Department hired an additional accountant so that there is proper separation of duties.
- Two senior level accountants and management have attended fraud training.
- Management is reviewing temporary vendor transactions and accounting reports to proactively monitor for instances of fraud.

The Department was on track to finalize its fraud policy by June 30, 2009. However, the policy needs to be revisited because staff positions included in the original procedures for reporting and responding to potential fraudulent activities were affected by budget reductions. The updated anticipated completion date is February 28, 2010.

Finding 08-9: Weaknesses Identified In Year End Accrual Process

Recommendation: The Oregon Department of Education (department) should review and update their policies and procedures to ensure year end accruals are made in conformity with generally accepted accounting principles. The procedures 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.

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Status: Partial corrective action was taken.

The Department updated its accrual procedure to include a methodology to estimate expenditures and the service date was used as the basis of the estimation. Even though improvements were made, the Department isn't able to accurately estimate post-Month 13 expenditures due to having only one year of historical data. As historical information becomes available over time, we expect this data to contribute to our ability to more accurately estimate amounts to be accrued.

See current year finding 09-08 and prior year finding 07-20

Finding 08-10: **Inconsistency in Accounting for State Forest Lands Revenue Results in Misstatement**

Recommendation: The Oregon Department of Forestry (department) management should ensure State Forest Lands revenue is reported consistently for financial statement purposes.

Status: Corrective action was taken.

Finding 08-11: **Lack of Segregation of Duties and Logical Access to Accounting Systems**

Recommendation: The Oregon Parks and Recreation Department (department) management should 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.

Status: Corrective action was taken.

Finding 08-12: **Lack of Reconciliation of Point of Sale System**

Recommendation: The Oregon Department of Fish and Wildlife (department) management should strengthen its controls over license sales by

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regularly reconciling the POS system and the cash register system to ensure accountability for all licenses, tags and cash receipts.

Status: Partial corrective action was taken.

During this past year ODFW has worked to accomplish a full and complete reconciliation of the POS system. As a result of this effort issues have been identified that have prevented the department from getting to a full and complete reconciliation. To resolve these issues, ODFW and the vendor have been meeting monthly and will continue to do so to reach the goal of a full reconciliation.

Finding 08-13: Procedures for Accruing Federal Revenue Need Improvement

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

Status: Corrective action was taken.

Finding 08-14: Duplicate Federal Revenue Transactions

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

Status: Corrective action was taken.

Finding 08-15: Inadequate Controls over Financial Reporting

Recommendation: The Oregon Department of Transportation (department) management should ensure adequate controls are in place to prevent and/or detect financial reporting errors.

Status: Partial corrective action was taken.

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The department plans to allow staff adequate time to complete year-end detailed work. Additional staff will be identified and trained to better support year-end work and conduct more independent reviews. The department plans to update desk procedures and the Financial Administration and Standards Manual during the training process. The department has designated staff to review payment documents for better control of coding after documents are submitted.

Finding 08-16: **Jurisdictional Transfers Not Adequately Supported**

Recommendation: The Oregon Department of Transportation (department) management should ensure transactions relating to the state highway system are adequately supported.

Status: Corrective action was taken.

Finding 08-17: **Reinsurance Recoverable Not Accurately Calculated**

Recommendation: SAIF Corporation should 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.

Status: Corrective action was taken.

Finding 08-18: **Information Technology – Administrator and Superuser Access Not Reviewed**

Recommendation: SAIF Corporation should 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.

Status: Corrective action was taken.

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Finding 08-19:	Information Technology – Administrator Access and User Provisioning Not Appropriate
Recommendation:	SAIF Corporation should 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.
Status:	Corrective action was taken.
Finding 08-20:	Information Technology – Lack of User Access Review
Recommendation:	SAIF Corporation should perform a periodic review of user access to all of the financially relevant applications, databases, and operating systems to ensure:
Status:	Corrective action was taken.
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:	Corrective action was taken.
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.

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Status: Partial corrective action was taken.

The department corrected the methodology for recording Drug Rebate and the Drug Rebate Allowance for Doubtful Accounts and made the appropriate adjustments to the accounting records. The department implemented new contract language for selected private industry service provider contractors who also act as fiscal agents. Managers understand their role in reviewing transactions for proper documentation as part of their approval process.

As part of the department's Transformation Initiative, individual divisions conducted events to focus on improving documentation to support eligibility determination and supporting financial transactions. The department is continuing its efforts to improve program integrity through Transformation Initiative #OX7.

For the 2009 reporting period, DHS changed Drug Rebate service providers. The contract with the department's current provider of Drug Rebate services was amended to include SAS-70 requirements. This amendment required a SAS-70 Audit Report Level 1, performed by a mutually approved independent auditor, for the period December 6, 2008 through September 30, 2009. A copy of this report has been provided to the department. A SAS-70 Audit Report Level 2 will also be provided by October 30, 2010 for the biennium ending June 30, 2010. An additional SAS-70 Report Level 2 will be provided by October 30, 2012 for the biennium ending June 30, 2012.

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: Corrective action was taken.

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

Recommendation: The Oregon Department of Forestry (department) should ensure all expenditures are accurately recorded when goods or services are

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received in accordance with generally accepted accounting principles.

Status: Corrective action was taken.

Finding 07-6: Incomplete Risk Assessment Process

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

Status: Partial corrective action was taken.

We began a process of reviewing and documenting our internal controls 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.

See current year finding 09-09

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

Recommendation: The Oregon Department of Revenue (department) 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: Corrective action was taken.

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

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investments in accordance with generally accepted accounting principles (GAAP).

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.

Please refer to finding 08-12 for the status of this finding

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: Corrective action was taken.

Please refer to finding 08-13 for the status of this finding

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.

Please refer to finding 08-09 for the status of this finding

Section V – Schedule of Prior Federal Awards Findings and Questioned Costs for the Years Ended June 30, 2008 and 2007

This section includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2008. It also includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2007 that were uncorrected at June 30, 2008.

Finding 08-21: **State Children’s Insurance Program, CFDA 93.767**
Activities Allowed or Unallowed – Federal Benchmarks Not Met
Material Weakness

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

Status: Partial corrective action was taken.

1. The agency updated agency benchmark worksheets effective April 1, 2009.
2. The agency has reviewed all plans for benchmark compliance and a corrective course of action has been developed.
 - On August 17, 2009 FHIAP mailed letters to all LifeWise/FHIAP members. The letter conveyed that their plan doesn’t meet minimum federal benchmark standards and that they will have to move to a new plan/carrier.
 - Members were informed that plan transfer must be completed no later than October 31, 2009.
 - The assigned Member Accounts Services (MAS) representative is contacting each member to provide individual assistance to ensure plan transfer by the due date.
 - Premium funding has been changed to state-only funds. The fiscal unit is in the process of determining the amount of federal funds needing to be refunded to CMS.

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Finding 08-22: **State Children's Insurance Program, CFDA 93.767**
Eligibility – Untimely Eligibility Redeterminations
Material Weakness, Questioned Costs \$2,990

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

Status: Partial corrective action was taken.

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.

1. The agency implemented a short-term solution to this issue prior to completion of the formal audit process. Eligibility staff now 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.
2. We are on track to implement an automated solution with the implementation of the new database early in January 2010.
3. Unfortunately, completion of the accounting related to refunding the federal government for SCHIP funds paid in error, fell through the cracks. We are now in the process of completing this accounting and anticipate completion by October 31, 2009

Finding 08-23: **State Children's Insurance Program, CFDA 93.767**
Activities Allowed or Unallowed – Potentially Unallowable
Health Coverage, Questioned Costs \$9.4 Million

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

Status: No corrective action has been taken.

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This issue was discussed during the initial 2002 waiver negotiations with the DHS, OPHP, and CMS. At that time, all parties agreed that because 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.

Although the agency disagrees with the finding, we agree to consult with DHS to raise the issue with CMS by November 1, 2009.

**Finding 08-24: State Children's Insurance Program, CFDA 93.767
Maintenance of Effort & Eligibility – Advanced Subsidy
Payments, Questioned Costs \$4.6 Million**

Recommendation: The Oregon Office of Private Health Partnerships (department) management should consult with Centers for Medicare and Medicaid Services (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 prior year finding 07-41*

Status: No corrective action was taken.

The agency operated within its contractual obligation with the Centers for Medicare and Medicaid Services (CMS).

1. Prior to making advance subsidy payments, FHIAP coordinated with the Department of Human Services (DHS) and the Department of Administrative Services (DAS) in making this decision.
2. The agency had multiple discussions with CMS following their receipt of 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.
3. With implementation of the waiver renewal on November 1, 2007, Maintenance of Effort is no longer required and is no longer a consideration.

Although the agency disagrees with the finding, we agree to consult with DHS to raise the issue with CMS by November 1, 2009.

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Finding 08-25: **State Children's Insurance Program, CFDA 93.767**
Eligibility – Ineligible Clients Funded
Questioned Costs \$55,000

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

Status: Partial corrective action was taken.

1. As of March 19, 2009, the program added a third level of carrier payment review. Accounting staff now audits the transition between the funding report and the accounting input document line by line prior to final approval by the fiscal manager.
2. The new database will automatically create SFMA input documents, eliminating the possibility of manual transposition and coding errors. The new database is scheduled for implementation by January 2010.
3. The office determined the amount of SCHIP funds that needing to be refunded to the federal agency and refunded them on June 25, 2009.

Finding 08-26: **Temporary Assistance for Needy Families, CFDA 93.558**
Allowable Costs – Expenditures Not Allowable or Unsupported
Questioned Costs \$1,564

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

Status: Corrective action was taken.

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Finding 08-27: **Temporary Assistance for Needy Families, CFDA 93.558**
Eligibility – Client Maintenance System Coding Errors
Questioned Costs \$254

Recommendation: The Oregon Department of Human Services (department) management should implement procedures to ensure coding and client data are accurately entered and appropriately updated in CMS and correct the identified errors.

Status: Corrective action was taken.

Finding 08-28: **Adoption Assistance, CFDA 93.659**
Allowable Costs – Payments Do Not Match Adoption Agreement
Material Weakness, Questioned Costs \$735,000

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

Status: Partial corrective action was taken.

Based on the ongoing review of the reduction period cases identified in the audit, the errors in the rate amounts appear to be limited to cases with non-basic rates. Given this initial result, not all of the basic rate cases from the period were reviewed. For the non-basic rate cases reviewed, the initial case error rate appears to be relatively small. Of the error cases reviewed, some appear to be underpayments and others overpayments.

The department will complete the manual review of the remaining non-basic cases prior to December 31, 2009. (The date for completion was adjusted due to increased workload related to the implementation of a new foster care and enhanced supervision rate structure in Adoption and Guardianship Assistance.)

Once the reduction period case payment rate review has been completed 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 department will also consult with the Administration for

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Children and Families Children's Bureau, Region X Child Welfare Program Office, to determine any additional rate change documentation needed within the reduction period case files.

See current year finding 09-19 and prior year finding 07-42

Finding 08-29: **Adoption Assistance, CFDA 93.659**
Eligibility – Incorrect Eligibility Determination
Questioned Costs \$19,175

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

Status: Corrective action was taken.

Finding 08-30: **Medicaid Cluster**
Allowable Costs – Private Health Insurance Not Billed
Questioned Costs \$11,206

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

Status: Partial corrective action was taken.

While the department's Health Insurance Group (HIG) has modified its work processes in order to help streamline referral processing, the unit continues to have a backlog of applications that have not been entered.

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

HIG is in the process of hiring six additional new staff and is utilizing staff from other Office of Payment Accuracy and Recovery units to deal with the backlog and workload issues.

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Finding 08-31: **Medicaid Cluster**
 Special Tests and Provisions - Required Provider Agreements
 Missing Required Disclosures

Recommendation: The Oregon Department of Human Services (department) management should comply with federal regulations and ensure provider agreements contain the required disclosures.

Status: Partial corrective action was taken.

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

Changes to the Seniors and People with Disabilities (SPD) Adult Foster Home Provider Enrollment Agreement Form (SDS 738) were made on March 19, 2009 to address the ownership and control disclosure requirements.

In addition, SPD is in the process of revising residential care and assisted living rules (a notice of public hearing on September 16, 2009 was posted) to require a resident to provide, prior to move-in, any financial and other legal relationships including advance directives.

Beginning in December 2008, all new Addictions and Mental Health (AMH) Foster Home providers are required to complete the Division of Medical Assistance Program Provider Enrollment Agreement. These agreements have the appropriate disclosure documents. Existing providers without a new enrollment agreement are identified through a system query. Once a provider is identified, they are mailed letters requesting reenrollment with the new forms. AMH staff estimated that 25 percent of existing providers have completed the necessary forms. AMH expects to have the remainder of existing provider forms signed by January 2010. AMH Adult Foster Homes receive payment through the new Medicaid Management Information System (MMIS).

AMH amended Adult Foster Home rules in August 2009 to include a requirement that all residents be provided the opportunity to complete an advance directive.

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Finding 08-32: Medicaid Cluster
Allowable Costs – Lack of Documentation

Recommendation: The Oregon Department of Human Services (department) management should implement procedures to ensure that adequate supporting documentation is maintained for all payments, specifically provider payment rates and any authorized changes to each rate.

Status: Partial corrective action was taken.

Addictions and Mental Health (AMH) began using the department's Medicaid Management Information System (MMIS) for payment of Medicaid Personal Care services in a variety of residential settings including Adult Foster Care when the new system went live in December of 2008. At that time AMH implemented a rate setting methodology based upon the individualized service plan, the number of hours of Personal Care projected and a projected wage scale. These services are preapproved using the Plan of Care function in the MMIS. All new requests use this methodology. AMH will revise existing rates as indicated, but the time frame for doing so has been delayed due to system implementation issues. Review and revision of existing rates should be completed by January 2010.

Finding 08-33: Immunization Grants, CFDA 93.268
Subrecipient Monitoring – Lack of Policies and Procedures for Site Visit Protocol

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

Status: Corrective action was taken.

Finding 08-34: Immunization Grants, CFDA 93.268
Subrecipient Monitoring – Subrecipients Allowed to Select Samples for Testing

Recommendation: The Oregon Department of Human Services (department) management should implement procedures to ensure that samples

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are selected by the program staff such as selecting from databases of vaccinated children or other records.

Status: Corrective action was taken.

Finding 08-35: **National Guard Military Operations and Maintenance (O&M),
CFDA 12.401
Matching – Lack of Controls Over the Allocation of Funds**

Recommendation: The Oregon Military Department (department) should 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.

Status: Corrective action was taken.

Finding 08-36: **Child and Adult Care Food Program, CFDA 10.558
Subrecipient Monitoring – Failure to Check the National
Disqualified List**

Recommendation: The Oregon Department of Education (department) should 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.

Status: Corrective action was taken.

Finding 08-37: **Food Stamp Cluster
Allowable Costs/Cost Principles – Reported Expenditures
Exceeded Actual, Questioned Costs \$20,401**

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

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preparation from Excel to Access, to reduce the chance of human error in data entry.

Status: Partial corrective action was taken.

DHS Financial Services filled positions internally to stabilize and revamp three databases required to allocate indirect costs in accordance with the DHS federally approved cost allocation plan. The department plans to have the work on all three databases completed by December 31, 2009. The department continues efforts to improve program integrity as part of the department's Transformation Initiative.

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: 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: Corrective action was taken.

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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 has completed its analysis of its current tracking system and determined that it will need to be modified to comply with A-133. The department is exploring contracting for software development services to meet this system need.

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

Recommendation: The Oregon Department of Human Services (department) management should ensure employees are aware of the policy related to transportation provisions and that adequate documentation is maintained, including mileage logs.

Status: Corrective action was taken.

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: Corrective action was taken.

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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: Corrective action was taken.

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.

A Cost Allocation Plan was developed and sent to the Department of Education, per a request from the Rehabilitation Services Administration. The agency recently heard back from the Federal 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 requested. The agency established an Indirect Cost Rate along with its Cost Allocation Plan and submitted it to the Department of Education. The agency received a few questions from the Department of Education on the plan, but the agency has yet to receive a finalized rate.

Additionally, after researching the implementation of utilizing the indirect cost rate within the agency, it was also determined that the agency will need to modify its Other Fund and Federal Fund limitation with the legislature. Once the agency receives its approved federal indirect cost rate, it will approach the emergency board with the legislature for a modification to its limitation or will include the modifications in the 2011/2013 budget development, per recommendations from Oregon Department of Administrative

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Services Budget and Management Division and the Legislative Fiscal Office.

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

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

Status: Corrective action was taken.

**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: Corrective action was taken.

**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 (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: Corrective action was taken.

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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 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: Corrective action was taken.

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: Corrective action was taken.

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: Corrective action was taken.

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.

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Status: Partial corrective action was taken.

Children, Adults and Families (CAF) Self Sufficiency Programs (SSP) continues to proactively strengthen controls over the eligibility process. Income budgeting, signatures and documentation issues are being addressed. There will be statewide training for eligibility workers in September and October 2009 to support the Healthy Kids implementation. The training will include budgeting, signature and documentation issues.

Streamlining eligibility:

HB 2116 requires the department streamline eligibility. In October 2009, the department will eliminate the Children's Health Insurance Program (CHIP) resource limit and streamline CHIP budgeting and uninsurance requirements. Instead of the current three month average, for October CHIP policy will change to require an average of the budget month and the prior month's income. Instead of a six month uninsurance requirement, the department will implement a two month uninsurance requirement. There will be no resource limit for CHIP.

SSPAT CHIP reviews:

The Self Sufficiency Program Accuracy Team (SSPAT) completed a special project of CHIP reviews in 12 branches in April through June 2009. The SSPAT CHIP review project emphasized budgeting, available third party resources, effective dates and correct program decisions. Trend information was shared with managers and staff at the 12 branches, Program Managers and with the medical training team. SSPAT is also preparing a short Power Point presentation which will be made available for use in each office.

MEQC CHIP reviews:

CAF SSP Medical Quality Control (MEQC) has been reviewing CHIP cases as part of the Payment Error Rate Measurement (PERM) and Quality Control (QC) process. Each QC CHIP error is reported out and a "Prevention of Error" developed. Eligibility workers and branches are expected to take appropriate action to correct errors.

The MEQC reviewed 199 active CHIP clients. MEQC found 14 errors, six of them income related, that resulted in total medical program ineligibility. An additional 21 were ineligible for CHIP, but qualified for other program eligibility. MEQC "Preventative tips" provided to staff included: review past narratives and computer system data; confirm medical coverage with employers; review application material; discuss impact of third party medical coverage

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with clients; discuss pay dates; verify final wages; identify budget requirements; review pay stubs; use applicable standards chart for correct program and review for Medicaid prior to CHIP.

Application form changes:

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.

A new Oregon Health Plan On-line Application (OHP 7210W) has been implemented. The on-line application is submitted electronically into the imaging system and will have an electronic signature.

SSP trainings:

CAF SSP provided statewide narrative training completed in April 2009. The training emphasized the need to document eligibility and verification items thoroughly but succinctly in the case record. Eligibility worker training includes the requirement the client have a signed application, however, CAF SSP trainers recently identified a training issue for workers dealing with signature requirements at redetermination. The CAF SSP training material was revised in April 2009 to clarify the signature policy. Signature requirements were included in the March 2008 Skill Maintenance Challenge and will be included in another Skill Maintenance Challenge in Fall 2009. Skill Maintenance Challenges are written by Self Sufficiency Program medical policy trainers to address identified training needs. In May 2008, a Skill Maintenance Challenge specific to income and resource verification was distributed. Income and resource issues will be revisited for the October 2009 CHIP policy changes. In April 2008, 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

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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. No new application exercises are anticipated for the balance of 2009. The SSPAT CHIP review and training substituted for the 2009 application exercises.

Eight Accuracy Summits were conducted across the state the summer of 2008. The 2008 Accuracy Summits addressed program accuracy needs identified from field staff and managers, as well as program and program integrity staff. The sessions included eligibility reminders, including income and resource verification requirements.

Self Sufficiency Modernization (SSM) efforts:

CAF SSP program staff are working in partnership with OIS to modernize CAF SSP eligibility systems. In addition to updating some legacy computer systems, a more intuitive user interface will be implemented. Applicant information will be entered on a common data interface screen and the data will be used to populate other screens or systems, reducing data entry errors and improving the accuracy of the client data.

The first phase of the new web-based application is the online OHP 7210W. The 7210W is a version of the OHP 7210 submitted electronically by the user into the SSP imaging system. A later version of an interview style on-line medical application is being developed for expected implementation in early 2010.

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 assist the eligibility worker in making an eligibility determination. Income calculations will be automated. The new income calculation functionality will improve the accuracy of earned income calculations. New imaging technology will streamline the eligibility determination process and allow workers instant access to documents, including income documentation.

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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 2009 and continuing throughout 2010.

See current year finding 09-14

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) management 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: Auditor Comment: The auditee reported corrective action was taken.

Please refer to finding 08-22 for the status of this finding

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

Status: No corrective action will be taken.

Please refer to finding 08-24 for the status of this finding

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

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

An eligibility coding exception report was developed and implemented by the Adoption Program in April, 2008, to identify coding errors. The report is a comparison of Title IV-E eligibility in ARMS and IIS that quickly shows coding discrepancies. The monthly report is received by the Management Assistant in the Adoptions Unit, who reviews the report and highlights apparent errors. The report is forwarded to Adoption Unit support staff who correct the errors, annotate on the report that corrections were entered on ARMS or IIS, respectively, and then return it to the Office Manager to retain.

As staff developed the report and protocol described above, an additional quality control step was identified that initially involved a manual review step. This quality control step has subsequently been developed as an automated process in collaboration with DHS Information Services programming staff. Adoption Assistance support staff use the new protocol and system to do a quality assurance check of eligibility. The automated system is supported by written requirements documentation for security procedures related to issuing and approving payments for new cases.

A payment coding exception report that is separate from the one described in the section above was developed and implemented to identify Adoption Assistance payments entered in ARMS and IIS that do not match. The report is received by the Adoptions Program Management Assistant, who reviews the report and forwards it to Adoption Assistance Coordinators and support staff to review and correct. The over/underpayments are corrected in ARMS/IIS. In overpayment situations, families are contacted and a repayment schedule is established; in underpayment cases the errors are corrected and families are paid according to the adjustment. Corrections are noted on the report and it is returned to the Office Manager for retention.

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All of the above actions were completed as of November 30, 2009.

See current year finding 09-19 and prior year finding 08-28

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

Recommendation: The Oregon Department of Human Services (department) management should document the approved site visit protocol. This protocol should be available for review by program employees so that proper monitoring procedures are performed.

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 ADP risk analysis and system security reviews are conducted at least every two years, as required.

Status: Partial corrective action was taken.

The replacement Medicaid Management Information System (MMIS) began operation in December 2008. The former legacy MMIS system originally addressed in this finding is no longer operational. The new MMIS system is tentatively scheduled for certification in the second half of 2010. By December 2010, the department will perform a specific security review on the new MMIS, either through the MMIS certification process or a standard information security assessment.

Using previous assessments like the Department of Human Services Information Security Business Risk Assessment (ISBRA) and Acumentra Assessment, incident analysis, and compliance mapping; the department's Information Security Office has developed a framework to support an Information Security Management Plan (iSMP.) Our information security assessment plans include key iSMP elements identified below. These efforts were active during the July 2008- June 2009 time period:

- In 2008, ISO purchased a product and began developing processes to collect and identify information content types.
- Using this product ISO began mapping information security regulatory requirements and contractual obligations. Controls

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were linked to regulatory requirements, contractual obligations, and information content types.

- This product allows DHS to develop and document a baseline of information security controls, and to identify exceptions with their respective controls.
- The product also enhanced ISO's incident management activities. These activities include risk analysis, notification, and development of correction action plans. This product will also be used to manage our assessment plans and risks.
- The product purchased in 2008 also allowed ISO began developing processes to enhance our management of information exchanges.
- In 2008, ISO hired an Awareness and Education Program Manager. This individual has assessed compliance requirements and incidents. This information is being used to update ongoing Awareness and Education activities.
- In 2009, ISO purchased an additional product that will assist us in better defining individual access and responsibilities.
- Using this product, DHS will manage roles through the use of the Roles Steering Committee (RSC). This product will allow managers to assign defined roles to staff and will help DHS analyze and manage system access privileges of DHS systems and associated network devices.
- In 2008-2009, ISO developed Application and System Information Security Requirements; Vendor Hosting Requirements; and a Project Deliverable Security Plan.
- In 2009, ISO began working with the State Data Center (SDC) to provide tape encryption capabilities.
- In 2009, ISO purchased and implemented a product as part of DHS' Code Review process. Systems like MMIS, OR-Kids, and CAF Self-Sufficiency Modernization have had their code reviewed and corrective actions taken to mitigate identified vulnerabilities.
- ISO was involved in a number of assessments during 2008 and 2009. These include but are not limited to DHS ISBRA and Acumentra.
- DHS has determined that an ADP assessment will be conducted biennial for all systems with information classified with a sensitivity level of 3 (RESTRICTED) or 4 (CRITICAL).

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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: Corrective action was taken.

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

Status: Partial corrective action was taken

The Office of Contracts and Procurement manager facilitated a workgroup regarding these issues. The work group recommended updates to Procedure 31 Federal Debarment and Suspension, and initially 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.

Unfortunately, the revised debarment procedure has not consistently been complied with. An additional notification has been sent to all contracting staff reinforcing the importance of the debarment check process. Effective February 23, 2010 a check box has been added to the Contract Route Sheet for the EPLS Debarment review and screen print as an interim step. A contract check list is in process of being created. This check list will be used for every contract and amendment. The check list will include the debarment requirements.

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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: Corrective action was taken.

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

REPORT TITLE AND NUMBER	Department of Administrative Services: Statewide Financial Management Application Computer Controls Review; Report No. 2009-09
REPORT DATE	April 27, 2009
RESULTS IN BRIEF	<p>Based on our audit work, we found that:</p> <ul style="list-style-type: none">• State agencies can rely on the system to accurately process financial transactions and maintain accounting records. They can also rely on the Datamart to accurately reflect detailed accounting transactions processed by the system.• The department appropriately controlled changes to system code by ensuring only authorized changes could be made. These controls were critical to ensure unauthorized program modifications could not be used to render application controls ineffective, or otherwise jeopardize the integrity of the system and its data.• Restoration of the system following a major disruption would likely be problematic because the department did not test its restoration plans and relied on unproven State Data Center capabilities. <p>In addition, the department did not ensure backup tapes were viable or were transferred off-site as directed.</p> <ul style="list-style-type: none">• State Data Center weaknesses pose significant security risks because they render logical access controls significantly less effective. Because of the sensitive nature of security, we communicated these issues to the department in a confidential management letter prepared in accordance with ORS 192.501 (23), which exempts such information from public disclosure.

REPORT TITLE AND NUMBER	Department of Administrative Services: Oregon State Payroll Application Computer Controls Review; Report No. 2009-10
REPORT DATE	August 28, 2009
RESULTS IN BRIEF	<p>Based on our audit work, we found that:</p> <ul style="list-style-type: none">• Agencies can rely on the system to accurately process employee payroll checks, electronic deposits and other associated transactions. To ensure this occurs, the department provides a variety of manual and automated controls that ensure payroll processes correctly and outputs occur as intended.• The department appropriately controlled changes to system code by ensuring only authorized changes could be made. These controls were critical to ensure unauthorized program modifications could not be used to render application controls ineffective, or otherwise jeopardize the integrity of the system and its data.• Restoration of the system following a major disruption would likely be problematic because the department did not test its restoration plans. They also relied on State Data Center capabilities that likewise were not tested. In addition, the department did not ensure backup tapes were viable or were transferred off-site as directed.• State Data Center weaknesses pose significant security risks because they render logical access controls significantly less effective. Because of the sensitive nature of security, we communicated these issues to the department in a confidential management letter prepared in accordance with ORS 192.501 (23), which exempts such information from public disclosure.

ABOUT THE SECRETARY OF STATE AUDITS DIVISION

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

Directory of Key Officials

Director	Gary Blackmer
Deputy Director	William K. Garber, MPA, CGFM
Deputy Director	Mary E. Wenger, CPA

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

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

The courtesies and cooperation extended by officials and employees of the State of Oregon during the course of this audit were commendable and sincerely appreciated.

Auditing to Protect the Public Interest and Improve Oregon Government

