Secretary of State Audit Report

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Strategies to Better Address Federal Level of Effort Requirements

Summary

Oregon receives federal funding for many programs on the condition that the state maintains its previous levels of commitment to them. Level of Effort is a federal compliance requirement prohibiting states and other recipients from reducing their own spending when federal dollars are awarded. In fiscal year 2010, the United States had 60 programs with a Level of Effort requirement, with Oregon participating in 49 of them.

Level of Effort requirements have a substantial effect on the state's General Fund because the state uses these funds to meet the federal compliance regulations. For example, Oregon agency staff with the Temporary Assistance for Needy Families (TANF) program reported that their Level of Effort requirement in state fiscal year 2010 was over $97 million, all of which came from the General Fund. With this state support, the program also received almost $167 million from a direct federal award. Similarly, a General Fund commitment of $768,000 to the Perkins Vocational Education Basic Grants to States program resulted in $15 million in federal funds.

We found that the federal Level of Effort requirements are largely achieving their purpose of ensuring sustained state commitments to programs. Agency staff in Oregon indicate that Level of Effort requirements are taken into account when state spending decisions are made. There was also general agreement among state staff that Level of Effort requirements help secure continuation of funding for those particular programs and their recipients.

In carrying out those programs, Oregon agencies have generally complied with Level of Effort requirements. Only one of the programs audited by the Oregon Audits Division in fiscal year 2010 did not comply with Level of Effort requirements. However, in the 2011 regular session, the Oregon Legislative Assembly added an additional $62.5 million of General Fund dollars to four programs in order for those programs to remain compliant with their federal Level of Effort requirements. This $62.5 million was in addition to the General Fund dollars already budgeted for the programs that counted toward their Level of Effort.

We found considerable concern among Oregon agency staff regarding unclear federal requirements and inadequate federal guidance. In addition, the inflexible nature of the requirements generated various other concerns, especially for the future.

We also found opportunities for Oregon to better budget and manage Level of Effort programs. While agency staff indicate a need for more education about Level of Effort commitments, there is no budgetary information consistently gathered and reported regarding the committed state funds or related federal funds received.

A better understanding and communication of Level of Effort programs could increase the opportunity to count spending from other programs or even from other state agencies toward Level of Effort requirements, which could reduce General Fund dependencies.

Unclear federal guidance also complicates the administration of Level of Effort programs. Oregon agency staff reported inconsistent, inflexible, and sometimes unrealistic Level of Effort requirements. They indicated that Level of Effort guidance can be interpreted quite differently by different federal staff and the varying guidance is frustrating.

In some programs, the mandates discourage innovation and program efficiencies. For example, for some programs a one-time investment in a new management information system could raise the state's ongoing level of commitment into the future. Level of Effort can also be insensitive to changes in service populations, or short-term economic downturns that leave critical non-Level of Effort programs subject to greater reductions.

We recommend management at the Department of Administrative Services increase awareness and coordination of Level of Effort requirements during budgeting. We also recommend management at Oregon agencies subject to federal Level of Effort requirements take actions to increase awareness, identify potential savings in state spending, and ensure continued compliance with Level of Effort requirements. Lastly, we recommend federal reconsideration of current laws, regulations, and practices to identify opportunities to streamline regulations, improve guidance from federal agencies, encourage innovation and flexibility, and implement program efficiencies that save state and federal funds.

Agencies' Responses

The agencies' responses are attached at the end of the report.

Background

Level of Effort Requirements

Oregon receives federal funding for many programs on the condition that the state maintains its previous levels of commitment to those programs. Level of Effort is a federal compliance requirement prohibiting states and other recipients from reducing their own spending when federal dollars are awarded.

In fiscal year 2010, the U.S. Department of Health and Human Services and the U.S. Department of Education had the most federal assistance programs for state and local entities, and also had the most programs with a Level of Effort requirement. These programs include:

- Medicaid
- Children's Health Insurance Program
- Temporary Assistance for Needy Families
- Elementary & Secondary Education Act Programs
- Individuals with Disabilities Education Act Programs
- Higher Education Opportunity Act Programs

States may choose not to apply for federal funding if they believe they cannot comply with grant requirements, including Level of Effort, but federal programs often require that, once participating, the recipient maintain their commitments. In contrast, because some programs are mandated by federal law, states may not elect out of them.

Level of Effort requirements have a substantial effect on the state's General Fund. For example, Oregon agency staff with the Temporary Assistance for Needy Families (TANF) program reported that their Level of Effort requirement in state fiscal year 2010 was over $97 million, all of which came from the General Fund. With this state support, the program also received almost $167 million from a direct federal award. A General Fund commitment of $768,000 to the Perkins Vocational Education Basic Grants to States program resulted in $15 million in federal funds.

Level of Effort mandates are perceived to be an effective means of protecting programs from state funding reductions below a specified level. As a result, vulnerable populations do not compete with one another for funding when each is secured by a federal compliance mandate. In addition, Level of Effort mandates can be relatively easy to administer when the guidelines and compliance requirements are clearly defined.

Level of Effort mandates may also have their drawbacks. The National Governors Association and the National Conference of State Legislators have argued that Level of Effort mandates give states less funding control and decision-making power over a program, especially during adverse economic conditions. In addition, the mandates may discourage one-time financial investments because states often cannot, or need not, continue spending at that increased level in future years.

Financial and Programmatic Mandates

Level of Effort requirements vary considerably across programs because they are created from numerous, decentralized federal sources. Enacted by laws, policies, regulations, or administrative rules, the specifics of Level of Effort provisions are different with each federally-funded program.

In addition, Level of Effort can have both financial and programmatic mandates. Financial mandates generally require the state to maintain funding for the current year comparable to past expenditures, often adjusted for inflation. Some mandates specify that qualifying expenditures match or exceed the amount spent in a previous year, an average of multiple past years, a specific amount, or a percentage of the current budget.

For example, for programs funded by the Maternal and Child Health Services Block Grant, the state must maintain at least the level of funds it provided in 1989. The Level of Effort for TANF requires the state to spend at least 80% of the amount of non-Federal funds the state spent in fiscal year 1994, two years before the federal entitlement program was reformed.

More common is a requirement based on the state's previous fiscal year commitment. An example is the Level of Effort for special education funding through the Individuals with Disabilities Education Act. It specifies that the state's funding made available for special education cannot be below the amount made available in the preceding fiscal year.

Alternatively, the Level of Effort may be an average of expenditures from past years as the baseline for mandated future spending. The Substance Abuse and Prevention Block Grant is an example, mandating that state expenditures not fall below the average for the two preceding years.

While the foundation for Level of Effort requirements is fiscal compliance, there are also requirements that extend to programmatic constraints. Program requirements vary, but often restrict the state from changing a program's eligibility so that fewer people are served

and state or local expenditures for that program are therefore reduced.

For example, TANF has both a fiscal and programmatic condition. As noted above, the financial commitment for this program must be greater than 80% of the 1994 level. However, if the state meets the programmatic requirements such as the work participation rate, it only needs to meet 75% of the 1994 level. Annually, this represents a $91 million mandate rather than a $97 million mandate for Oregon. As another example, in order to receive ARRA funds, a programmatic condition for the Medicaid program was added to ensure states would not change eligibility in a way that would make it more difficult for people to get or keep Medicaid.

Monitoring Compliance with Level of Effort

To comply with Level of Effort requirements, the recipient of federal funds must follow procedural steps and meet the stated level of state or local support. After receiving funding notification, agencies work with the federal agency to understand the mandate, and develop requirements for local recipients, if the state transfers some of the funds to them. Recipients set up Level of Effort tracking systems and any additional structures needed.

The governing federal agencies monitor the Level of Effort mandates for states and programs. They also rely upon other compliance monitoring, such as the independent audits conducted by states and CPA firms under the Single Audit Act of 1996. Additional monitoring may be overseen by federal inspectors general and the Government Accountability Office (GAO).

For example, in a 2009 GAO report, federal agencies were found to inconsistently apply their compliance assurance procedures related to the American Reinvestment and Recovery Act. The U.S. Department of Education was cited for allowing recipients to change their maintenance of effort levels without explanation. The concern was that states could be replacing state funds with federal funds due to the lack of compliance assurance procedures. The GAO also found that state agencies did not always have to certify the amount of funding they would maintain.

Consequences for Lack of Compliance

Various consequences can result when a program is out of compliance with the Level of Effort mandate. Some programs must pay back the amount by which they failed to meet their Level of Effort requirement. The consequence for noncompliance for the TANF program is reduced federal funds for the following year in the amount that the state fell

short of its Level of Effort requirement. The state is then required to increase its expenditures to make up the difference.

Alternately, federal funding may be reduced by a percentage proportionate to the decreased state expenditure. Aging Title III Grants for Supportive Services and Senior Centers is subject to this provision.

Other programs may experience a one-time loss of future federal funds, or lose the ability to participate in any future federal funding, such as with the provisions of the American Recovery and Reinvestment funds for the Highway Infrastructure Investment program. The mandate says that if a program is unable to maintain its level of effort, the state will be prohibited by the Secretary of Transportation from receiving additional federal highway and highway safety construction funds.

Other federally-funded programs may lack clear consequences. According to a 2009 GAO audit, Housing and Urban Development officials told auditors they would determine consequences for housing agencies found to be supplanting funds on a case-by-case basis, but did not list criteria.

Waiver Availability

Programs with a Level of Effort requirement may have an option of applying for a waiver of their stated financial requirement for a limited duration because of a variety of circumstances. Not all programs have waiver ability and the specifics vary with each federally-funded program. The waiver ability is stated in individual program regulations or statutes, though the process to apply for a waiver and the criteria for waiver selection are not always clear to funding recipients. Waiver applications may address whether or not the basic tenants of the policy can be maintained, whether the state is experiencing exceptional or uncontrollable circumstances such as a natural disaster, overall state revenues and appropriations, and the total level of financial support for the program. The federal agency responsible for the program either grants or denies the request.

Level of Effort Compared to Other Federal Compliance Regulations

Level of Effort is the broader compliance term that prohibits supplanting any funding source including local, state or federal funds when the federal grants are made available. While Maintenance of Effort and Supplement not Supplant rules are both Level of Effort requirements as detailed in the Office of Management and Budget A-133 Compliance Supplement, they are not the same. Supplement

not Supplant requirements ensure federal funds for specific programs only supplement, not replace, expenditures from other federal, state or local sources for that program. Maintenance of Effort is a more specific regulation stating that a recipient must continue their specific state or local commitment in the presence of new federal funds.

Matching and Earmarking requirements are separate from Level of Effort regulations, though the intent remains to continue state and local financial support as additional federal support is made available. Matching requirements stipulate that recipients provide contributions of a specific amount or a percentage of their budget, to match Federal awards. Allowable expenditures for Matching requirements are usually non-federal funds and may include allowable costs incurred or in-kind contributions. Matching requirements tend to be relatively flexible in that a recipient may be able to contribute more or less from year to year. Earmarking requirements specify that a minimum amount or percentage of the program's funding be used for a specific program purpose to avoid supplanting existing resources.

Funded Level of Effort Programs in Oregon

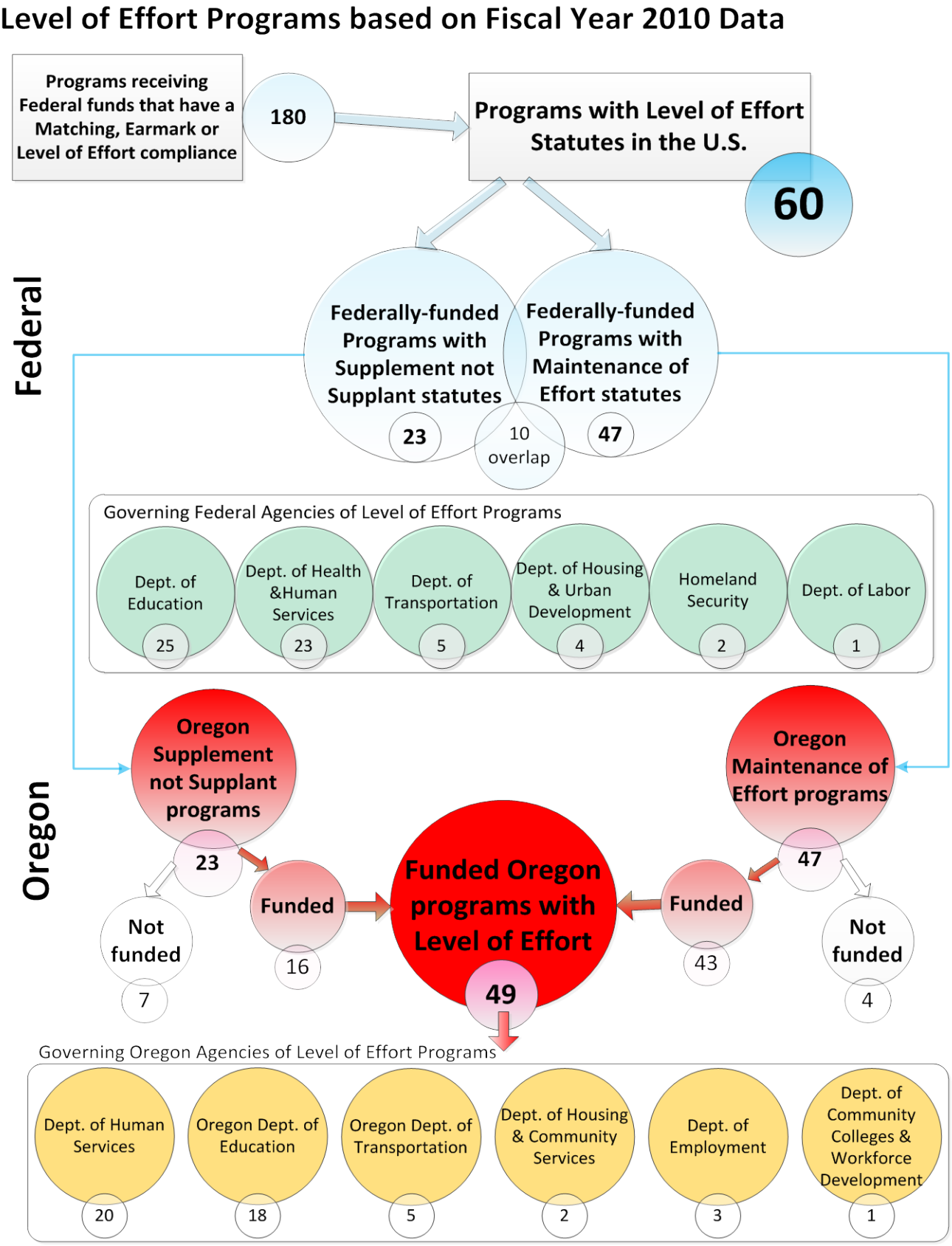
To determine which programs in the United States had a Level of Effort requirement, we used the 2010 Office of Management and Budget A-133 Compliance Supplement. It categorizes programs defined in the Catalog of Federal Domestic Assistance (CFDA), a compendium of financial and nonfinancial federal assistance. Each program has a distinct CFDA number. For the purposes of this audit, the term "program" refers to the CFDA number. We collected state level information from the 2010 Statewide Single Audit, specifically the Schedule of Expenditures of Federal Awards.

Using these sources, we determined there were 60 federally funded programs in the United States with a Level of Effort statute in 2010. Oregon received funding for 49 of these programs. A list of each program can be found in Appendix A. The state was either ineligible or did not apply for funding for the remaining 11 federal programs.

In carrying out the 49 programs, Oregon agencies have generally complied with Level of Effort requirements. Only one of the programs audited by the Oregon Audits Division in fiscal year 2010 did not comply with Level of Effort requirements. However, in the 2011 regular session, the Oregon Legislative Assembly added an additional $62.5 million of General Fund dollars to four programs in order for those programs to remain compliant with their federal Level of Effort requirements. This $62.5 million was in addition to the General Fund dollars already budgeted for the programs that counted towards their Level of Effort.

Figure 1 shows the 60 programs with a Level of Effort requirement in the United States and the 49 federally funded programs in Oregon that constitute the audit population. Because a program can have both a Supplement not Supplant requirement and a Maintenance of Effort requirement, some programs overlap. The governing agency for each Level of Effort program is also identified in the graph. In Oregon, the Department of Human Services (DHS) and the Oregon Department of Education managed 77% of the Level of Effort programs in fiscal year 2010. Note that DHS and the Oregon Health Authority were not separate entities in fiscal year 2010, so we refer only to DHS inclusively.

Figure 1: Programs with a Level of Effort Requirement, Fiscal Year 2010



Audit Results

Federal Level of Effort Requirements Could Better Achieve Their Purpose in Oregon

In the fall of 2011, we surveyed nearly all Oregon agency staff that manage, track, and report on programs with a Level of Effort requirement and conducted follow-up interviews with respondents. Their responses indicate that Level of Effort requirements are taken into account when state spending decisions are made. There was also general agreement among state staff that Level of Effort requirements help secure continuation of funding for those particular programs and their recipients.

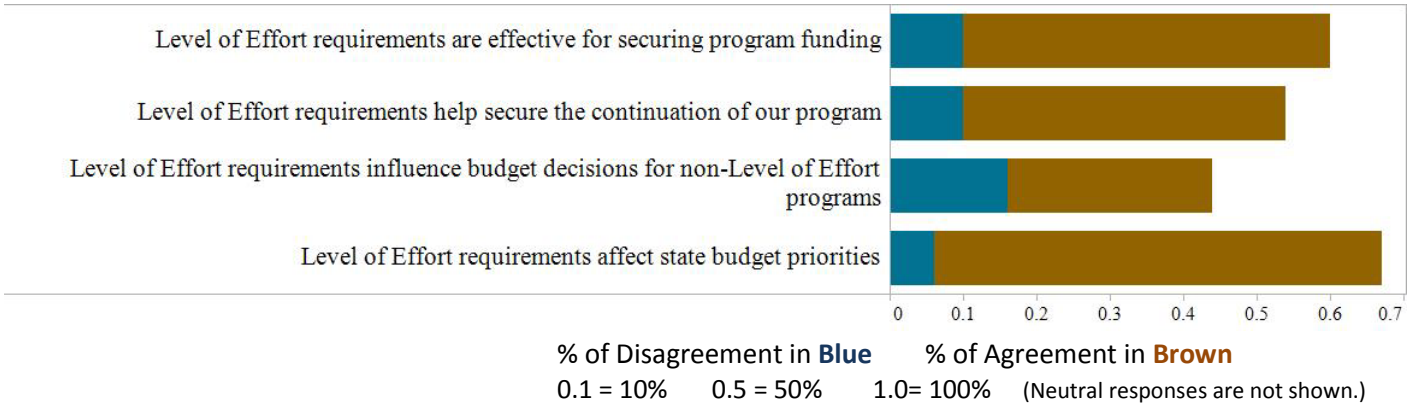
In carrying out those programs, Oregon agencies have generally complied with Level of Effort requirements. Audited Oregon programs were found to comply with Level of Effort requirements with only one known exception in fiscal year 2010.

However, when we surveyed Oregon agency staff we found common concerns regarding unclear federal requirements and inadequate federal guidance. In addition, the inflexible nature of the requirements generated various other concerns, especially not meeting Level of Effort requirements in the future. We also found opportunities for Oregon to better budget and manage Level of Effort programs.

Level of Effort Mandates Influence State Budget Priorities and Protect Program Funding at the State Level

Level of Effort requirements meet federal intent by helping secure program funding at the state level according to most Oregon agency staff. Survey respondents answered an open-ended question about how Level of Effort requirements positively impacted their program. The most common positive benefit (43% of all open-ended comments) was the continued financial commitment, including state, federal or other support. Staff indicated that the Level of Effort requirement secured some or all of their state General Funds. The second most commonly cited positive impact of Level of Effort, with 33% of open-ended comments, was the secured commitment to a program and target population.

Figure 2: Perceptions of Level of Effort Impact on Funding and Budget Priorities



Although Level of Effort meets the federal intent of preserving program funding, most staff said this could be occurring at the expense of programs without these same requirements. The vast majority of staff said Level of Effort requirements can affect the state's budget priorities. When asked why Level of Effort affects budget decisions, staff said non-Level of Effort programs may lose state General Funds more easily than the programs that rely on those funds to secure federal funds. Some agency staff said Level of Effort programs can pit target populations against one another.

Level of Effort Mandates Generally Prevent Federal Funds from Supplanting State Funds

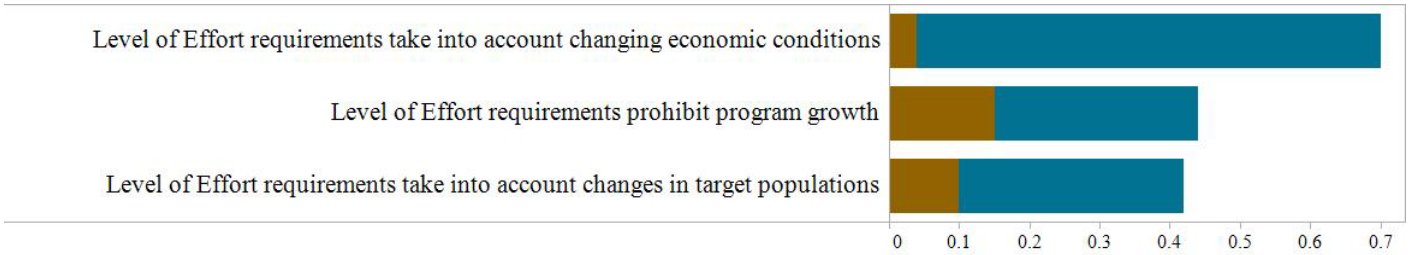
Nearly half of all Oregon agency staff surveyed agreed the intent behind the Level of Effort requirement to ensure federal funds for specific programs only supplement, not replace, funds from other sources is working. Those who disagreed said Level of Effort requirements are not value-added and federal funds still readily replace state funds for a specific program. One agency staff member said agencies can calculate their financial support in many different ways and at times choose to show only some funding sources. A program may meet its Level of Effort requirement by adding previously unreported state expenditures as the original state funding sources become unavailable. The state's Level of Effort may appear satisfied, despite a reduction in some of the original funding sources. As a result, Oregon staff said Level of Effort can be just a construction of various changing expenditures and not a reflection of true state support.

Level of Effort Mandates Are Seen As Inflexible and Often Unrealistic

Most Oregon agency staff do not believe Level of Effort requirements allow for changing economic conditions or take into account the changes in a program's target population. Staff said their Level of

Effort mandates do not provide flexibility when substantive changes occur, such as a decrease in eligible clients or unexpected financial conditions. Most agency staff in Oregon want greater flexibility in their Level of Effort mandates to account for unexpected economic downturns or one-time investments that cannot be maintained in the future. A third of all open-ended survey responses focused on adding more Level of Effort spending flexibility to improve Level of Effort. Suggestions included having sliding scale financial requirements or having more flexibility in interpreting federal guidelines in relation to state or local budgets. One staff member we interviewed said Level of Effort mandates should allow for a cash-infusion similar to the American Reinvestment and Recovery Act, which bolstered existing funding, but did not mandate the state maintain that financial level.

Figure 3: Perceptions on Level of Effort Flexibility & Effectiveness



% of Disagreement in **Blue** % of Agreement in **Brown**
0.1 = 10% 0.5 = 50% 1.0= 100% (Neutral responses are not shown.)

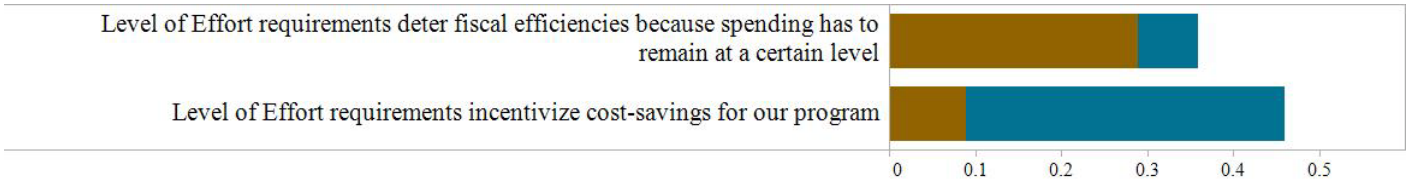
The most common survey response about how Level of Effort negatively impacted programs (40% of all open-ended responses) was that requirements are unrealistic because they are based on outdated levels and are not adjustable, making it difficult for some Oregon agencies to maintain their required state support. For example, the Maternal and Child Health Services block grant specifies the state must maintain non-federal funding at least equal to the level provided in fiscal year 1989. Staff commented that mandates based on a specific year quickly become outdated and could be difficult to sustain or could become relatively meaningless given changing economic conditions.

Level of Effort Mandates Can Deter Program and Fiscal Efficiencies

While most survey respondents reported Level of Effort requirements do not limit program growth, almost a third said they deter fiscal efficiencies. Because Level of Effort requirements are focused on setting a minimum non-federal financial commitment, any efficiencies identified by state agency staff that reduce total costs, run the risk of non-compliance with Level of Effort requirements and possible loss of federal funds. Staff we interviewed said implementing program and fiscal efficiencies depended on the type of Level of Effort mandate and

these varied greatly. Staff that identified their Level of Effort mandate as either flexible or vague said they were able to adjust their program's parameters and find applicable cost savings without fear of being out of compliance.

Figure 4: Perceptions on Fiscal Inefficiencies Related to Level of Effort



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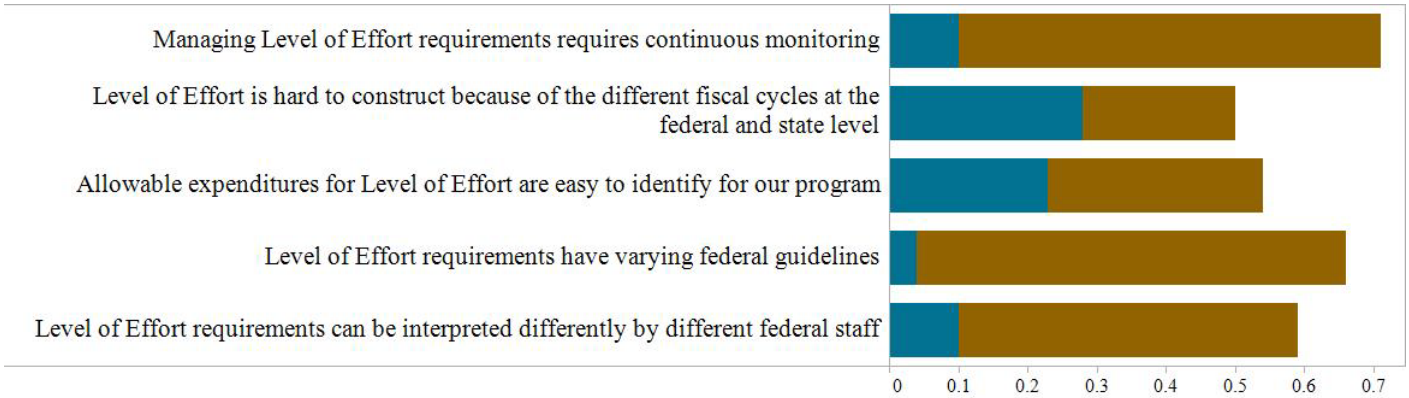
Unclear Federal Mandates and Guidance Complicate State Level of Effort Administration

Oregon agency staff indicated Level of Effort statutes lack clear, comprehensive, and consistently written mandates. This may contribute to increased administrative burden and potential noncompliance. In addition, Oregon staff want more consistent and timely federal guidance, and greater flexibility. When a program has both a Level of Effort requirement and another federal compliance regulation such as Matching, the overlap can be problematic for Oregon agency staff.

Figure 5 provides a summary of perceptions of Level of Effort statutes and guidance from our survey to nearly all staff managing these requirements. Additional information collected from staff is discussed below.

Figure 5: Perceptions of Level of Effort Statutes and Guidance



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Level of Effort Lacks Clear and Consistent Written Mandates

Oregon staff managing Level of Effort programs would like some substantive changes regarding the mandates at the federal level. Many of their recommendations focus on having more unified and clearly written mandates that detail allowable expenditures, qualifying state support, and consequences for noncompliance. Oregon staff also want mandates that align requirements with federal agency expectations and are compatible with state budget cycles. Staff we interviewed said ambiguously worded mandates mean they have to spend more time deciphering potential allowable expenditures with federal staff.

Written mandates that align with federal agency expectations could help reduce interpretation confusion. While most Oregon staff said easy-to-understand mandates with specific requirements would result in less confusion between state and federal staff; other staff argued vague mandates, with greater room for interpretation, can actually work to a program's advantage. However, the primary problem Oregon staff identified is vaguely written mandates combined with specific interpretations by the governing federal agency. If the mandates are to be written as high-level guidelines, staff recommended allowing states the ability to construct their Level of Effort according to their particular situation, not the federal agency's interpretation. If the guiding federal agency has specific ideas of how a program can and cannot meet their Level of Effort, these requirements should be carefully spelled out in the mandate so less interpretation and guidance are needed.

Oregon agency staff also want Level of Effort mandates to be unified within federal agencies or within types of federal funding opportunities, such as within education or vocational rehabilitation. Currently, Level of Effort requirements have varying federal guidelines. Staff we interviewed said unified statutes would help them plan their programs more cohesively. Staff said having less variation in Level of Effort mandates would decrease the time needed to learn new mandates, determine allowable expenditures, and help meet the varied reporting requirements for different programs.

Clear, unified statutes may also help reduce some of the administrative burden Oregon staff have in relation to Level of Effort requirements. Although Oregon agencies have a history of complying with Level of Effort requirements, many staff said managing the requirements to remain compliant requires continuous monitoring, including monthly budget tracking and adjustments and following the latest federal guidance. In open-ended survey responses, staff said the administrative burden was the next biggest issue after unrealistic mandates. With unified statutes, there could be fewer requirements to follow and track.

Another recommendation made by some Oregon agency staff was to have Level of Effort requirements match the state fiscal cycle. Staff said the biennial budget cycle in Oregon, which begins on July 1st, can make it burdensome to track qualifying expenditures on a calendar or federal fiscal year. Some program staff found their budgeting process to be consistent with their Level of Effort requirement, so tracking expenditures was not burdensome. Other staff noted their programs have many different federal funds, each with separate mandates that are on different budget cycles, which can be quite arduous to track.

Consistent, Well-Documented Federal Guidance Would Reduce Administrative Burdens and Potential Noncompliance

Most Oregon agency staff agree Level of Effort fiscal requirements can be interpreted differently by different federal staff. In follow-up interviews, staff said they could set up their program based on one federal representative's interpretation of the written mandate, and later have to make significant program changes based upon a reinterpretation of the same mandate by a different federal representative. State agency contacts said the discrepancy in guidance is due to a lack of staff training within federal agencies, a lack of an agreed-upon definition for compliance, and contradictory written guidance.

Oregon agency staff largely agree federal guidance is inconsistent and the varying interpretations are frustrating. Staff would like to see more training for federal liaisons by the managing federal agencies, dedicated federal staff for funded programs, and consistent written guidance. Oregon staff would like timely federal guidance interpreting Level of Effort requirements and timely decisions on waiver requests. Clear and timely federal guidance would help them communicate across programs and translate requirements to local entities.

Survey responders also suggested greater grant coordination at the federal level to allow programs to partner with one another in order to meet Level of Effort requirements. Staff felt they received conflicting views on whether cross-program and cross-agency collaboration would be allowed within their respective Level of Effort mandates. Some interviewees indicated they would like to see clear provisions in federal mandates that allow for partnerships and collaboration with government and private entities. One agency representative said mandating inter-agency and inter-program collaboration at the federal level through Level of Effort requirements may be an effective way of developing local, state and federal partnerships.

Overlapping Level of Effort and Matching Requirements Produce Complications

Many Oregon staff want either a Level of Effort requirement or a Matching requirement, but not both for the same program. A quarter of open-ended survey responses focused on replacing Level of Effort requirements with Matching requirements, or at least having Matching requirements satisfy concurrent Level of Effort mandates. Program staff commented that whether programs had a Matching, Level of Effort requirement, or both, seemed arbitrary. These staff would like the compliance statutes to be more well-planned by the federal agencies. While this audit focused specifically on Level of Effort requirements, further federal review to compare both Matching and Level of Effort requirements; and to evaluate overlaps would be beneficial.

Better Coordination Could Sustain Level of Effort Programs When State Resources are Limited

Although Oregon agencies generally met Level of Effort requirements in the past, half of survey respondents agree that remaining compliant with Level of Effort requirements will be difficult in the future, particularly in the next five years. Oregon staff believe the state and their agency could better coordinate Level of Effort programs given the predicted shrinking state General Fund.

Level of Effort Budget Information is Not Readily Available

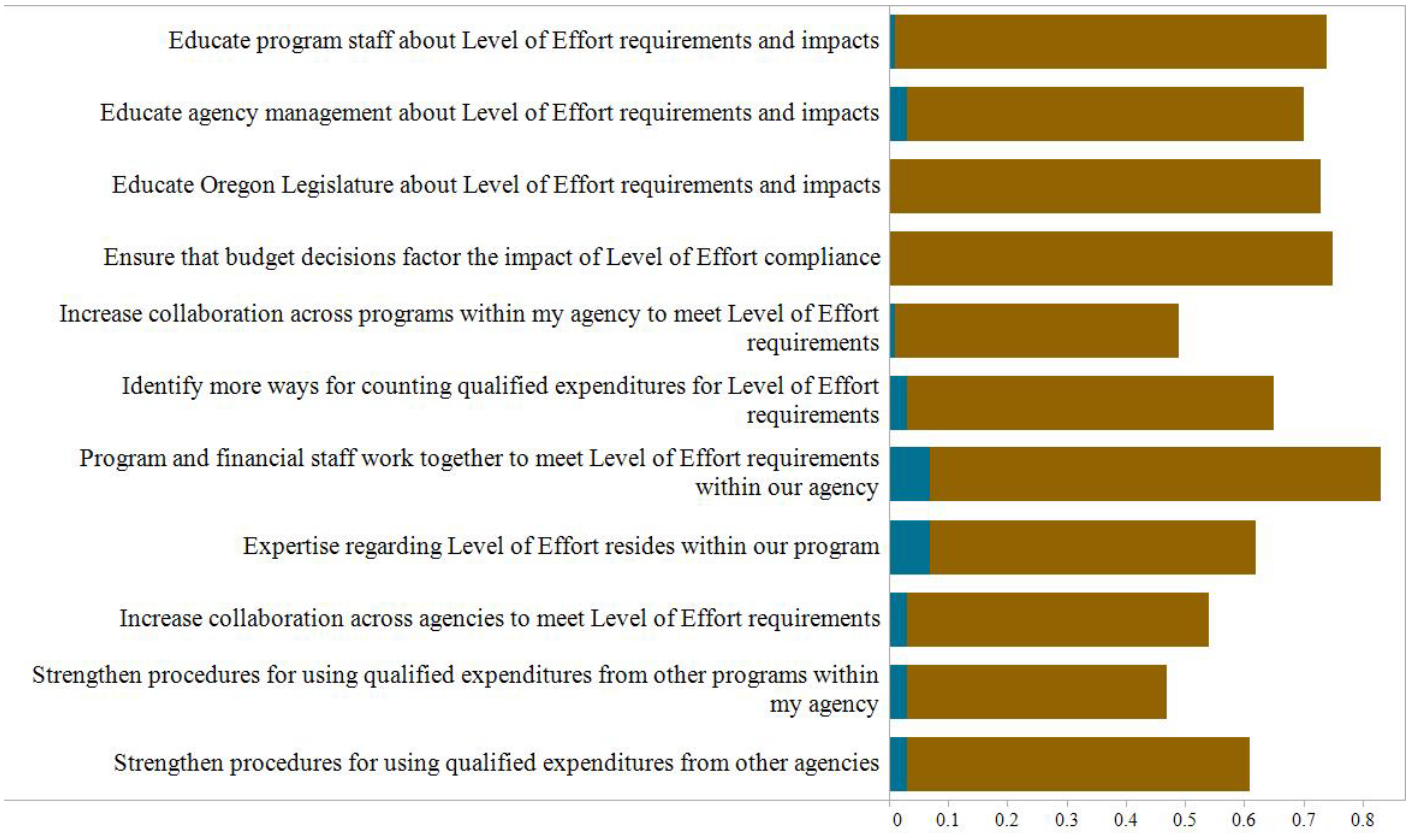
While actual expenditures are tracked for programs subject to Level of Effort requirements, financial information is usually not distinctly reported in Oregon budget documents to assist in making decisions about meeting Level of Effort requirements. Part of the difficulty is that Oregon tracks program expenses based on our legislatively approved budgets, which is often different than the federal funding program clusters. As a result, we could not estimate the amount of state General Fund dollars committed to meet Level of Effort requirements, or the amount of federal dollars associated with those commitments. Without knowing these commitments, it could be more difficult to set program priorities for current and future years. In addition, opportunities may be missed to apply funding from other programs to meet these commitments.

Better Understanding of Level of Effort Could Avoid Budget Decisions That Jeopardize Compliance

Oregon staff believe program staff, agency management, key staff in the Governor's Office, and the Oregon Legislature could benefit from more education about Level of Effort compliance and impacts. The

vast majority of Oregon staff said the state or their agency could improve Level of Effort management through more education, as shown in Figure 6 below. Nearly a third (29%) of open-ended survey responses about state and agency management recommendations were directed towards educating Oregon staff about the consequences of Level of Effort noncompliance. Budget deliberation periods are seen as a good time to inform key players in the Legislature about Level of Effort compliance to ensure federal funds are not placed at risk. One agency staff member commented the Legislature sometimes does not understand Level of Effort and often makes decisions that could jeopardize federal funds. The best educational method may be to use material developed jointly by the agency and the Legislative Fiscal Office, such as in-person training and online resources. Another potential educational opportunity for agency management, program staff and key legislative contacts may be when major policy bills are re-authorized, such as the Elementary and Secondary Education Act or Vocational Rehabilitation Act. When bills are re-authorized, federal compliance regulations are often adjusted and may contain changes in Level of Effort requirements.

Figure 6: Recommendations to Improve Oregon's Management of Level of Effort Programs



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Communication About Level of Effort Requirements is Lacking Within Some Programs and Agencies

Staff repeatedly recommended better communication among program, financial, and budget staff related to a specific federally-funded program. Staff strongly agreed it would be beneficial to identify more ways to count qualified expenditures for their Level of Effort requirements, including new interpretations of existing statutes and greater inter-program partnerships. While the majority of Oregon agency staff (83% of survey respondents) said program and financial staff work together to meet Level of Effort requirements within their agency, nearly half (49%) of agency staff recommended that collaboration across programs within their agency should be bolstered. Most staff (62% of survey responses) said expertise regarding Level of Effort resides within their program; however, in follow-up interviews some agency staff said it was difficult for financial, program, and budget staff to work together cohesively.

Better communication among the various staff could identify available General Funds to meet Level of Effort requirements when a program is struggling to do so. There would be clear benefits if program, financial and budget staff met regularly to discuss priority topics, including Level of Effort compliance. Agency staff said while some inter-agency communication was happening, much more would ensure greater understanding about Level of Effort and help guarantee future compliance.

In addition to regular meetings, Oregon agency staff recommended that financial staff specialize in program specific compliance requirements including Level of Effort. Grant Accountants and Budget Analysts with historical Level of Effort knowledge for a specific program were seen as a very valuable resource for program managers. Program staff we interviewed at the Department of Human Services said the disconnect between financial and program staff was particularly disadvantageous. Staff said that turnover among the financial staff resulted in no historical or in-depth knowledge of their specific Level of Effort requirements. Without this close coordination, Level of Effort monitoring is less effective, particularly in relation to tracking expenditures to meet Level of Effort requirements.

Greater Collaboration Across Programs and Agencies Could Help Programs Meet Level of Effort Requirements

Oregon agency staff strongly desire greater collaboration across programs and agencies to help them meet future Level of Effort requirements. The most commonly suggested idea in the survey responses, with 47 percent of all open-ended comments, was a recommendation to foster greater inter-agency collaboration to collectively meet Level of Effort requirements. A program struggling to

meet its Level of Effort requirement may be able to count allowable General Fund expenditures in another program or agency. When this is done, the agency with the allowable expenditures "certifies" that the other program can count the funds. In some instances, the certified funds can be used to help meet Level of Effort requirements for more than one program. However, this is dependent on each program's Level of Effort requirements.

In an era of state General Fund shortages, cross-program and cross-agency collaboration can help the state maintain its level of federal funding. This would happen if the Legislature could reduce the amount of state General Funds budgeted for one program and still demonstrate, by using General Funds spent outside of the program, that the state as a whole was placing sufficient resources to help the programs' target population. This strategy could provide the Legislature with more flexibility during tough economic times to direct scarce state General Funds to meet Legislative priorities. One respondent commented program effectiveness may also increase as a result of cross agency collaboration. If a program has General Funds that are not being used to meet federal compliance requirements, staff in the program could certify those funds to be used for another program's Level of Effort requirement if the funds qualify as allowable expenditures. The downside to using certified funds is that the program may still be lacking General Funds for program delivery, but would appear at sufficient funding levels with their Level of Effort requirement. Other respondents said increasing communication among various programs could help ensure the state's budget decisions factor the impact of Level of Effort compliance. Staff also expressed concerns that cross-agency resource leveraging can be especially difficult during challenging economic times. One staff member told us agency staff are reluctant to cross-certify their funds because of the perceived administrative burden and fear the funds would be seen as extraneous by the state legislature and their budgets would be cut accordingly. Greater education of agency staff is needed to explain that certifying funds is not giving those funds away.

Another recommendation was to have an agency designed website or list serve where General Fund usage and potential excesses that could be certified for other intra-agency programs were compiled. For this to work, the numbers reported would need to be in aggregate to reduce administrative burden associated with tracking small financial amounts or frequent changes in the amount of funds available. Most useful, would be an easily accessible list of program contact information so additional communication could occur across programs. It would also be helpful to have a list of the programs with Level of Effort and Matching requirements with their respective staff contacts.

An example of a recent missed opportunity to use funds available for certification occurred in 2010. That year, the Child Care Block Grant program had a one-time surplus in General Funds that were used for the program's expenditures, but were not needed to meet the programs Level of Effort and Matching requirements. The Grant Accountant did not know who to notify about this one-time "surplus" and the General Funds were not used to certify any other program's Level of Effort for that year. Had a website or list serve been available, the Grant Accountant may have been able to initiate contact and partner with other agency program personnel to certify these funds for a different program.

A process to communicate state General Fund availability for certification and agency contact information across agencies is also needed to achieve the full benefit of collaboration. One possible way to accomplish this would be to have designated Budget Officers who track level of Effort programs in their agencies regularly meet to discuss Level of Effort issues. Because of its key role in assisting agencies through the budget process, the Department of Administrative Services may be able to assist in this endeavor.

Most staff recommended strengthening procedures to ensure the amount certified is accurate when programs and agencies collaborate and identify allowable funds. One program staff member told us she received a certification from an agency for one amount and was later told, after the certifying agency recalculated its funds, that the amount that could be certified was actually much less. While in this case the receiving agency had enough other funds to still meet Level of Effort for that year, agency staff worry that an error like this could make them noncompliant with Level of Effort requirements in the future.

Certification requirements vary significantly from one program to another and from mandate to mandate. Some programs only need a signed letter from the providing agency with the amount of the certified funds and no description of the type of funds, while other programs are required to provide more detailed expenditures to the governing federal agency. For this reason, strengthening inter-program certification should be pursued by the participating agencies.

Recommendations

To increase awareness and coordination of Level of Effort requirements during budgeting, we recommend management in the Department of Administrative Services:

- require programs to distinctly identify all funding sources related to Level of Effort programs; and
- convene key agency staff to identify potential partnerships across agencies to manage General Fund shortages and surpluses in relation to Level of Effort requirements.

To maximize state resources, allocate General Funds strategically, and ensure continued compliance with Level of Effort requirements, we recommend management from Oregon agencies subject to federal Level of Effort requirements:

- encourage program staff to work with their federal agency contact to understand possible financial sources available to meet Level of Effort requirements, including funds outside of those directly budgeted for that program;
- work with the Legislative Fiscal Office to make information available to Oregon Legislative members explaining Level of Effort requirements and consequences for lack of compliance;
- conduct regular communications among program, financial, and budget staff within each agency to discuss Level of Effort compliance and cross-program expenditure possibilities; and
- strengthen certification procedures across programs to allow more cross-program expenditures while ensuring compliance with federal mandates.

To identify opportunities to streamline regulations, improve guidance from federal agencies, and implement program efficiencies that could save state and federal funds, we recommend federal reconsideration of current laws, regulations, and practices including:

- determining if Level of Effort requirements meet their intended purpose;
- determining whether both fund-matching requirements and Level of Effort requirements are always needed for the same program;
- identifying opportunities to unify Level of Effort statutes and requirements by the governing federal agency or the program type;
- expanding, unifying, and clarifying federal agency guidance to provide more timely, consistent, and clear answers to state agency questions; and
- providing exceptions in Level of Effort requirements for efficiency savings, changes in target populations, short-term increases for programs investments, and short-term decreases in state resources.

Objectives, Scope and Methodology

This audit encompassed all programs in Oregon with a Level of Effort requirement in fiscal year 2010 as identified in the 2010 Office of Management and Budget Circular A-133 Compliance Supplement and Oregon's 2010 Statewide Single Audit. The audit focused on two questions:

- What were the impacts of Level of Effort mandates on Oregon programs with a Level of Effort requirement in fiscal year 2010?
- What strategies or best practices are there to manage programs with a Level of Effort requirement at the state, agency and program level?

To conduct this audit we reviewed federal laws, rules, and regulations pertaining to Level of Effort requirements. We studied research and audits related to federal compliance regulations. We also interviewed state and local staff who manage programs with a Level of Effort requirement.

In the fall of 2011, we sent a survey to nearly all Oregon agency staff who manage, track, and report on programs with a Level of Effort requirement. The survey was designed to collect perceived impacts on Oregon programs and recommendations for improvement at the federal, state, and agency level.

The survey resulted in an 88% response rate. Of the 95 identified staff, 82 people responded; however, two people responded twice because they managed two different Level of Effort programs and wanted to provide separate responses. Therefore, the total number of responses was 84. The survey respondents represented a broad array of agencies and agency staff. When asked to narrow their role in managing Level of Effort requirements, about half reported their primary duty was program management, while the other half said fiscal management. We also conducted follow-up interviews to obtain a better understanding in several areas.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our audit findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A

Funded Oregon Programs with a Level of Effort Requirement from Fiscal Year 2010

Agency	Program Title
Department of Human Services	ARRA Aging Congregate Nutrition Services for States
	ARRA Aging Home-Delivered Nutrition Services for States
	Block Grants for Community Mental Health Services
	Block Grants for Prevention and Treatment of Substance Abuse
	Child Welfare Services - State Grants
	Children's Health Insurance Program
	HIV Care Formula Grants
	Housing Opportunities for Persons with AIDS
	Maternal and Child Health Services Block Grant to the States
	Medical Assistance Program
	Nutrition Services Incentive Program
	Preventive Health and Health Services Block Grant
	Promoting Safe and Stable Families
	Rehabilitation Services - Vocational Rehabilitation Grants to States
	Rehabilitation Services - Vocational Rehabilitation Grants to States, Recovery Act
	Senior Community Service Employment Program
	Special Programs for the Aging - Title III, Part B, Grants for Supportive Services and Senior Centers
	Special Programs for the Aging - Title III, Part C, Nutrition Services
	Temporary Assistance for Needy Families
	ARRA Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program
Department of Education	Career and Technical Education - Basic Grants to States
	Education Technology State Grants, Recovery Act
	Educational Technology State Grants
	English Language Acquisition Grants
	Improving Teacher Quality State Grants
	Mathematics and Science Partnerships
	Migrant Education - State Grant Program
	Safe and Drug-Free Schools and Communities - State Grants
	Special Education - Grants for Infants and Families
	Special Education - Grants for Infants and Families, Recovery Act
	Special Education - Grants to States
	Special Education - Preschool Grants
	Special Education - Preschool Grants, Recovery Act
	Special Education Grants to States, Recovery Act

Department of Education continued	State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
	Title I Grants to Local Educational Agencies
	Title I Grants to Local Educational Agencies, Recovery Act
	Twenty-First Century Community Learning Centers
Oregon Employment Department	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
	ARRA Child Care and Development Block Grant
	Child Care and Development Block Grant
Housing and Community Services	Emergency Shelter Grants Program
	Supportive Housing Program
Oregon Department of Transportation	Alcohol Impaired Driving Countermeasures Incentive Grants
	Child Safety and Child Booster Seats Incentive Grants
	Incentive Grant Program to Increase Motorcyclist Safety
	Occupant Protection Incentive Grants
	State Traffic Safety Information System Improvement Grants
Community College and Workforce Development	Adult Education - Basic Grants to States

Oregon
John A. Kitzhaber, MD, Governor

Department of Administrative Services
Director's Office
155 Cottage Street NE U20
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April 9, 2012

Gary Blackmer, Director
Audits Division
Office of the Secretary of State
255 Capitol Street NE, Suite 500
Salem, OR 97310

RE: Audit report entitled, *Strategies to Better Address Federal Level of Effort Requirements.*

Thank you for providing the Department of Administrative Services (Department) with the audit report noted above. The evaluation and accompanying survey results were very thorough and identified several areas for improvement.

We appreciate the work of the Oregon Audits Division staff and are pleased with the recommendations made in the performance audit report. You will find below DAS's response to the specific audit recommendations. The Department acknowledges the opportunities for improvement presented in the report and generally agrees with them.

Audits Division recommendation:

1. *To increase awareness and coordination of Level of Effort requirements during budgeting, we recommend management in the Department of Administrative Services:*
    - *Require programs to distinctly identify all funding sources related to Level of Effort programs; and*
    - *Convene key agency staff to identify potential partnerships across agencies to manage General Fund shortages and surpluses in relation to Level of Effort requirements.*

DAS' Response:

Management generally agrees with the recommendation. These efforts have historically been done on an "as needed" basis. The Department recognizes the need to make these requirements more formal in the future. Agency programs are currently required to identify and maintain documentation regarding funding sources for programs with Level of Effort requirements. The Department will strengthen language in future Budget Instructions to require agencies to produce documentation on request. From the increased documentation, the Department can better determine the frequency in which agencies and programs need to be convened.

Staff from affected agencies is then convened when the potential exists that Levels of Effort may not be adequately maintained. These meetings of key staff discuss existing partnerships and brainstorm ways in which agencies can better manage General Fund in relation to Level of Effort requirements.

Audits Division recommendation:

2. *To maximize state resources, allocate General funds strategically, and ensure continued compliance with Level of Effort requirements, we recommend management from Oregon agencies subject to federal Level of Effort requirements:*
   - *Encourage program staff to work with their federal agency contact to understand possible financial sources available to meet Level of Effort requirements, including funds outside of those directly budgeted for that program;*
   - *Work with the Legislative Fiscal Office to make information available to Oregon legislative members explaining Level of Effort requirement and consequences for lace of compliance;*
   - *Conduct regular communications among program, financial, and budget staff within each agency to discuss Level of Effort compliance and cross-program expenditure possibilities; and,*
   - *Strengthen certification procedures across programs to allow more cross-program expenditures while ensuring compliance with federal mandates.*

DAS' Response:

While this particular set of recommendations is not specific to the Department of Administrative Services, the Department does play a key role in encouraging cross-agency efforts of coordination and communication in an effort to identify problems at the earliest stage. The state budget process provides a conduit for communication during the preparation cycle, and as was effectively demonstrated in the 2009-11 biennium, during the interim when working in tandem with the Legislative Fiscal Office and the Joint Legislatively Emergency Board.

Closing:

We appreciate your inclusion of the state budget process in the proposed recommendations. Strategic allocation of limited General Fund resources is a top priority of the Department during the budget preparation process.

Thank you for your audit team's effort over the past several months to interview and survey staff across multiple agencies and identify areas of opportunity to improve federal reporting. If you have any questions about this response, please don't hesitate to contact George Naughton, Chief Financial Officer, at 503-378-5460.

Sincerely,

Michael Jordan
Chief Operating Officer

SUSAN CASTILLO
State Superintendent of Public Instruction

OREGON DEPARTMENT OF EDUCATION
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March 30, 2012

Sandra Hilton
Oregon Audits Division
255 Capitol Street NE, Suite 500
Salem, Oregon 97310

Dear Ms. Hilton:

This letter is in response to your request of the Oregon Department of Education (ODE) to respond to the following recommendations in your level-of-effort audit for the State of Oregon:

To maximize state resources, to allocate General Funds strategically, to increase coordination and communication pertaining to level-of-effort requirements, and to ensure continued compliance with level-of-effort requirements, the Oregon Audits Division recommends management from Oregon agencies subject to federal level-of-effort requirements:

1. Encourage program staff to work with their federal agency contact to understand possible financial sources available to meet level-of-effort requirements, including funds outside of those directly budgeted for that program.

2. Work with the Legislative Fiscal Office to make information available to Oregon legislative members explaining level-of-effort requirements and consequences for lack of compliance.

3. Conduct regular communications among program, financial, and budget staff within each agency to discuss level-of-effort compliance and cross-program expenditure possibilities.

4. Strengthen certification procedures across programs to allow more cross-program expenditures while ensuring compliance with federal mandates.

Our response is as follows:

1. ODE agrees with this recommendation and will continue to encourage - and require - ODE staff to work with federal agency contacts. ODE program staff currently work with a number of federal personnel, including assigned contacts, audit facilitators, monitoring team leads, and audit team leads on this issue. ODE has sought and will continue to seek clarification whenever a question arises or circumstances have changed with regard to federal level-of-effort requirements, including what financial sources may or may not be included in meeting level-of-effort requirements.

2. ODE agrees with this recommendation and has worked closely with the Legislative Fiscal Office (LFO) - as well as the Department of Administrative Services (DAS) - during budget development and reduction cycles to raise awareness of the level-of-effort requirements, most recently those related to federal special education funds awarded under the Individuals with Disabilities Education Act (IDEA), identifying the specific education programs that are included in IDEA level-of-effort calculations and the consequences for not meeting level-of-effort requirements. This was most notable during the 2011 legislative session when the State requested a level-of-effort waiver from U.S. Department of Education and was denied. Subsequently, the legislature was able to provide the necessary funding to allow ODE to meet the level-of-effort requirements. Constant communication with the Legislative Fiscal Office related to IDEA level-of-effort requirements was instrumental in obtaining the additional state funding.

   Communication now occurs with every request for budget reduction scenarios not only for IDEA level of effort but for other federal programs also, such as the Carl Perkins grant. ODE also responds to all legislative requests for information on level of effort. Depending on the request, responses may be oral (such as presenting to legislative committees) or in writing.

3. ODE agrees with this recommendation. Given our work with the current state of IDEA level-of-effort requirements (which are specific to amounts made available – not expenditures – for special education and related services), we are not aware of any possibilities for additional cross-program *expenditures* to count toward level of effort. Should there be new federal guidelines issued related to IDEA level of effort, or new state-funded programs created that could be counted toward IDEA level of effort, ODE will explore the possibility of adding more programs to the level-of-effort calculations.

   ODE currently engages in regular cross-office/function communication on this issue. As level-of-effort situations change (*e.g.*, during budget development or budget reduction scenarios), communication is frequent. During the past two years, ODE has developed good communication networks specific to IDEA level of effort and plans on developing more specific protocols for the regular mechanics of *all* level-of-effort calculations in the next six months, a period which corresponds to the 2013-15 budget development cycle. *Contact person*: Sue MacGlashan, Assistant Superintendent, Office of Finance and Administration

4. ODE agrees with this recommendation. For IDEA, ODE currently requires written assurance via e-mail or letter from other state agencies regarding possible budget items that could count toward IDEA level of effort. We ask them to affirm whether they do or do not have budgeted amounts for special education and related services for students with disabilities. If an agency indicates that funds can be counted toward IDEA level of effort, the written communication must also include the annual amount budgeted for that purpose. The written communication is kept in the same file as the annual IDEA level-of-effort calculations for audit purposes. If

any budget reductions occur, agencies are contacted again to determine if the amount budgeted for IDEA level of effort has changed. The federal Office of Special Education Programs reviewed this procedure during a verification visit in September 2010 and determined it to be sufficient.

As the audit report notes, because of its role in assisting agencies through the budget process, the Department of Administrative Services may be able to assist in this endeavor. Therefore, rather than provide an agency-specific response to what appears to be a statewide issue, ODE believes DAS should take the lead and coordinate with all agencies to devise a system for cross-program certification.

Thank you again for the opportunity to respond to these recommendations and describe ODE's current efforts in these areas. If you have any questions, please don't hesitate to contact me.

Sincerely,

Sue MacGlashan, CPA, CGFM
Assistant Superintendent
Oregon Department of Education
Office of Finance & Administration
(503)947-5658

cc: Susan Castillo, Superintendent of Public Instruction
Ed Dennis, Deputy Superintendent
Tomás Flores, ODE
Teresa Greene, ODE
Nancy Latini, ODE
Colleen Mileham, ODE
Steve Smith, ODE

DHS
Oregon Department of Human Services

Office of the Director

Oregon Health Authority

John A. Kitzhaber, MD, Governor

500 Summer St. NE
Salem, OR 97301

April 6, 2012

Gary Blackmer, Director
Oregon Audits Division
255 Capital Street N.E., Suite 500
Salem, OR 97310

RE: Oregon Health Authority and Department of Human Services Response to *Strategies to Better Address Federal Level of Effort Requirements* Draft Audit Report

Dear Mr. Blackmer:

Thank you for the opportunity to respond to the draft audit entitled, *Strategies to Better Address Federal Level of Effort Requirements*. We appreciate the dedication and hard work of your staff the review required. The Oregon Health Authority (OHA) and Department of Human Services (DHS) generally agree with the recommendations made in the draft report. Per your request, below is the agencies' combined response to the Oregon agencies related recommendation.

Recommendation:
To maximize state resources, allocate General Funds strategically, and ensure continued compliance with Level of Effort requirements, we recommend management from Oregon agencies subject to federal Level of Effort requirements:

- encourage program staff to work with their federal agency contact to understand possible financial sources available to meet Level of Effort requirements, including funds outside of those directly budgeted for that program;
- work with the Legislative Fiscal Office to make information available to Oregon Legislative members explaining Level of Effort requirements and consequences for lack of compliance;
- conduct regular communications among program, financial, and budget staff within each agency to discuss Level of Effort compliance and cross-program expenditure possibilities; and

- strengthen certification procedures across programs to allow more cross-program expenditures while ensuring compliance with federal mandates.

Agency Response:
While OHA and DHS generally agree that the recommendations are reasonable expectations, we are concerned that the report contains no specific analysis explaining if the additional efforts it recommends will generate benefits in excess of their anticipated additional costs. It is also unclear to OHA and DHS management how these recommendations should be prioritized amongst the other activities available to the agencies to improve efficiency and effectiveness. With that said, we do see opportunities to make improvements to our communication and coordination processes within the two agencies and with our other state and federal partners.

As can be seen in the report, Level of Effort (LOE) is a very complex subject due to all of the different grants and specific rules each grant requires. As such, it can be difficult to apply general statements and recommendation regarding LOE requirements to all of the grants listed in the audit. For some of the grants administered by OHA and DHS some of the specific details of the above recommendation do not apply. For Medicaid and the Children's Health Insurance Program, the LOE requirements are eligibility based and not expenditure level based. Another grant, the Senior Community Service Employment Program, only requires that placement of an enrollee not supplant normally budgeted positions or contract work at the host agency. There are also grants, such as the Block Grants for Prevention and Treatment of Substance Abuse, which have historically only allowed expenditures from the recipient agency in determining compliance with the LOE requirement.

OHA and DHS agree that Oregon agency management (including program, fiscal and budget staff) need to understand their grant requirements. We also agree, and do, actively work with the Legislative Fiscal Office (LFO), and the Department of Administrative Services, Budget and Management Division (BAM) to communicate, maintain and ensure compliance with these grant requirements. While we also feel for many of the grants administered by OHA and DHS, we are currently engaged in these discussions at the level necessary, there may be some efforts that could be improved.

Both agencies will review our current communication and coordination efforts related to the individual grants identified in the report to determine if

improvements are needed. This will include consideration of a more formalized internal and external meeting structure to discuss ongoing LOE issues and possible changes in other agency programs that may impact LOE (both opportunities and challenges when programs are reduced).

For some grants, such as TANF, we spend significant time analyzing funding opportunities and have put in place a "certification process" as a way to both have routine communications with partner agencies and document other agency LOE related expenditures. We continue to partner with non-traditional Maintenance of Effort programs such as the food banks to explore possible additional opportunities. We also agree there may be additional funding opportunities available and will work with BAM and LFO as necessary to resolve cross-agency issues as they arise.

We will review our programs to determine if there is funding that is in excess of current grant requirements that could help other programs or grants meet their LOE needs. We will continue to work with LFO and BAM to help facilitate the communication of new opportunities as they arise, keeping in mind sufficient analysis is always necessary prior to using any new LOE source to meet specific grant expenditure level requirements.

Thank you again for the opportunity to address the recommendations included in the draft audit report. Please feel free to contact Eric Moore, DHS Chief Financial Officer; William Coulombe, OHA Budget Director or Dave Lyda, Chief Audit Officer for DHS and OHA, if you have any questions regarding this response.

Sincerely,

Suzanne Hoffman,
OHA Chief Operating Officer

Jim Scherzinger,
DHS Chief Operating Officer

cc: Bruce Goldberg, OHA Director
Erinn Kelley-Siel, DHS Director
Eric L. Moore, DHS Chief Financial Officer
Kelley R. Ballas, OHA Chief Financial Officer
William Coulombe, OHA Budget Director
Dave Lyda, Chief Audit Officer, DHS and OHA

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.

Audit Team

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Elizabeth O'Neill, MPP, Staff Auditor

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
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The courtesies and cooperation extended by officials and employees of Department of Human Services, Oregon Health Authority, Oregon Department of Transportation, Oregon Department of Employment, Oregon Department of Housing & Community Services, Oregon Department of Education, and the Community Colleges and Workforce Development Department during the course of this audit were commendable and sincerely appreciated.