OFFICE OF THE
SECRETARY OF STATE
Bill Bradbury
Secretary of State

AUDITS DIVISION
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*Auditing for a Better Oregon*

January 13, 2006

Ron Ruecker, Superintendent
Oregon State Police
255 Capitol St. NE, Suite 400
Salem, Oregon 97310

Dear Mr. Ruecker:

The statewide single audit that included selected financial accounts and federal awards at Oregon State Police (department) for the year ended June 30, 2005, has been completed.

This statewide single audit work is not a comprehensive audit of your department. Instead, this audit permits us to give an opinion on the statewide financial statements contained in the State of Oregon's Comprehensive Annual Financial Report and to report on internal control and the state's compliance with laws and regulations. Regular audits of the department will continue on a periodic basis.

The following department accounts and transactions were audited at the department to determine their fair presentation in accordance with generally accepted accounting principles in relation to the statewide financial statements.

| SFMA Account | Description | Audit Amount |
|---|---|---|
| **GAAP Fund 0001 (General Fund)** | | |
| 3111 | Regular Employees | $36,655,552 |
| 3210 | Public Employees Retirement Contribution | 4,455,124 |
| 3221 | Social Security Taxes | 3,183,730 |
| 3263 | Medical, Dental, Life Insurance | 4,228,990 |
| 3264 | Medical, Dental, Life Insurance – Agency Subsidy | 2,720,509 |
| **GAAP Fund 1103 (Community Protection Fund – Special Revenue Fund)** | | |
| 3111 | Regular Employees | $14,869,977 |
| 3210 | Public Employees Retirement Contribution | 1,987,461 |
| 3221 | Social Security Taxes | 1,455,932 |
| 3263 | Medical, Dental, Life Insurance | 1,968,912 |
| 3264 | Medical, Dental, Life Insurance – Agency Subsidy | 2,018,746 |



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We also determined whether the department substantially complied with the federal requirements relevant to the following federal program.

| CFDA Number | Program Name |
|---|---|
| 97.073 | State Homeland Security Program |

Based on our audit, we identified a condition needing corrective action. The condition is an issue of lesser significance that we wanted to communicate to agency management. This condition does not require a formal Corrective Action Plan. We will follow up on the department's progress in addressing this issue during the next fiscal year audit.

CFDA 97.073 – Tracking of Required Subrecipient Audit Reports

The U.S. Office of Management and Budget Circular A-133 requires subrecipients that expend more than $500,000 in federal funds in a fiscal year to submit the results of program or single audits to the granting agency. The Oregon State Police (department) was unable to identify which of the Homeland Security Grant Program subrecipients are required to submit program or single audit results. The purpose of requiring these audits is to ensure subrecipients are expending federal funds in accordance with federal guidelines. Currently, the department relies on subrecipients to determine whether they are required to have program or single audits and submit audit results to the department.

**We recommend** the department identify subrecipients receiving more than $500,000 in federal funds from the department and ensure that they submit audit reports as required by OMB Circular A-133.

Should you have any questions, please contact Geoff Hill or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

Ryan K. Dempster, CPA, CFE
Audit Manager

RKD:bk
cc: Stacey Marr, Finance Manager
Beverlee Stillwell, Director, Oregon Office of Homeland Security
Carmen Merlo, Criminal Services Division Director, Oregon Office of Homeland Security
Lindsay Ball, Director, Department of Administrative Services