

Office of the Secretary of State

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Secretary of State

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Audits Division

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March 25, 2009

Dr. Bruce Goldberg, Director
Department of Human Services
500 Summer St. NE, E15
Salem, OR 97301-1097

Dear Dr. Goldberg:

We have completed audit work of selected financial accounts at the Department of Human Services (department) for the year ended June 30, 2008.

This audit work was not a comprehensive audit of the department. Instead, the audit work performed allowed us, in part, to achieve the following objectives: (1) express an opinion on whether the financial statements contained in the State of Oregon's Comprehensive Annual Financial Report are fairly presented, in all material respects, in conformity with generally accepted accounting principles; (2) determine whether the state's internal controls provided reasonable assurance of proper accounting, financial reporting, and legal compliance of transactions; and (3) determine whether the state has complied with applicable legal requirements that may have a direct and material effect on the state's financial statements.

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

<u>SFMA Account</u>	<u>Description</u>	<u>Audit Amount</u>
<u>Health and Social Services Fund – GAAP Fund 1108</u>		
0300	Federal Revenue	\$(2,696,372,347)
1105	Other Revenue	(142,123,687)
1215	Accounts Payable	(155,080,721)
6800	Distribution to Individuals	2,174,998,178
3111	Salaries and Wages	188,564,984
6300	Distribution to Counties	112,576,920
4800	Facilities Rent	23,842,205
6200	Intragency GF/OF Transfer	24,283,236
1804	Transfers Out to OECD	16,357,452
0542	Accounts Receivable – Federal	193,816,449
0503	Accounts Receivable – Other	65,676,489

<u>SFMA Account</u>	<u>Description</u>	<u>Audit Amount</u>
<u>General Fund – GAP Fund 0001</u>		
3111	Salaries and Wages	\$123,897,885
6300	Distribution to Counties	108,047,895
6800	Distribution to Individuals	977,634,015
<u>Title of Fund – GAAP Fund 1109</u>		
0300	Federal Revenue	\$(550,752,015)

Based on audit procedures performed we did not identify any current year findings. In fiscal year 2006, we reported four material weaknesses to the department in a letter dated February 20, 2007. These findings can also be found in the Statewide Single Audit Report for the fiscal year ended June 30, 2006; see Secretary of State Audit Report number 2007-06, finding numbers 2006-02 to 2006-04. In fiscal year 2007, we reported two material weaknesses to the department in a letter dated February 27, 2008. These findings can also be found in the Statewide Single Audit Report for the fiscal year ended June 30, 2007; see Secretary of State Audit Report number 2008-03, finding numbers 2007-01 and 2007-02.

During fiscal year 2008, the department either continued to make progress or made initial progress in correcting the above prior year findings. These findings will be reported in the Statewide Single Audit Report for the fiscal year ended June 30, 2008, with a status of partial corrective action taken.

This communication is intended solely for the information and use of department management, others within the department, and is not intended to be and should not be used by anyone other than the specified parties.

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

Sincerely,
OREGON AUDITS DIVISION

Kelly L. Olson, CPA
Audit Manager

KLO:brk

cc: Clyde Saiki, Deputy Director of Operations
Jim Scherzinger, Deputy Director of Finance
Shawn Jacobsen, Deputy Controller
Dave Lyda, Interim Chief Audit Officer
Scott Harra, Director, Department of Administrative Services