

Office of the Secretary of State

Kate Brown
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

Charles A. Hibner, CPA
Director

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January 22, 2009

Cory Streisinger, Director
Department of Consumer and Business Services
350 Winter Street NE
Salem, Oregon 97309-0405

Dear Ms. Streisinger:

We have completed audit work of selected financial accounts at the Department of Consumer and Business 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 were 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.

In planning and performing our audit of the selected financial accounts at the department as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the department's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements of the State of Oregon, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. Accordingly, we do not express an opinion on the effectiveness of the department's internal control.

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>Debit (Credit)</u>
GAAP Fund 1102 – Business Development Fund		
0070	Cash on Deposit with Treasurer	182,721
GAAP Fund 1108 – Health and Social Services Fund		
0065	Unreconciled Deposits	650,003
0070	Cash on Deposit with Treasurer	11,319,395
GAAP Fund 6405 – Custodial Agency Fund		
0330	Securities Held in Trust	1,554,843,126
0335	Savings and TCD in Trust	1,429,808
1575	Trust Funds Payable	(1,625,978,880)
GAAP Fund 7505 – Permanent Funds		
0070	Cash on Deposit with Treasurer	264,001
GAAP Fund 8500 – Government-wide Reporting Fund		
1617	Claims & Judgments Payable – Current	(90,735,626)
1717	Claims And Judgments Payable	(859,240,967)

This communication is intended solely for the information and use of management, and 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 Mark Winter or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

Kelly L. Olson, CPA
Audit Manager

KLO:brk

cc: Kay Erickson, Administrator, Fiscal and Business Services Division
Betty Gambone, Internal Auditor
David Miller, Fiscal Services Manager
Patricia Spece, Central Accounting Manager
Scott Harra, Director, Department of Administrative Services