

Office of the Secretary of State

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Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

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Director

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January 7, 2010

Max Williams, Director
Department of Corrections
2575 Center Street NE
Salem, Oregon 97301-4667

Dear Mr. Williams:

We have completed audit work of selected financial accounts at the Department of Corrections (department) for the year ended June 30, 2009.

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, 2009, 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 at the department and determined 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>General Fund (GAAP Fund 0001)</u>		
3111	Regular Employees	\$206,218,956
3210	Public Employees Retirement Contribution	31,013,911
3212	Pension Bond Assessment	13,359,492
3221	Social Security Taxes	17,811,890
3263	Medical, Dental, Life Insurance	55,728,970
4xxx	Various Services and Supplies	115,404,082
6300	Distribution to Counties	97,968,578
<u>Community Protection Fund (GAAP Fund 1103)</u>		
3111	Regular Employees	\$5,112,246
3210	Public Employees Retirement Contribution	459,384
3212	Pension Bond Assessment	212,820
3221	Social Security Taxes	284,298
3263	Medical, Dental, Life Insurance	801,340
4xxx	Various Services and Supplies	19,151,236
<u>Government-Wide Reporting Fund (GAAP Fund 8500)</u>		
0852	Buildings and Building Improvements	\$717,264,303
0875	Accum Depr-Buildings & Bldg Improvements	(145,209,129)

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

We appreciate your staff's assistance and cooperation during the audit. Should you have any questions, please contact Michelle Searfus or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

V. Dale Bond, CPA, CISA, CFE
Audit Manager

VDB: sms

cc: Tami Dohrman, Administrator, Fiscal Services Division
Jamie Breyman, Internal Audits Administrator
Scott Harra, Director, Department of Administrative Services