

Office of the Secretary of State

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Secretary of State

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Audits Division

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March 9, 2010

Dick Pedersen, Director
Department of Environmental Quality
811 SW 6th Avenue
Portland, Oregon 97204

Dear Mr. Pedersen:

We have completed the statewide single audit that included a selected federal program at the Oregon Department of Environmental Quality (department) for the year ended June 30, 2009.

We audited the following federal program at the department to determine whether the department substantially complied with the federal requirements relevant to the federal program. Our audit does not provide a legal determination of the department's compliance with those requirements. Based on the audit procedures performed, we did not identify any fiscal year 2009 findings.

<u>CFDA Number</u>	<u>Program Name</u>	<u>Audit Amount</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$ 22,664,942

This audit work is not a comprehensive audit of your federal program. Instead, the audit work performed allowed us, in part, to achieve the following objectives: (1) determine whether the state has complied with laws, regulations, contracts or grants that could have a direct and material effect on the major federal program and (2) determine whether the state has effective internal controls over compliance with the laws, regulations, contracts and grants applicable to the federal program.

In planning and performing our audit, we considered the department's internal control over compliance with requirements that could have a direct and material effect on the federal program in order to determine our auditing procedures for the purpose of expressing our opinion on the department's compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the department's internal control over compliance.

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

Dick Pedersen, Director
Oregon Department of Environmental Quality
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We appreciate your staff's assistance and cooperation during this audit. Should you have any questions, please contact David Terry or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

Julianne Kennedy, CPA
Audit Manager

JK:sms

cc: Neil Mullane, Water Quality Administrator
Dolores Passarelle, Accounting Manager
Maggie Vandehey, Audit Committee Member
Bill Blosser, Chair of the Environmental Quality Commission
Scott Harra, Director, Department of Administrative Services