

Office of the Secretary of State

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Audits Division

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March 5, 2010

Tom Jovick, Administrator
Office of Private Health Partnerships
250 Church St. SE, Suite 200
Salem, Oregon 97301-3921

Dear Mr. Jovick:

We have completed the statewide single audit that included a selected federal program at the Office of Private Health Partnerships (department) for the year ended June 30, 2009.

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.

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.

CFDA Number	Program Name	Audit Amount
93.767	Children's Health Insurance Program	\$1,748,414

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.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of

compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Based on audit procedures performed, we did not identify any new findings. In the prior fiscal year, two material weaknesses and three significant deficiencies were reported to you in a letter dated March 23, 2009 related to the department's Children's Health Insurance Program (CHIP). These findings can also be found in the Statewide Single Audit Report for the Fiscal Year Ended June 30, 2008; see report number 2009-07, findings number 08-21 to 08-25. We followed up on the partially corrective status of the findings during the current audit. The department has made progress in correcting these findings; we agree with the status reported by the department. These findings will be reported in the Statewide Single Audit for the Fiscal Year Ended June 30, 2009.

This communication is intended solely for the information and use of management, the Office of Private Health Partnerships, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Sincerely,
OREGON AUDITS DIVISION

Kelly L. Olson, CPA
Audit Manager

KLO:sms

cc: Cindy Bowman, Projects Manager
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