

Office of the Secretary of State

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Secretary of State

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Audits Division

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March 14, 2011

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

Dear Mr. Jovick:

We have completed audit work of a selected federal program at the Office of Private Health Partnerships (department) for the year ended June 30, 2010.

This audit work was not a comprehensive audit of your federal program. We performed this audit work as part of our annual statewide single audit. The audit work performed allowed us, in part, to achieve the following objectives: (1) determine whether the department has complied with laws, regulations, contracts or grants that could have a direct and material effect on the selected federal program and (2) determine whether the department has effective internal controls over compliance with the laws, regulations, contracts and grants applicable to the selected 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.

<u>CFDA Number</u>	<u>Program Name</u>	<u>Audit Amount</u>
93.767	Children's Health Insurance Program	\$ 2,892,965

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 major federal program(s) to determine the auditing procedures for the purpose of expressing our opinion on the department's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal

control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the paragraph above and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Prior Year Finding

In prior fiscal years, we reported a finding related to the department's Activities Allowed or Unallowed – Potentially Unallowable Health Coverage. This finding can be found in the Statewide Single Audit Report for the fiscal year ended June 30, 2009; see Secretary of State audit report number 2010-19, finding number 08-23. We followed up on the status of this finding during fiscal year 2010. This finding will be reported in the Statewide Single Audit Report for the fiscal year ended June 30, 2010, with a status of no corrective action taken.

This communication is intended solely for the information and use of management, others within the organization, federal awarding agencies, and pass-through entities 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 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

cc: Karla Messer-Holt, Business Services Manager
Cindy Bowman, Policy and Legislative Liaison
Craig Kuhn, FHIAP Program Manager
Eve Ford, Healthy Kids Connect Program Manager
Kris Kautz, Acting Director, Department of Administrative Services