

Secretary of State  
Oregon Audits Division



# 2020-21 AUDIT PLAN

Bev Clarno, Secretary of State  
Kip Memmott, Audits Director

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# LETTER FROM THE SECRETARY OF STATE

February 2020

I am pleased to present the 2020-21 Annual Audit Plan for the Secretary of State Audits Division.

This is the third annual audit plan and the first released since I have been Secretary. Many things about the plan have remained constant:

- A focus on government transparency and accountability.
- A robust listing of performance, financial, and information technology audits.
- A citizen-centric focus that keeps us accountable to Oregonians.

At the same time, we are always striving for improvement. This year's plan demonstrates my ongoing commitment to ensure we are spending tax dollars effectively and efficiently and for the benefit of all Oregonians, urban and rural alike.

I also believe strongly that the best audit function is one that works collaboratively with state agencies for the betterment of government as a whole. The risk assessment process that informs this audit plan works in partnership with state agencies to identify topics that will benefit and improve operations.

This year's audit plan includes audits about inmate substance use disorders and mental health treatment, disease prevention and response, civil rights, how we provide funding to ensure the success of our students, and climate change.

One of the great pleasures of serving as Secretary of State has been seeing up close the important work the Audits Division does to improve Oregon government. I am proud of our division staff for their competence, professionalism, and commitment to keep government accountable to the Legislature and, especially, the public. Those values are reflected in the diverse array of audits included in this year's plan.

Respectfully,



Bev Clarno  
Secretary of State



# LETTER FROM THE AUDITS DIRECTOR

February 2020

In alignment with our citizen-centric reporting approach, the Oregon Secretary of State has developed the 2020-21 audit plan.

The purpose of the audit plan is to identify agencies, programs, entities receiving state monies, and state operational areas to be examined by the Audits Division during 2020-21. The audit plan reflects both Secretary Clarno's and the division's strategic focus on public safety, public health, vulnerable populations, education, infrastructure, environment, information technology governance, cybersecurity, fiscal responsibility, and transparency.

The plan highlights the division's use of innovative auditing techniques designed to maximize audit impact and value. These techniques include: real-time and assurance auditing, expert utilization of data analytics, cybersecurity audits, integrated auditing, equity auditing, and a robust audit follow-up program. The plan also identifies mandated annual financial audits that the division's team of financial auditors expertly execute. These audits are critical for ensuring the state receives federal funding and for providing a transparent view into the state's financial condition.

The plan includes the first-ever joint audit to be executed in a collaborative manner between the Audits Division and the internal audit group at another state agency: in this case, the Oregon Department of Transportation. The plan also includes the state's first audit examining climate change risks and strategies.

The Audits Division's risk assessment approach utilized to develop the 2020-21 audit plan is described herein. A key risk assessment methodology is focused on obtaining audit plan input and suggestions from key stakeholders, including the Governor's Office, legislators, agency directors, state employees, and citizens.

The input we garner from these stakeholders is instrumental in ensuring maximum audit impact and value and I want to thank the Governor's Office, agency leadership, and legislators — especially members of the Joint Legislative Audit Committee — for their support of the State Auditor function.

I want to sincerely thank Secretary Clarno for her strong leadership and outstanding support of the Audits Division. Oregonians continue to receive the benefit of her amazing legacy of public service and strong values. I also want to thank the Audits Division team for their commitment to public service and for their outstanding efforts to ensure the division fulfills its responsibilities and adds real value to the citizens and residents of our great state.

Most importantly, I want to thank Oregonians. This plan is crafted specifically with their interests in mind and I am confident that, when the plan is executed, the citizens will be better informed about and served by their state government.

Respectfully,

Kip Memmott  
Audits Division Director



# OVERVIEW OF THE ANNUAL AUDIT PLAN

The mission of the Oregon Audits Division is to protect the public interest while helping improve Oregon government. A key component of this mission is the division's annual audit plan, which lists the agencies, programs, and topics that are prioritized for audits in the coming year. The annual audit plan demonstrates two key philosophies of the Audits Division: our commitment to transparency and our emphasis on being agile and responsive to current and critical issues facing the state.

To that end, while we are committed to completing the audits listed in the plan, our risk assessment process is continuous. As such, the plan is a flexible document and we will redirect audit resources as necessary. We follow professional standards and guidelines at all times in both developing and executing this audit plan. Should we choose to terminate an audit, standards require we document the rationale for doing so.

## PREPARING THE AUDIT PLAN

We select and prioritize audits using a risk-assessment approach. Our risk assessment is based on specific risk factors related to the quality of internal controls and the liability and level of exposure to the state of various agencies, programs, or activities.

We consider the following factors when determining audits to include in the annual plan:

- Industry-standard risk assessment criteria;
- Previous audits of agency operations and internal controls;
- Trend analyses to identify recurring audit findings and control deficiencies;
- Audit follow-up and recommendation tracking;
- The state's Comprehensive Annual Financial Reports (CAFRs), Single Audit Reports, and audit management letters;
- Input from elected officials, including members of the Joint Legislative Audit Committee (JLAC);
- Input from agency management, other public sector audit organizations, and members of the public;
- Priorities and work products of other leading government audit functions;
- Topics informed and suggested by research conducted by Audits Division staff; and
- Current events and trends, financial conditions, and public policy issues, including emerging policy.

This risk assessment process allows for an efficient allocation of limited resources based on risk; provides a flexible mechanism for managing competing needs; limits the potential for duplicate and overlapping work with other audit functions; and provides a foundation for obtaining sufficient resources required to execute our mission.

The annual audit plan includes a list of the performance, financial, and information technology (IT) audits we plan to conduct in the coming year. The plan also describes ongoing initiatives that improve upon our audit work, including our data analytics portfolio and recommendation follow-up program.

The following pages include a description of our audit philosophy, approach, and capabilities, as well as a description of our continuous improvement initiatives.

## RISK ASSESSMENT CRITERIA

The Audits Division considers the following risk factors when developing a risk-based audit plan. These factors are based on their relevance to the objectives of our audit approach and the environment in which we operate:

- Size of audited agency or program
- Compliance and regulations
- Pending or recent legislation
- Complexity of transactions
- Fiscal sustainability
- Management accountability
- Quality of internal control system
- Age of program or operation
- Audit history
- Public health and safety
- Critical infrastructure
- Short- and long-term strategic risks
- Related litigation
- Emerging risk areas

# ABOUT THE AUDITS DIVISION

The strategy of the Audits Division is to focus on impact, transparency, and citizen-centric reporting. Key to our audit philosophy are the concepts of flexibility, responsiveness, and innovation.

Per the Oregon Constitution, the Secretary of State serves as the State Auditor. While state agencies are key stakeholders, it is ultimately the citizens — and their elected representatives — who are our primary audience. The audit plan reflects this citizen-centric focus.

Our staff comprises approximately 70 auditors with a broad range of professional and educational backgrounds. Many of our auditors have attained advanced graduate degrees as well as professional certifications and credentials, including: Certified Fraud Examiner, Certified Public Accountant, Certified Internal Auditor, Certified Government Auditing Professional, and Certified Information Systems Auditor.

Our audit philosophy is focused on providing diverse and widespread audit coverage of state agencies, programs, and services. While all state functions provide important services, our philosophy is particularly focused on matters involving public safety, public health, vulnerable populations, education, infrastructure, environment, information technology governance, cybersecurity, fiscal responsibility, and transparency.

## LEGAL AUDIT MODEL FRAMEWORK

Both statute and the State Constitution authorize the Secretary of State's Office to conduct audits of state government and other specified public entities. Several key components serve as the cornerstone for the Secretary of State audit model.

The statutory requirement for the Secretary of State's Office to comply with standards, combined with other key components making up the model's framework, ensure that Oregon has one of the most structurally independent government audit functions in the country.

### ELECTED SECRETARY

The Secretary of State is an elected official who leads the office independently from other elected officials and state operational management.

### COMPREHENSIVE ACCESS

The State Constitution authorizes the Secretary of State to have access to all officers, employees, records, and property maintained by the State and to all external entities, records, and personnel related to their business interactions with the State.

### ADHERENCE TO PROFESSIONAL AUDIT STANDARDS

The Audits Division conducts all audits in accordance with Generally Accepted Government Auditing Standards (GAGAS) promulgated by the United States Comptroller General.

### JOINT LEGISLATIVE AUDIT COMMITTEE

The Secretary of State works closely with the Joint Legislative Audit Committee (JLAC) to communicate audit results and to ensure optimal audit impact. ORS 171.585 establishes JLAC as a core legislative committee whose responsibility is to "select audit reports for review and make recommendations for change."

# AUDIT FUNCTIONS AND STRATEGIES

With each year, the Audits Division continues to improve and enhance our existing capabilities and functions. We continue to maintain robust performance, IT, and financial auditing functions. Simultaneously, we are exploring innovative strategies and methods by which we can optimize our impact and value to Oregon government and citizens, including our data analytics portfolio and real-time audits.

## PERFORMANCE AUDITING

The plan reflects a strong emphasis on performance auditing, particularly in the areas of program effectiveness and assessing the economy and efficiency of various state agencies and programs.

Many of the performance audits included in this year's plan build upon audit work conducted in previous years. One such planned audit would assess the contract administration of Coordinated Care Organizations, or CCOs, by the Oregon Health Authority. This audit will build upon several audits that examined the risks around Medicaid and detecting and preventing improper payments. Similarly, a planned audit of inmate substance use disorders and mental health treatment services at the Department of Corrections will build upon prior audit work examining the opioid crisis in Oregon and how well the state delivers mental health services.

Just as many planned audits also break new ground, including the first Secretary of State audit that will focus explicitly on climate change and an audit examining the state's response to the homelessness crisis.

## FINANCIAL AUDITING

The audit plan leverages the long-standing professionalism and institutional knowledge of our staff with audit work covering the accounting and financial reporting activities of the state.

A primary responsibility of the Audits Division is to conduct financial audits. Financial audits provide assurance as to whether a state agency has followed generally accepted accounting principles in preparing its financial records and compiling its financial statements, and whether the amounts presented in those financial statements are materially complete and accurate.

The division annually audits the state's financial statements and federal programs at state agencies to ensure agencies are complying with financial reporting and federal program requirements. The largest financial audit we conduct is the annual Statewide Single Audit, which includes an audit of the state's financial statements included in the Comprehensive Annual Financial Report and an audit of the state's internal controls and compliance with federal program requirements.

We perform the single audit to satisfy the Legislature, the Governor, and citizens that the state's financial statements are presented fairly and that significant deficiencies in its fiscal systems are identified and corrected. We also conduct this audit to fulfill the federal government's mandate to audit the administration and use of more than \$11 billion in federal monies provided to Oregon each year.

The Audits Division also administers Municipal Audit Law, which requires Oregon's local governments to submit annual financial reports to the Secretary of State. In the interest of transparency and accountability, we assist with understanding and complying with the law and prepare an annual summary report of municipal corporations' fiscal reporting.

## IT AND CYBERSECURITY AUDITING

The audit plan also addresses the ongoing risks associated with IT and cybersecurity with a strong emphasis on IT audits, a specialized type of performance audit.

One of these IT audits will examine a common theme that emerged among several IT audits in recent years: the role, reorganization, and governance structure of the Office of the State Chief Information Officer.

Additionally, the audit plan continues our cybersecurity audits, wherein we focus narrowly on a set of IT controls related to cybersecurity — an area that continues to pose a high threat not only to the state of Oregon, but nationwide.

## LEADING AUDIT METHODOLOGIES AND DATA ANALYTICS PORTFOLIO

We are proud to report the Audits Division continues to serve as a leader in pioneering innovative audit methodologies to further improve upon our audit work.

Data analytics is the process of inspecting, cleansing, transforming, and modeling data with the goal of discovering useful information, informing conclusions, and supporting decision-making.

Our work in this area has already drawn national attention — auditors in our office have used data analytics in partnership with the Department of Health and Human Services and the FBI to identify fraud within the Supplemental Nutrition Assistance Program, otherwise known as SNAP.

We are also the first audit shop to engage with the U.S. Treasury’s Do Not Pay program to conduct data matching and reduce improper payments in Oregon’s Medicaid program. Our data analytics focus and capacity will continue to expand in 2020-21, as we have established an internal audit team specifically focused on maximizing data analytics audit methodologies.

## REAL-TIME AUDITING

In alignment with our strategic focus on being timely and responsive, the division will continue conducting “real-time” audits. “Real-time” auditing focuses on evaluating front-end strategic planning, service delivery processes, controls, and performance measurement frameworks before or at the onset of program or policy implementations by state agencies.

A common critique is that audits do not provide timely information. In this paradigm, auditors can be perceived as providing information on issues that have already been identified and as providing information too late to prevent negative and costly outcomes. This is especially the case for large-scale state projects and expenditures. Real-time auditing mitigates this risk.

This year’s plan includes an innovative real-time audit focusing on the implementation of the recently passed Student Success Act. We will work closely with the Deputy Superintendent of Public Instruction and the Department of Education to ensure this real-time audit offers maximum value.

## ASSURANCE-BASED AUDITING

In alignment with our citizen-centric strategy based upon transparency, accountability, and public education, we will include assurance-based findings in our audit reports, when possible.

In addition to identifying issues and problems with government operations, the division believes we have a responsibility to report on government effectiveness and successes, based on audit evidence. This approach places audit work within context and helps to enhance collaborative relationships with audited entities and build public trust in government.

Assurance-based auditing is commonplace in the private sector as executive management and stockholders want to know what is working, as well as what is not working, within their organizations. This allows them to execute effective strategic planning and better prioritize and allocate resources. We intend to have the same effect with our approach, which we will continue to refine and enhance.

## INTEGRATED AUDITING

Previous audit plans have pioneered an auditing approach that blends attributes of financial, performance, and IT auditing, as well as contract review activities, to expand our aggregate impact.

This approach was successful in expanding and enhancing our audit coverage while leveraging the expertise of our staff and providing them with growth opportunities. We plan to continue building upon and further improving this approach with audits reviewing processes and activities including, but not limited to,

procurement, contract review, and state regulatory boards.

## EQUITY AUDITING

The plan includes audits with equity objectives. In this context, equity refers to the fair and impartial treatment of all people, regardless of differences in sex, gender, race, ethnicity, income, or other classification.

Government entities are constitutionally required to treat all citizens equally. The provision of government services, and the quality of such services, should be consistent regardless of ethnicity, income, or other differences — that is, it should be free from bias or favoritism. This also applies to government regulatory and enforcement actions. To audit equity is to assess the ability of government agencies, services, or programs to rise to this standard.

Auditing equity has been a challenging and somewhat nebulous area in the past, but the emergence of new audit methodologies such as data analytics and Geographic Information System databases has empowered auditors to pursue equity objectives. For example, the Portland City Auditor conducted an audit in 2017 of the city's economic development agency, Prosper Portland. Auditors found that, without income goals or equity plans, the agency had limited ability to overcome a legacy of gentrification and displacement within the city of Portland.

The Oregon Audits Division is committed to ensuring state government is equitable in how it addresses the diverse needs of Oregon citizens. To that end, this year's plan includes a performance audit of the Office of Public Defense Services, which will include an equity objective.

## COLLABORATIVE AUDITING

The plan includes the first-ever joint audit to be executed in a collaborative manner between the Audits Division and a state agency internal audit group: the Oregon Department of Transportation.

There are several strategic goals for this project, including leveraging state audit resources to maximize audit value and impact and demonstrating the teamwork and collaboration opportunities between the State Auditor and state agencies.

The division released a comprehensive performance audit examining the state's internal audit functions in 2018. This collaborative audit is well aligned with our strategy of assisting and enhancing these important functions.

## AUDIT FOLLOW-UP PROGRAM

Our improved recommendation follow-up program includes more in-depth audit work to determine whether prior audit findings have been appropriately addressed by audited entities to mitigate risks. This work culminates in the issuance of formal recommendation follow-up reports.

We will continue to refine our follow-up procedures as we implement new methods of follow-up work with our auditees. In 2019, the division released nine recommendation follow-up reports assessing the progress of several agencies toward implementing audit recommendations. These follow-ups focused on audits previously conducted of foster care, sexual assault evidence kits, graduation rates, and emergency management, among others.

## HOTLINE ADMINISTRATION AND ANTI-FRAUD FOCUS

The division administers the State's Fraud, Waste and Abuse Hotline. The Government Waste Hotline was established in 1995 for public employees and members of the public to report waste, inefficiency, or abuse by state agencies, state employees, or persons under contract with state agencies. Anyone can contact the hotline by calling (800) 336-8218 or going online to [sos.oregon.gov](https://sos.oregon.gov).

In addition to assessing fraud risk, audits in the plan will include procedures for assessing the effectiveness of internal controls established by management to detect and prevent fraud. By highlighting potential gaps within internal control systems, the opportunity for fraud can be reduced.

# 2020-21 AUDIT PLAN

## PERFORMANCE AUDITS

Audit Topic	Entity(ies)	Potential Scope and Objectives
<p>Coordinated Care Organization 2.0 Contract Administration</p>	<p>Oregon Health Authority</p>	<p>Medicaid is inherently high risk and expensive. We have already executed several high-impact audits in this area, but there are many remaining risks. Oregon’s Coordinated Care Organization (CCO) model has some specific risks. This audit will assess whether OHA is effectively overseeing state monies allocated to CCOs. The audit will leverage other audit work the division has performed examining Medicaid.</p>
<p>Disease Prevention and Response</p>	<p>Oregon Health Authority, selected county governments</p>	<p>With the rise of new infectious diseases, significant outbreaks of influenza, and the threat of bioterrorism, this audit will assess the state’s readiness to address epidemics and other potentially catastrophic biological events, as well as programs and controls to manage more common epidemiological risks to the community. The audit will leverage recent evaluations and legislation related to modernizing Oregon’s public health system, including House Bill 3100 and a 2016 external assessment. The audit will assess progress made to meet legislative intent and the issues identified by the 2016 assessment and may include an objective reviewing, on a sample basis, county public health modernization efforts. The audit may include an objective assessing disease prevention and response in long-term care facilities receiving Medicaid monies. The audit may revisit themes from the Office of Emergency Management audit our office released in 2017 related to the state’s level of readiness with a focus on epidemiological risks.</p>
<p>Highway Patrol</p>	<p>Oregon State Police</p>	<p>The audit will examine the division’s staffing strategy and personnel costs (including overtime) to determine if staffing is aligned with leading practices and optimal for ensuring both public and police safety. The audit will also identify any requirements, processes, or practices that reduce troopers’ ability to perform their primary public safety function. Leading practices for ensuring officer safety will also be identified and cited. The audit will seek to identify opportunities for efficiencies, cost savings, and possible alternative strategies for addressing any staffing shortages identified.</p>

# 2020-21 AUDIT PLAN

## PERFORMANCE AUDITS

Audit Topic	Entity(ies)	Potential Scope and Objectives
Homeless Services	Statewide	<p>The homeless population in Oregon is increasing; related public health and safety risks are as well. The Oregon Department of Housing and Community Services (DHCS) recently released the Oregon Statewide Housing Plan and is spearheading state efforts to address homelessness. This audit will be a collaborative effort working closely with DHCS management. The Audits Division will work with the DHCS team and other key stakeholders to execute a risk assessment to establish the audit scope and objectives. The risk assessment will likely include a review of the state's "architecture" for addressing homelessness. A possible audit objective may include a review of efforts by the Department of Veterans' Affairs to identify, address, and reduce instances of veterans being homeless. The audit may include an objective examining, on a sample basis, counties, third-party contractors, or grantees receiving state monies to address homelessness and assessing the efficiency and effectiveness of these monies. The audit will assess actions taken to address homelessness during the 2020 legislative session.</p>
Inmate Substance Use Disorders and Mental Health Treatment Services	Department of Corrections	<p>This audit will address correctional institutions' treatment of substance use disorders and mental health services provided to inmates. Audit objectives may include an assessment of the agency's mental health intake assessment processes, treatment plan development and execution, transition practices, prevention services and funding, and records management. The audit will include a review of recent legislative activity related to this issue, including an assessment of implementation progress related to legislative mandates.</p>
Licensing and Investigation Processes	Oregon Dentistry and Mortuary and Cemetery Boards	<p>The audit will examine the overall governance structure and staffing resources for these boards and will likely include one or both of the following two objectives: (1) a review of the board's licensing practices and (2) a review of board investigative practices. The assessment of the Dental Board will leverage other audit work examining Oregon's Prescription Drug Monitoring Program and public health risks related to the opioid crisis.</p>
Measure 76 - State Lottery Monies Distribution and Utilization	Selected state agencies	<p>Measure 76 (2010) requires the Secretary of State to "regularly" audit any state agency that receives money from the Parks and Natural Resources Fund. Audit objectives may include, on a sample basis, financial integrity, compliance with applicable laws, and efficiency and effectiveness of the use of the monies by various state agencies and sub-recipients. In addition, audit objectives may include a review of biennial performance reports from agencies that receive monies from the fund.</p>

# 2020-21 AUDIT PLAN

## PERFORMANCE AUDITS

Audit Topic	Entity(ies)	Potential Scope and Objectives
Office of Developmental Disabilities Services	Department of Human Services	This audit will assess programs and services for people experiencing developmental and intellectual disabilities. Audit objectives may include a review of activities to increase service access and quality, ensure the equitable delivery of services, comply with federal and state guidelines, measure outcomes, and solicit customer feedback. This audit may include a review of how the agency's current efforts to adopt an integrated social service delivery model, and data-driven decision making, impacts this program.
Office of Public Defense Services	Public Defense Services Commission	There have been consistent reports of significant issues related to public defense in Oregon, including a highly critical assessment report issued in early 2019. The audit will leverage this analysis to assess progress being made on these issues and risks and will generally assess whether the Office of Public Defense Services is providing timely, effective, and efficient legal services. Audit objectives will also assess costs and seek to identify possible cost savings and efficiency opportunities. The audit will likely include an equity objective to assess whether there are disparities in access and quality of public defense services provided to minority and non-minority populations.
Climate Change Risk Management Strategy	Statewide	Climate change is cited on the Government Accountability Office's (GAO) 2019 High Risk List and the GAO has performed several audits on the subject. The audit will assess whether the state has a cohesive climate change strategy that is outcome-driven and measurable. The audit fits our strategy of addressing emerging and complex challenges facing the state in a timely and proactive manner. The audit could possibly involve several state functions and would entail a detailed risk assessment to determine the audit scope and objectives. Possible entities within the scope of the audit include the Governor's Carbon Policy Office and the Oregon Global Warming Commission. The audit will assess climate change-related actions resulting from the 2020 legislative session.
Procurement and Contract Administration Practices	Oregon State Treasury	The audit will focus on Treasury's procurement and contract administration practices. Audit objectives will include reviewing Treasury policies, procedures, systems, data, and personnel responsibilities related to contract procurement and administration.

# 2020-21 AUDIT PLAN

## PERFORMANCE AUDITS

Audit Topic	Entity(ies)	Potential Scope and Objectives
Special Joint Audit Project	Oregon Department of Transportation	<p>In alignment with the Audits Division’s strategy of enhancing audit impact, strengthening agency-to-agency relations, and leveraging audit capabilities and efficiencies, this project would entail a joint audit to be performed collaboratively between the Secretary of State Audits Division and ODOT internal audit function. In consultation with the ODOT director and Chief Auditor, the Audits Division will jointly execute an audit supporting a topic listed on ODOT’s internal audit plan.</p>
Student Success Act (SSA) Implementation Strategy and Controls	Oregon Department of Education, selected districts	<p>This will be a real-time audit of enhancement of education funds passed by the 2019 Legislature through the SSA. The audit will focus on ODE and selected districts’ initial strategies for implementing elements of the SSA and accounting for SSA spending. The audit will assess the department’s implementation strategy for the SSA, including staffing, communication, performance data collection, and improvement efforts for districts, contractors, and grantees.</p>

# 2020-21 AUDIT PLAN

## INFORMATION TECHNOLOGY AUDITS

Audit Topic	Entity(ies)	Potential Scope and Objectives
Oregon Department of Administrative Services	Office of the State Chief Information Officer, Enterprise Information Services	Previous audits have identified significant ongoing IT risks across the state. In response to numerous risks and failures, IT functions, roles, and responsibilities have been shifted and reorganized several times in recent years. The audit will examine the state's current IT governance and operational structure and activities of Enterprise Information Services to identify opportunities for enhancing IT controls, services, and tools.
IT Security Controls Assessment Program	Oregon State Lottery, Department of Corrections, Veteran's Affairs, and Oregon State Treasury	These IT security audits focus on a set of IT controls related to cybersecurity. The Audits Division chooses agencies for inclusion through a risk assessment process and plans to perform four reviews at the agencies listed.
Web Application Hosting Security	Selected agencies	The state has been moving to more web-based services in recent years. This audit would focus on how agencies are hosting their web applications and how they ensure that servers are configured appropriately. A risk-based assessment will be utilized to determine which agencies will be included in the audit sample.

# 2020-21 AUDIT PLAN

## FINANCIAL AUDITS

Audit Topic	Entity(ies)	Potential Scope and Objectives
Statewide Single Audit: Part One, Financial	Statewide	<p>A single audit is required by the federal government to receive federal financial assistance and has two main components, the first being an audit of the State’s financial statements and reporting on the schedule of expenditures of federal awards (SEFA) in relation to those financial statements. Based on prior year audits, the FY20 audit will most likely include audit procedures at the following agencies:</p> <ul style="list-style-type: none"> <li>Department of Administrative Services</li> <li>Department of Consumer and Business Services</li> <li>Oregon Business Development Department</li> <li>Department of Corrections</li> <li>Department of Education</li> <li>Oregon Employment Department</li> <li>Department of Environmental Quality</li> <li>Oregon Department of Fish and Wildlife</li> <li>Oregon Department of Forestry</li> <li>Oregon Health Authority</li> <li>Higher Education Coordinating Commission</li> <li>Department of Human Services</li> <li>Oregon Judicial Department</li> <li>Department of Justice</li> <li>Oregon Liquor Control Commission</li> <li>Oregon Military Department</li> <li>Oregon Parks and Recreation Department</li> <li>Public Defense Services Commission</li> <li>Department of Revenue</li> <li>Oregon Department of Transportation</li> </ul> <p>The FY20 audit will also include financial statement audits at the following agencies.</p> <ul style="list-style-type: none"> <li>Oregon Housing and Community Services</li> <li>Oregon State Lottery</li> <li>Oregon Department of Veterans’ Affairs</li> <li>Public Employees Retirement System *</li> <li>State Accident Insurance Fund*</li> <li>Common School Fund at the Department of State Lands *</li> </ul> <p>* Indicates audits that we contract with CPA firms to conduct.</p>
Statewide Single Audit: Part Two, Federal	Statewide	<p>The second component is a compliance audit of major federal awards expended during the fiscal year. During the planning phase of the FY20 audit, we will determine the federal programs to audit.</p>

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## FINANCIAL AUDITS

Audit Topic	Entity(ies)	Potential Scope and Objectives
Financial Statement	Oregon State Treasury	FY20 Oregon Short-Term FY20 Oregon Local Government Investment Fund FY20 Oregon Intermediate Term Pool  To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.
FY20 Financial Statement and Compliance	Department of Consumer and Business Services, Oregon Health Insurance Marketplace	To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported. In addition, to verify compliance with programmatic requirements set forth by 45 CFR part 155; report on compliance as directed by the Centers for Medicare & Medicaid Services (CMS); and meet requirements of a performance audit as directed in ORS 741.220.
FY19 Financial Statement	Oregon Business Development Department, Special Public Works Fund and Water Fund	To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.
FY19 Financial Statement	Oregon Department of Energy, Small Scale Energy Loan Program (SELP)	To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.
FY20 Financial Statement	Columbia River Gorge Commission	In accordance with the Interstate Cooperative Agreement between the Washington State Auditor's office and the Oregon Secretary of State Audits Division, we perform procedures to verify Oregon's share of the Columbia River Gorge Commission's joint expenditures and commissioners' compensation are in compliance with laws and regulations of the State of Oregon.

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## FINANCIAL AUDITS

Audit Topic	Entity(ies)	Potential Scope and Objectives
FY19 Financial Statement	Department of Environmental Quality, Clean Water Revolving Fund	To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.
FY19 Agreed Upon Procedures	Oregon Health Authority, Safe Drinking Water Agreed Upon Procedures	As required by the U.S. Environmental Protection Agency, the State of Oregon submits financial statements for the Safe Drinking Water Revolving Loan Fund. We perform procedures that are agreed to by the Oregon Health Authority.
FY19 Financial Statement	Oregon Department of Education, High School Graduation and College and Career Readiness Fund	To review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.
Federal Compliance	Department of Human Services, Cost Allocation Plan Childcare Development Fund Cluster	This interim audit work supports the FY20 Statewide Single Audit.
Financial	Department of Administrative Services, Oregon State Payroll Application and Statewide Financial Management Application	This interim audit work supports the FY20 Statewide Single Audit.
Statewide Summary Single Audit	Various	Keeping the State of Oregon Accountable: To summarize and issue a summary report on the results of the FY19 Statewide Single Audit financial and federal audits.

# 2020-21 AUDIT PLAN

## FINANCIAL AUDITS

Audit Topic	Entity(ies)	Potential Scope and Objectives
Municipal Audit	Local governments	ORS 297.405 to 297.740 and 297.990 (Municipal Audit Law) require local governments, including counties, cities, school districts, and special districts, to prepare and submit annual reports. Our annual report summarizes the financial reporting activities of Oregon’s municipal corporations for the prior fiscal year.
Risk Assessments and Fiscal Resource Reviews	Various	To review agency records and programs to identify fiscal and program risks.



Secretary of State  
Oregon Audits Division

**This Annual Audit Plan was prepared and designed by:**

Bev Clarno, Secretary of State  
Kip Memmott, Audits Director  
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