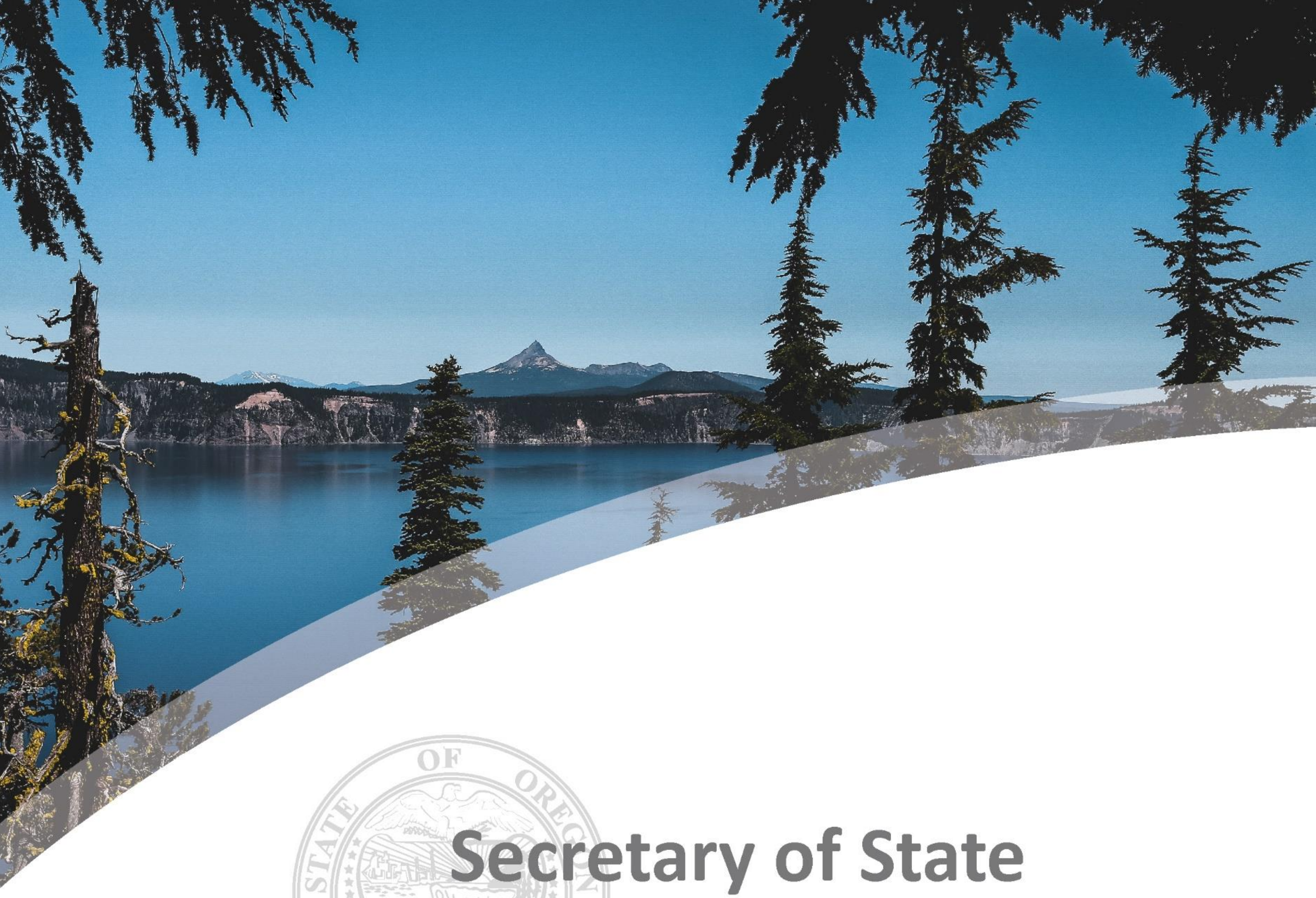

Secretary of State
Oregon Audits Division

Fiscal Year 2019
Statewide Single Audit Report

March 2020

Report 2020-14

Secretary of State Bev Clarno
Audits Division Director Kip Memmott

Office of the Secretary of State

Bev Clarno
Secretary of State

Jeff Morgan
Interim Deputy Secretary of State

Audits Division

Kip R. Memmott, MA, CGAP, CRMA
Director

255 Capitol Street NE, Suite 500
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The Honorable Kate Brown
Governor of Oregon

We have conducted a statewide audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This report encompasses the year ended June 30, 2019, and is required for the State to continue receiving federal financial assistance, which, as shown in this report, totals approximately $12 billion.

As required by the Single Audit Act, we issued a report dated December 19, 2019, on the State of Oregon's financial statements. That report was included in the State of Oregon's *Comprehensive Annual Financial Report* for the year ended June 30, 2019.

This report contains components required by the Single Audit Act to be reported by the auditor:

- *Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.* This component contains our report on the State of Oregon's internal control over financial reporting and compliance with provisions of laws, regulations, contracts and award agreements that affect the financial statements. Part of the schedule of findings and questioned costs relates to this report.

- *Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.* This component contains our report on the State of Oregon's compliance with the requirements applicable to each of its major federal programs as described in the OMB Compliance Supplement and internal controls over compliance. Part of the schedule of findings and questioned costs relates to this report. This component also contains our report on the State of Oregon's schedule of expenditures of federal awards for the year ended June 30, 2019.

- *Schedule of Findings and Questioned Costs.* This schedule lists seven current year audit findings regarding internal control related to financial reporting. It also lists 16 current year audit findings regarding compliance with the requirements of major federal programs and related internal controls, and one finding related to finding follow-up of a non-major program.

  Uniform Guidance requires management to provide a plan of corrective action on the findings and recommendations for the fiscal year ended June 30, 2019. Management's response and planned corrective actions are included in this schedule. We did not audit management's response, and accordingly, we express no opinion on it.

This report also contains components required by the Single Audit Act to be reported by the State of Oregon:

- *Schedule of Expenditures of Federal Awards.* This schedule is not a required part of the State of Oregon's financial statements, but is required by Uniform Guidance. The schedule shows the State of Oregon's expenditures of federal awards, for the fiscal year ended June 30, 2019, excluding Oregon State University, Oregon Health and Science University, University of Oregon, Portland State University, Western Oregon University, Southern Oregon University, Oregon Institute of Technology, and Eastern Oregon University. The notes, which accompany the schedule, are considered an integral part of the schedule. They provide disclosures regarding the basis of presentation used in preparing the schedule, the reporting entity, the value of federal awards expended in the form of non-cash assistance, unemployment insurance and the calculation of expenditures for the Revolving Loan Fund Grant (RLF, CFDA 11.307).

- *Schedule of Prior Year Findings.* This schedule lists the current status of prior year findings that remained uncorrected at the end of fiscal year 2018.

We concluded that the state's financial statements are fairly presented in conformance with Generally Accepted Accounting Principles, resulting in an unmodified opinion. We issued a qualified opinion on Temporary Assistance for Needy Families (TANF), and unmodified opinions on all other major federal programs.

The courtesies and cooperation extended by officials and employees of the State of Oregon during the course of this audit were commendable and sincerely appreciated.

Office of the Secretary of State, Audits Division

State of Oregon

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Office of the Secretary of State

Bev Clarno
Secretary of State

Jeff Morgan
Interim Deputy Secretary of State

Audits Division

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255 Capitol St. NE, Suite 500
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Honorable Kate Brown
Governor of Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State of Oregon's basic financial statements, and have issued our report thereon dated December 19, 2019.

Our report includes a reference to other auditors who audited the financial statements of the Common School Fund and the Public Employees Retirement System, as described in our report on the State of Oregon's financial statements. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Other auditors also audited the financial statements of the following discretely presented component units: SAIF Corporation, University of Oregon, Oregon State University, Portland State University, Western Oregon University, and Oregon Health and Science University, as described in our report on the State of Oregon's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Oregon's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified seven deficiencies in internal control that we consider material weaknesses or significant deficiencies.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-001, to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2019-002 through 2019-007, to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State of Oregon's Response to Findings

The State of Oregon's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State of Oregon's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Office of the Secretary of State, Audits Division

State of Oregon
December 19, 2019

Office of the Secretary of State

Bev Clarno
Secretary of State

Jeff Morgan
Interim Deputy Secretary of State

Audits Division

Kip R. Memmott, MA, CGAP, CRMA
Director

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Honorable Kate Brown
Governor of Oregon

Report on Compliance for Each Major Federal Program

We have audited the State of Oregon's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the State of Oregon's major federal programs for the year ended June 30, 2019. The State of Oregon's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The State of Oregon's basic financial statements include the operations of the universities in the table below, which expended approximately $1,435 million in federal awards and are not included in the State of Oregon's schedule of expenditures of federal awards for the year ended June 30, 2019. Our audit, described below, did not include the operations of the universities because the component units engaged other auditors to perform an audit of compliance. To obtain a copy of those reports, please refer to note disclosure 1 of the schedule of expenditures of federal awards.

Component Unit	Federal Expenditures
Oregon State University	$ 421 million
Oregon Health and Science University	$ 402 million
University of Oregon	$ 277 million
Portland State University	$ 206 million
Western Oregon University	$ 46 million
Southern Oregon University	$ 35 million
Oregon Institute of Technology	$ 25 million
Eastern Oregon University	$ 23 million

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the State of Oregon's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Oregon's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State of Oregon's compliance.

Basis for Qualified Opinion on Temporary Assistance for Needy Families (TANF)

As described in the accompanying schedule of findings and questioned costs, the State of Oregon did not comply with requirements as listed in the table below. Compliance with such requirements is necessary, in our opinion, for the State of Oregon to comply with the requirements applicable to that program.

CFDA #	Program (or Cluster) Name	Finding #	Compliance Requirement
93.558	Temporary Assistance for Needy Families (TANF)	2019-008 2019-009	Reporting Special Tests and Provisions

Qualified Opinion on Temporary Assistance for Needy Families (TANF)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Oregon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Temporary Assistance for Needy Families (TANF) for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of Oregon complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and are described in the accompanying schedule of findings and questioned costs as items 2019-010, 2019-012, 2019-016, 2019-019, 2019-021 through 2019-023. Our opinion on each major federal program is not modified with respect to these matters.

Uniform Guidance requires auditors to follow up on prior year findings and report current year findings when known questioned costs are greater than $25,000 for a program that is not audited as a major program. Finding 2019-017, as described in the accompanying schedule of findings and questioned costs, identified noncompliance and questioned costs for the Foster Care program, a non-major program, on which we express no opinion.

The State of Oregon's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State of Oregon's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The State of Oregon is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The State of Oregon's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control over Compliance

Management of the State of Oregon is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Oregon's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 State of Oregon's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-008, 2019-009, 2019-013, 2019-014, and 2019-021 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2019-010 through 2019-012, 2019-015, 2019-016, 2019-018 through 2019-020, and 2019-022 through 2019-024 to be significant deficiencies.

The State of Oregon's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The State of Oregon's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The State of Oregon is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The State of Oregon's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oregon as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State of Oregon's basic financial statements. We issued our report thereon dated December 19, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Office of the Secretary of State, Audits Division

State of Oregon
March 6, 2020, except for our report on the Schedule of
Expenditures of Federal Awards, for which the date is December 19, 2019

State of Oregon
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

Section I—Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	☒ yes ☐ no
Significant deficiencies identified that are not considered to be material weaknesses?	☒ yes ☐ none reported
Noncompliance material to financial statements noted?	☐ yes ☒ no

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	☒ yes ☐ no
Significant deficiencies identified that are not considered to be material weaknesses?	☒ yes ☐ none reported
Type of auditor's report issued on compliance for major programs:	Qualified: TANF Cluster Unmodified: All Other Major Programs
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☒ yes ☐ no

Identification of Major Programs

CFDA#	Name of Federal Program or Cluster
12.401	National Guard Military Operations and Maintenance (O&M) Projects
16.575	Crime Victim Assistance
93.268	Immunization Cooperative Agreements
93.659	Adoption Assistance
93.788	Opioid STR
97.046	Fire Management Assistance Grant
cluster	Food Distribution Cluster
cluster	Highway Planning and Construction Cluster
cluster	Temporary Assistance for Needy Families (TANF) Cluster
cluster	Medicaid Cluster

Dollar threshold used to distinguish between
type A and type B programs: $30,000,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

Section II – Financial Statement Findings

Management Responses were not subjected to auditing procedures.

2019-001 Department of Human Services/Oregon Health Authority
Ensure Accrual Methodologies are Complete
Material Weakness

State accounting polices require management to develop control activities to ensure that transactions entered in the state's accounting system are properly calculated and properly classified in the accounts. To ensure expenditure balances are complete, a calculation is made to estimate the amount of expenditures to accrue that occurred at year-end but are not yet reported in the accounting system. Management generally uses methodologies to calculate accruals that return a reasonable estimate.

During our review, we found four incomplete expenditure accruals; one was not completed as there was no methodology, and three were due to incomplete methodologies used for calculating the estimates.

The errors resulted in the following misstatements:

- Expenditures were overstated and Due from Other Funds were understated by $35 million in the Health and Social Services Fund, while expenditures and Due to Other Funds in the General Fund were understated by the same amount;
- Internal Services Fund expenditures and related Accounts Payable were understated by $15.1 million;
- Expenditures and Accounts Payable were understated by $7.4 million and Accounts Receivable and Federal Revenue were understated by $5.5 million in the Health and Social Services Fund; while General Fund expenditures and Accounts Payable were understated by $4.4 million; and
- Expenditures and Due to Other Funds were overstated by $2.8 million in the Health and Social Services Fund, while expenditures were understated and Due from Other Funds were overstated by the same amount in the General Fund.

We recommend department management ensure year-end accrual methodologies are complete and include consideration of all relevant expenditures.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action: The Office of Financial Services will update accrual methodology instructions to review all estimates to ensure they are calculated correctly and include consideration of all relevant expenditures. We will engage more closely with budget staff on projections of biennium-end expenditures to ensure alignment of expenditures and accrual estimates.

Anticipated Completion Date: March 31, 2020

2019-002 Department of Administrative Services
<u>Ensure a Complete Review of SFMA D23 Fund Profiles</u>
Significant Deficiency

D23 fund profiles determine how an agency's funds are accounted for and recorded in the state's financial statements. These profiles are defined by individual agencies, but are centrally maintained by Statewide Financial Management Services (SFMS) personnel within the department.

SFMS has established procedures to ensure D23 fund profiles are set up to provide reasonable assurance that transactions will be properly recorded. These procedures include a final review by State Accounting and Reporting Services (SARS) over three key fields: GAAP Fund, GASB 54 Indicator, and GASB 54 Description. An incorrect GAAP fund or GASB 54 indicator could impact financial reporting at the agency level and in the state's financial statements. Incorrect or incomplete GASB 54 descriptions could potentially result in transactions being posted to an incorrect D23 fund.

We reviewed a sample of 36 new and updated D23 fund profiles and noted six instances in which the final review by SARS was not obtained. A retroactive review by SARS determined that one of the six profiles did not have the correct description in the GASB 54 Description field.

Although the department has processes in place to review D23 fund profiles prior to their activation, all procedures were not followed consistently.

We recommend department management ensure all established internal control policies are followed when setting up and maintaining D23 fund profiles to ensure accounting transactions within agency funds are accurately and properly recorded.

MANAGEMENT RESPONSE:
We agree with this recommendation.

SFMS acknowledges that the SARS approval was omitted in the six instances that the auditor reviewed. We have inserted a step in our procedures to verify that an email is sent to SARS prior to approving the D23 request. We believe it would be unlikely that an agency would select the D23 fund based on the GASB54 description. The GASB54 description is secondary to the D23 fund title. The GASB54 code and description are used by SARS to ensure that the D23 fund is posting to equity correctly.

Anticipated Completion Date: August 22, 2019

2019-003 Department of Administrative Services
<u>Ensure Change Management Controls over Data Testing and Validation are in Place for Future Implementations to Workday</u>
Significant Deficiency

Generally accepted information systems standards suggest effective change management controls should be designed for successful implementation of new systems, ensuring reasonable assurance over functionality and data reliability. Controls should include tests of data for conversion and these tests and results should be documented and retained for an audit trail. Additionally, once conversion is completed, validation testing should be performed to ensure data is converted accurately and completely. This testing should also be documented and retained.

In February 2019, the department implemented Workday, a cloud-based human resource software application, to replace its legacy system, PPDB. During our review of change management controls, we noted the department had change management controls in place during the implementation of Workday. However, data validation testing completed by the department over data for conversion into Workday was not documented. When we made inquiries about this testing, we were told in order to minimize the time between PPDB going down and Workday going live, the decision was made not to document this testing. Additionally, after the conversion to Workday was completed, final conversion testing performed to ensure the converted data was complete and accurate was not documented. The department did not maintain this documentation as it contained personally identifying information which would require additional effort to safeguard. Without documentation, the department cannot provide assurance the converted data was complete and accurate.

We performed data validation testing on selected fields in Workday to gain assurance that the data converted accurately and completely. Based on our tests, we have reasonable assurance that the data converted as intended.

We recommend department management ensure all data validation testing recommended by generally accepted information system standards is performed for future changes to Workday and testing plans and results are documented and retained.

MANAGEMENT RESPONSE:
We agree with this recommendation.

DAS will review the generally accepted information system standards to ensure understanding of testing expectations for future Workday implementations. SOS expectations will be taken in to consideration in all future Workday test plans.

Anticipated Completion Date: December 15, 2019

2019-004 Department of Administrative Services
<u>Strengthen Controls over Dual Access to Workday and OSPA</u>
Significant Deficiency

Effective segregation of duties is designed to prevent the possibility that a single individual could have access to multiple critical functions in such a way that errors or misappropriations could occur and not be detected timely. For example, an employee responsible for entering time for other employees in a payroll system should not simultaneously have update access to the personnel system where new employees are added, and base pay and adjustments to pay are recorded.

We performed procedures to determine if employees with update access to OSPA also had update access to PPDB and Workday. We did not find any employees with dual update access to OSPA and PPDB. However, we found four employees with simultaneous update access in OSPA and Workday. With this access, these employees could have made unauthorized changes to the personnel and payroll information systems. Department personnel revoked the conflicting OSPA/Workday update access for each of these employees after becoming aware of the condition.

When Workday was implemented, not all employees with update access were given only the access needed for their job responsibilities. In addition, DAS had not implemented a review process to identify conflicting access.

We recommend department management develop and implement a process to review access to Workday and OSPA to ensure ongoing segregation of duties between Workday and OSPA. Finally, we recommend management review changes made by the four employees with dual update access to ensure no unauthorized changes were made during the time they had update access to both systems.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The dual access review process between Workday and OSPA was complete as of 8/16/2019. This review process is currently completed daily and notification is sent to Workday stating if dual access does or does not exist.

In the event dual access exists, access in Workday will be revoked immediately. The agency will be responsible for determining what access is appropriate.

Anticipated Completion Date: August 16, 2019 – Created the Dual Access report in SARS System Security Access database. September 5, 2019 – SARS System Security sends daily confirmation of dual access status.

2019-005 Department of Administrative Services
<u>Strengthen Controls over Security Access in Workday</u>
Significant Deficiency

Effective controls over security access to information systems are designed to separate duties between the security administration function and the user functions. Additionally, if conflicting access cannot be avoided, activities of those employees with conflicting access should be monitored to ensure only authorized changes are made.

Workday has system controls that ensure an employee with update access cannot make changes to their own pay. However, we found that some employees with certain security access in Workday could make changes to their own access profiles that would enable them to make changes to others' pay, as well as changes to other personnel information. We noted two such employees who made changes to their own access profiles. One employee made one change that restricted their access, while the other employee made multiple access permission changes to their own access. The department had not implemented controls to review the appropriateness of employees' access in Workday, nor controls to monitor activity by employees with security access to determine whether any unauthorized changes were made.

We recommend department management develop and implement procedures to review access permissions granted for employees with Workday access to ensure access is appropriate for their job duties. In addition, if the ability to change their own access cannot be disabled for employees with security access to Workday, we recommend that department management implement a process to monitor activities of these employees, and specifically, determine if the two identified users made any unauthorized changes.

MANAGEMENT RESPONSE:
We agree with this recommendation.

In an effort to strengthen security controls over access in Workday, we created an agency level agreement outlining expected behaviors relating to security access in Workday.

We are unable to prevent users from changing their own roles in Workday. To compensate for this, a report has been created to identify self-assigned roles and is monitored daily.

Anticipated Completion Date: September 18, 2019 – Implementation and agency training for process changes. October 1, 2019 – Agencies are required to follow new process.

2019-006 Higher Education Coordinating Commission
Improve Year-End Closing Processes
Significant Deficiency

As part of the state's financial reporting process, state agencies are responsible for making year-end entries in the accounting system to facilitate financial reporting in accordance with Generally Accepted Accounting Principles (GAAP). During our audit, we identified the following issues:

- Entries for year-end accruals for distributions to universities accounts were only partially completed resulting in misstatements totaling $66.4 million. In addition, the department misclassified $27 million due from universities as interest receivable instead of due from component units. We communicated similar issues to the department in prior audits. These errors were corrected by the Department of Administrative Services for the state's financial statements.
- The accrual process for distributions to community colleges expenditure incorrectly included approximately $723,000 of expenditures already recorded in the accounting system.
- The methodology to accrue expenditures for the Oregon opportunity grant and the Oregon promise grant for 2019 was changed in fiscal year 2019, resulting in an overstatement of expenditures of $1.4 million. Accounting staff did not ensure changes to the accrual methodology aligned with the grant program's reconciliations which identify amounts owed and due from colleges and universities.
- The entries to record receivables and payables between the department and universities relating to financing construction projects did not properly adjust for accreted interest with one university, resulting in an overstatement and understatement of approximately $1.4 million. We communicated a similar issue in prior years.

Changes in accounting staff, which resulted in the loss of some knowledge related to the year-end accrual processes, combined with a lack of sufficient documentation to support the year-end processes contributed to these errors.

We recommend department management develop and implement procedures to prevent, detect, and correct errors in the year-end accrual processes.

MANAGEMENT RESPONSE:
The Higher Education Coordinating Commission generally agrees with the review's findings and concurs with the audit conclusions.

- *HECC has hired a new lead accountant with significant SARS and SFMA knowledge and experience. Since her hire, HECC has begun to perform monthly reviews of all transactions so* *that we may detect and correct errors as they occur. This biennium, all prior months have been reviewed prior to accounting month close and issues that have been detected have been researched, corrected, and documented.*

- *The Lead Accountant has also created a desk manual that is substantially complete and is guiding the work of all HECC accountants. HECC will continue to update the manual as new policies and procedures are approved and implemented.*

Anticipated Completion Date: As of January 30, 2020, all actions have been completed.

2019-007 Oregon Department of Transportation
Strengthen Review of Motor Fuels Tax Entry
Significant Deficiency

State accounting policies require management to design transaction processing controls to ensure that transaction dollar amounts are properly calculated, accurately recorded, and properly classified in the accounting records. The department's process to record revenue transactions includes a review by management of the documentation prepared for entering the transactions into the accounting records.

We recalculated the motor fuels tax revenue for fiscal year 2019 and determined the department collected more revenue than what was recorded in the accounting records as tax revenue. Upon further review, we found the monthly tax revenue for January 2019 was entered into the accounting system using an incorrect revenue source code and consequently was recorded in a different account. As a result, the motor fuels tax account was understated by $42.9 million.

Management reviewed the input document before entry into the accounting records which would not detect the input error. The department did not have additional procedures to detect the error after entry. When we brought the error to management's attention, an adjustment was made to correct it.

We recommend department management strengthen review procedures to help ensure transactions are accurately recorded and classified in the accounting records.

MANAGEMENT RESPONSE:
We agree with the finding and recommendation

The Revenue and Expenditure Manager has created a report that looks at the three major revenue streams, DMV, Fuels Tax, & Motor Carrier, to capture any anomalies in data. This report will be reviewed monthly to catch any key entry errors. There will also be a review of reports generated from the Fuels Tax System compared to data in TEAMS to look for any discrepancies.

Anticipated Completion Date: Completed January 12, 2020

Section III – Federal Awards Findings and Questioned Costs

Management Responses were not subjected to auditing procedures.

2019-008 Department of Human Services
Improve Accuracy of Performance Data Reports

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Temporary Assistance for Needy Families (TANF) (93.558)
Federal Award Numbers and Years:	2018G996115; 2018, 2019G996115; 2019
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness, Material Noncompliance
Prior Year Finding:	2018-008, 2015-025, 2014-026, 2013-032, 2010-015
Questioned Costs:	N/A

Criteria: 45 CFR 265.3(a); 45 CFR 265.7(f)

Federal regulations require the department to collect monthly, and report quarterly in the ACF-199 TANF data report certain non-financial data elements for services paid with TANF federal funding. Federal regulations also require the department to report data quarterly in the ACF-209 SSP-MOE data report, for TANF eligible clients whose benefits are paid with designated state funds called separate state program maintenance of effort. Both data reports should be supported by applicable performance records.

Prior to selecting sample items for testing the ACF-199 data reports, we reviewed fiscal year 2019 client expenditure data as it related to the data reports. The dataset provided for client expenditures included some coding elements from the department's case management system, but not all elements necessary to determine the funding source for individual client payments. As the reports are intended to provide information on client services based on their funding, we were unable to confirm if all cases paid with TANF federal funds were included appropriately in the ACF-199 reports. We found, on average, that up to 2,200 cases each month may have been improperly excluded from the ACF-199 reports. We also found, on average, that 180 cases each month reported in the ACF-199 reports may have been improperly included because they did not have corresponding federal TANF expenditures.

For data submitted in the fiscal year 2019 ACF-199 reports, we reviewed report line items identified as "key" by the U.S. Department of Health and Human Services. We reviewed a random sample of 50 cases and identified the following known errors:

- Six cases where clients were incorrectly counted as exempt from the federal time limit;
- One case where the client's classification as parent with minor child in the family was incorrect;
- One case where the work eligible indicator was incorrect;
- Three cases where work participation status was inaccurate; and
- Two cases where activities other than work participation were inaccurately reported.

We also reviewed a random sample of 25 cases for data submitted in the ACF-209 quarterly reports and identified the following:

- One case where the type of family for work participation was inaccurate;
- Five cases where receipt of subsidized child care was incorrect;
- Two cases where relationship to head of household was incorrect;
- Two cases where the work eligible indicator was incorrect; and
- One case where work participation status was inaccurate.

In performing other testing procedures where a sample of 38 cases was selected from the ACF-199 reports, we found one case that should not have been included in the report as it did not receive TANF payments during the report period.

According to the department, these errors were due to worker errors when entering information in the case management system. The department reviews the report data for formatting, but not accuracy. As the department is planning to implement a new eligibility system, they have suspended effort to address the data reporting errors in the current system.

This finding has been ongoing since fiscal year 2010.

We recommend department management provide additional coding elements related to expenditure data to allow for identification of federal expenditures within the dataset, and implement processes and procedures to ensure data reports accurately reflect case status and activity of the reporting period.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action: The Department will submit a business change request to the Integrated Eligibility project requesting additional coding elements be added to the dataset out of the current eligibility system, Legacy. The Department has been in communication with the state's federal contact to discuss the accuracy of the federal report and the changes to Oregon's eligibility system. The department will continue technical assistance with the appropriate contacts at Federal Administration for Children and Families. This process will ensure the Department has a clear understanding of the instructions for each federal field. Change requests will be submitted to the Integrated Eligibility project to correct business requirements as necessary.

Anticipated Completion Date: December 31, 2020

2019-009 Department of Human Services
<u>Improve Compliance with Work Verification Plan Requirements</u>

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Temporary Assistance for Needy Families (TANF) (93.558)
Federal Award Numbers and Years:	2018G996115; 2018, 2019G996115; 2019
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Material Weakness, Material Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 45 CFR 261.61; 45 CFR 261.62

Federal regulations require each state to maintain adequate documentation, verification, and internal control procedures to ensure the accuracy of data used in calculating work participation rates. Each state must have procedures to count and verify reported hours of work and must comply with its Work Verification Plan as approved by the Department of Health and Human Services (DHHS). Oregon's Work Verification Plan states employment attendance will be documented and verified in one of four ways: pay stubs, time cards, sign-in sheets or other specific attendance records, or by documenting a phone conversation with the employer. If a client has stable employment, the department may use a six-month projection of actual hours. However, if the department receives information that actual hours have changed, the department is required to re-verify the current average and update the projection as needed.

We randomly selected 40 participating clients and reviewed case file documentation for verification of work activity participation for one month during the fiscal year. We found 16 cases where the department did not adhere to the approved Work Verification Plan policies and procedures for maintaining documentation of hours of participation, appropriately projecting hours of participation, and accurately reporting hours of participation in their automated data processing system.

These inaccurate or unverified hours were used in calculating the work participation rate reported to DHHS. If the state fails to follow the approved Work Verification Plan, DHHS may penalize the state.

We recommend department management strengthen controls to ensure adherence to the department's work verification plan documentation of participation and projection of hours of participation, and to ensure data entered into the automated data processing system is accurate and complete.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action: The Department's TANF policy team, in partnership with the training unit, will create training materials for field staff specifically addressing attendance documentation requirements and projection of work hours. The policy team will then conduct technical assistance with contactors who capture and maintain attendance records, as well as targeted communication to field staff specific to attendance documentation and retention. Quality Assurance (QA), in partnership with TANF policy, will conduct targeted reviews over the course of a few months following technical assistance and communication. QA and policy will work with a research analyst to ensure a statistical sample is pulled *and reviewed. Targeted reviews will identify areas where additional technical assistance and communication is necessary.*

Anticipated Completion Date: December 31, 2020

2019-010 Department of Human Services
Ensure Appropriate Information is Used for Determining Benefit Amounts

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Temporary Assistance for Needy Families (TANF) (93.558)
Federal Award Numbers and Years:	2018G996115; 2018, 2019G996115; 2019
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	$412 (known); $577,056 (likely)

Criteria: 45 CFR 263.11(a)(1); 45 CFR 261.14

Federal regulations allow the use of federal TANF funds for expenditures that are reasonably calculated to accomplish the purposes of the program. In Oregon, the calculation of TANF benefits is based on multiple factors, one of which is the number of qualifying household members. Benefit amounts may also be pro-rated based upon when activities impacting the amount occur within the benefit month.

We reviewed a sample of 50 client payments to verify the benefit amount was determined appropriately and identified the following errors:

- One case where duplicate benefits were issued due to caseworker error when entering the date the case was re-opened; and
- One case where the amount of benefits issued included an ineligible family member, as the caseworker did not update the household size when one member turned 18 years old.

These two errors resulted in an overpayment of federal funds of $128, with likely questioned costs of $577,056 when projected to the population.

Additionally, while performing other testing procedures related to benefit reductions due to noncooperation, we identified two cases where benefits were restored or supplemented with incorrect amounts after the benefit reduction. Restoring or supplementing benefits is allowable if a client begins cooperating, however, the benefits were reissued at incorrect amounts as the caseworker issued the benefits for the entire month rather than the time remaining after clients began cooperating. For these two clients, we identified known federal overpayments of $284.

We recommend department management strengthen controls to ensure clients benefit payments are appropriately determined.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action: The Department's TANF policy team will create protocols for both JOBS Disqualifications (DQ) and Child Support sanctions (CS) to provide clear guidance to field staff regarding the effective date of benefit restoration once requirements have been met. The training unit, in partnership with TANF policy, will create a quick reference guide (QRG) based on the protocols which will be made available on the training unit website. Policy and training unit will provide communication and training to field staff regarding protocols and QRG.

Anticipated Completion Date: December 31, 2020

2019-011 Department of Human Services
Maintain Documentation to Support Client Eligibility

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Temporary Assistance for Needy Families (TANF) (93.558)
Federal Award Numbers and Years:	2018G996115; 2018, 2019G996115; 2019
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 42 USC 608(a)(3); 42 USC 602(a)(1)(A); 42 USC 602(a)(1)(B)(iii)

To comply with federal regulations for eligibility determination, the department's Family Services Manual requires each TANF client to complete and sign an application at the initial application and at eligibility re-determination. Completing the application form is key in determining a client's TANF eligibility. By signing the application, the client assigns rights to support received to the department, as required for eligibility by federal regulations, and agrees to actively pursue any asset for which they have a legal right or claim. The client also accepts responsibility for participating in employment activities for program eligibility.

Of 50 clients randomly selected for testing, the department was unable to readily provide documentation as follows:

- Two client files were missing signed applications;
- Three client files were missing evidence of pursuit of child support assets; and
- Four client files were missing evidence of employability screenings.

Although we were able to verify other eligibility criteria were met through review of clients' case files, we were not able to verify all eligibility documentation. By not maintaining adequate documentation, the department may not be able to demonstrate compliance with all eligibility requirements.

We recommend department management coordinate resources to better maintain and more readily provide sufficient eligibility documentation.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action: The TANF policy team, in partnership with the training unit, will provide communication and training to field staff regarding the eligibility requirements for the employability *screening (415A) and child support cooperation (428A) forms. The policy team will provide targeted communication to the Business Operations Specialists team who are responsible for managing the local processes to ensure documents are properly scanned into the Electronic Document Management System (EDMS). Quality Assurance (QA), in partnership with policy, will conduct targeted reviews monthly to ensure the 415A and 428A are completed at eligibility determination and document scanning processes are being adhered to. QA and policy will work with a research analyst to ensure a statistical sample is pulled and reviewed. Targeted reviews will identify areas where additional technical assistance and communication is necessary.*

Oregon will be piloting a new eligibility system, ONE, beginning May 2020 with full rollout scheduled by end of calendar year 2020. It is anticipated ONE will resolve some of the errors based on system functionality.

Anticipated Completion Date: December 31, 2020

2019-012 Department of Human Services/Oregon Health Authority
Strengthen Controls over Cost Allocation Process

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Temporary Assistance for Needy Families (TANF) (93.558) Medicaid Cluster (93.777, 93.778) Adoption Assistance – Title IV-E (93.659) Immunization Cooperative Agreements (93.268) Opioid STR (93.788)
Federal Award Numbers and Year:	Various
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	2018-021
Questioned Costs:	TANF $1,824,260 (known), Medicaid $36,234 (known)

Criteria: 2 CFR 200.62; 2 CFR 200.400; 45 CFR 95.509(a)(b)

Federal regulations require state agencies to submit Public Assistance Cost Allocation Plans (plans) to the federal oversight agency for approval. Changes to federally approved plans are allowed but require state agencies to notify the federal oversight agency when changes affect the allocation of costs. At a minimum, state agencies are required to submit an annual statement certifying that the plan is not outdated.

The Department of Human Services (department) administers separate plans for the department and Oregon Health Authority (authority). The plans outline the methods used to allocate various cost pools to federal programs. The department submits biennial plans to the federal oversight agency for approval with interim updates submitted prior to the start of the second year of each biennium.

During our testing we noted the following instances where the department did not allocate costs according to the approved plans:

- One allocation method used during the AY19 biennium was not approved by the federal oversight agency. The method was initially included in the AY19 plan submission; however, during the approval process the federal oversight agency determined the method was inappropriate. This method was subsequently excluded from the final approved AY19 plan but continued to be used in the department's cost allocation process. The continued use of this method resulted in the under claiming of federal funds across the department's various programs.

- Statistics for a metrics based allocation method were incorrectly calculated for the AY19 biennium until identified in April 2019 as part of our audit procedures. This resulted in a small over or under claiming of various federal and state programs.
- The wrong penetration rates were used in the formulas for three activity codes when calculating the random moment sampling statistics. This resulted in the over-claiming of Medicaid by $36,234 over a 23-month period and TANF by $1,824,260 over a 15-month period. SNAP and other federal and state programs were under-claimed by $1,425,334 over a 15-month period.
- Formulas for ten activity codes used in the calculation of the random moment sampling statistics did not agree to the approved plan. However, no impact to federal funds is noted as the formulas used in the cost allocation process appeared appropriate.

We recommend department and authority management ensure the cost allocations are processed according to the federally approved cost allocation plans.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action Plan: The Medicaid impact of $36,234 was corrected with document numbers BTCC2130 through BTCC2136 with an effective date of July 14, 2019. The refund was reported to CMS on the CMS-64 FFY19 Q4. The TANF impact of $1,824,260 was corrected with document numbers BTCC3054 through BTCC3137 with an effective date of September 8, 2019. The refund was reported to ACF on the ACF-196R Part 1 report, line 22B FFY19 Q4.

Internal controls have been strengthened and the Public Assistance Cost Allocation Plan Change Log for both DHS and OHA are reviewed on a monthly basis notating any change, the reason for the change, and the plan part and section reference. The changes accumulated over the year are reviewed prior to the annual state fiscal year submission to the Federal Department of Health and Human Services Cost Allocation Services unit to ensure alignment between the Cost Allocation System and the federally approved plans.

Anticipated Completion Date: September 8, 2019

2019-013 Oregon Health Authority
Improve Controls for Monitoring MMIS Claims Edits and Audits

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Medicaid Cluster (93.777, 93.778)
Federal Award Numbers and Years:	1805OR5MAP and 1805OR5ADM; 2018, 1905OR5MAP and 1905OR5ADM; 2019
Compliance Requirement:	Activities Allowed or Unallowed; Special Tests and Provisions
Type of Finding:	Material Weakness
Prior Year Finding:	2018-013
Questioned Costs:	N/A

Criteria: 42 CFR 447.45

In the prior year, we reported that the Oregon Health Authority (authority) did not adequately monitor aspects of the Medicaid Management Information System (MMIS) claims edits and audits; see Audit Report 2019-14, finding 2018-013. The authority used MMIS to process almost $7.9 billion in paid claims during fiscal year 2019, and relies on the system's numerous claims edits and audits function to provide assurance that payments are appropriate and to prevent and detect potential inappropriate payments.

For fiscal year 2019, we determined the authority had taken some corrective action such as compiling a comprehensive inventory of MMIS claims edits and establishing agreement with the system contractor to begin testing the top 20 percent of the edits to verify they are active and functioning correctly. However, as of June 30, 2019, we noted the following:

- Management had not appropriately limited the number of employees that had the ability to modify the claims edits and audits and did not have a process to monitor for unauthorized changes;
- The contractor had tested only 11 of the 116 edits identified for testing; and
- Management had not completed a testing plan or actual testing of the remaining 80 percent of the claims edits and audits.

Having a strategic framework and thorough understanding of these controls, including what they do and when they trigger, is critical for ensuring accurate and properly recorded payments. If the claims edits and audits are not configured and functioning correctly, there is the potential for millions of dollars of inappropriate payments.

We recommend authority management implement procedures to monitor user access and potential unauthorized changes to the application, as well as continue to implement processes to verify the effectiveness and completeness of the claims edits and audits function.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action: At the initial review of which employees had the ability to modify claims edits and audits, it was difficult to determine how many and who exactly had the access to do such work. We were looking at the incorrect role and it appeared that more employees had that access than it was originally thought to be the case.

Additionally, a process was not in place to capture upstream whether unauthorized changes are being made in the adding of edits and audits into MMIS. There is a healthy downstream process through testing and validation that captures any anomaly with regard to edits and audits after they are entered into MMIS. The addition of new claims edits and audits goes through a robust process for testing and validation, but that process does not mitigate against someone, either intentionally or accidentally making a change in MMIS outside of that robust testing process.

It is true that the contractor had only tested 11 of the 116 edits and audits in MMIS as of June 30, 2019. The approved testing plan and contract did not go into effect until April 1, 2019, so it is not surprising that only 11 edits and audits had been tested. Deliverables received since then will show a greater number have been tested, but it is true that only 11 had been tested as of June 30, 2019.

It is also true that an HSD monitoring of the remaining 80% of the edits and audits plan had not been delivered as of June 30, 2019. The HSD plan was implemented on October 1, 2019.

A further review of the roles was conducted following the audit visit and it was determined that we were looking at an incorrect role. The role unique to that type of work in MMIS is, in fact, in place with only four employees able to modify claims edits and audits in MMIS. That has since been verified and confirmed that only four OHA employees can indeed modify claims edits and audits.

The testing of claims edits and audits continues both with the MMIS contractor and with the MMIS Business Support Unit and a quarterly deliverable is produced and sent to the Secretary of State Auditors office, along with a copy provided to HSD leadership for addition to the Team Central site.

We are exploring a way to have a "checks and balances" approach to the claims edits and audits modification process that would require any proposed new edit or audit be monitored by allowing only one person to set up the edit or audit and the another person be able to activate the edit and audit. We are working on a way to have a process that would capture upstream impact. No plan has yet been created, but we have worked on some scenarios to put a plan into place.

The claims edits and audits testing plans have been implemented as of April 1, 2019 and October 1, 2019 and are currently active with quarterly deliverables required both for the MMIS contractor and the MMIS Business Support Unit.

Role review is underway for the modification rights and it is believed that a new role can be tested by April 30, 2020.

Anticipated Completion Date: April 30, 2020

2019-014 Oregon Health Authority
Ensure MMIS Data Tables are Accurate and Updated Timely

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Medicaid Cluster (93.777, 93.778)
Federal Award Numbers and Year:	1805OR5MAP and 1805OR5ADM; 2018, 1905OR5MAP and 1905OR5ADM; 2019
Compliance Requirement:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles
Type of Finding:	Material Weakness
Prior Year Finding:	N/A
Questioned Costs:	Unknown

Criteria: 42 CFR 433.32; 42 CFR 447.45(f)(1)(iv)

The Oregon Health Authority (authority) administers client based payments for the Medicaid program. For some clients, Medicaid allows the authority to make payments to providers for a specific fee-for-service (FFS). During fiscal year 2019, FFS payments totaled approximately $1.67 billion.

The FFS payments are calculated based upon factors such as the type of procedure, location of the facility, and other factors determined by the federal Centers for Medicaid Services (CMS). The authority uses the Medicaid Management Information System (MMIS) to make the calculation and process the payments. CMS generally updates their factors each year, and the authority similarly updates the tables in MMIS used to make the calculations.

During our testing, we identified that data in one of the tables did not agree to the rates established by CMS. As a result, the authority paid incorrect amounts to providers for three sample items that were FFS transactions.

In addition, staff informed us of other data elements in MMIS related to FFS that were incorrect. According to management, CMS provided updated data elements on November 21, 2018, that were uploaded into MMIS. CMS subsequently issued corrected and updated tables on December 28, 2018, that were not identified by authority staff or uploaded into MMIS.

As of March 2, 2020, management is not able to provide an estimate of the magnitude of the issue. Due to the systemic nature of the issue, we are unable to reasonably estimate or quantify potential questioned costs. According to management, they are in the process of performing procedures to identify the total effect and implementing a batch-entry solution to correct the data in MMIS.

We recommend authority management continue their analysis and correct all incorrect provider payments. We also recommend authority management ensure tables are updated timely and accurately when CMS provides updates.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action: It was discovered that an incorrect table put into MMIS that adjudicates claims and that table contained rates that did not agree with those established by CMS. This oversight, it was discovered, was due to HSD not being aware of a new table and rates that had been sent in one of CMS' *regularly sent transmittals. This led to the incorrect table being in MMIS through 2019 and not allowing for the processing of certain claims containing a specific code at the appropriate rate.*

Once the error was discovered by an analyst in the Medicaid Policy Unit, immediate action was taken to calculate the extent of the incorrect payment on those claims. The claims data was gathered and an assessment of the total amount of the inaccurate amounts is being calculated. Furthermore, the correct table was put into MMIS so that as of today, those claims are paying appropriately and at the correct rate. Furthermore, an effort is underway to reprocess the claims from 2019 to determine the amount of underpayment.

Additionally, we are determining the course of action that should happen to see what can be done in the future to mitigate against the incorrect rates being loaded into MMIS tables for claims processing. While a final plan awaits development and HSD leadership approval, one possibility is to be sure more individuals are receiving CMS transmittals where guidance is given, including changes to rates for certain claims coding.

A conversation was held with the Medicaid Policy Unit and it was agreed that it would be beneficial for the MMIS Business Support Unit to have someone who can receive the CMS Transmittals so that others can see when a change in guidance has occurred. There will be two analysts in the MMIS BSU who will be added to the transmittal email list.

The claims data is first being run through the MMIS User Acceptance Testing site to reprocess the claims to determine the amount still owed these providers. An analyst from the Medicaid Policy Unit and two analysts from the MMIS Business Support Unit have set up 6 System Mass Adjusted Process (SMAP's) segments and three of have been completed so far. Once the six SMAP's are completed the accurate amounts will be known and a determination made to reprocess those claims to make the provider whole.

Anticipated Completion Date: May 29, 2020

2019-015 Oregon Health Authority
Improve Documentation for Provider Eligibility

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Medicaid Cluster (93.777, 93.778)
Federal Award Numbers and Year:	1805OR5MAP and 1805OR5ADM; 2018 1905OR5MAP and 1905OR5ADM; 2019
Compliance Requirement:	Special Tests and Provisions
Type of Finding:	Significant Deficiency
Prior Year Finding:	2018-016; 2017-015; 2016-025, 2015-020, 2014-023, 2014-019, 2013-041, 2012-030
Questioned Costs:	N/A

Criteria: 42 CFR 455.436; Oregon Administrative Rules (OAR 411-031-0040)

Provider eligibility requirements for the Medicaid program differ depending upon the type of services provided; however, all providers are subject to specified database checks and are required to sign an adherence to federal regulations agreement (agreement). Additionally federal regulations require that the Oregon Health Authority (authority) determine eligibility for Medicaid providers and periodically revalidate providers by performing database checks to ensure providers are still eligible to participate in the Medicaid program.

We tested 30 authority providers receiving Medicaid funds during fiscal year 2019 and found the authority could improve the documentation supporting provider eligibility. Specifically, we found:

- For one provider, the authority was unable to locate the Provider Enrollment Agreement (PEA). We notified the authority of this issue and the authority was able to obtain a new completed PEA.
- For a different provider, the authority did not complete the required revalidation database checks within the required timeframe. After we identified the specific item, the authority completed the necessary database checks.

The above issues occurred due to incomplete record maintenance and staff error. Failure to perform the necessary background checks and retain provider enrollment agreements increases the risk of payments to inappropriate vendors.

We recommend authority management strengthen controls to ensure documentation supporting a provider's eligibility determination is retained.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action Plan: During the 2019 Revalidation cycle the state began requiring updated Provider Enrollment Agreements (PEAs) for all revalidating organizations. Revalidation is required every 5 years for Medicaid providers. By the end of 2020, the state will require PEAs from all newly enrolling and revalidating organization and individual providers. By the end of 2020, full implementation, enrollment applications and revalidations without attached PEA's will no longer be accepted. These requirements will ensure all providers have a current PEA.

Provider validations may be missed due to manual processes. In 2019, the state began pulling missed validation reports on a quarterly basis and completing a new set of validations for providers missing any validations. Beginning in February 2020, the state implemented to process to pull the missed validation reports no less frequently than monthly to ensure missed validations are corrected at the earliest opportunity. The state is currently exploring automated processes to ensure provider validations are completed at the time of enrollment, revalidation and reactivation. The state continues to check all providers against OIG, SAM and Death Master databases monthly as required.

Anticipated Completion Date: December 31, 2020

2019-016 Department of Human Services/Oregon Health Authority
<u>Improve Documentation and Controls for Client Eligibility Determinations</u>

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Medicaid Cluster (93.777, 93.778)
Federal Award Numbers and Year:	1805OR5MAP and 1805OR5ADM; 2018, 1905OR5MAP and 1905OR5ADM; 2019
Compliance Requirement:	Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	2018-015, 2018-014, 2017-014, 2016-024, 2015-016, 2014-018, 2013-038, 2012-033, 2011-015, 2010-012
Questioned Costs:	$48,472 (known)

Criteria: 42 CFR 435.916(a); 42 CFR 435.916(b); 42 CFR 435.916(d); 42 CFR 447.56(e)(1); 42 CFR 433.138; 42 CFR 433.32

Federal regulations require certain conditions be met for the Department of Human Services (department) and Oregon Health Authority (authority) to receive Medicaid funding for medical claims. The requirements include obtaining signed applications, redetermining client eligibility for the program every 12 months or when the agency receives information regarding a change in the client's circumstances that may affect their eligibility, properly enrolling eligible clients in the Medicare program, and providing assurance that payments are calculated correctly. In addition, the department and the authority are required to maintain sufficient documentation supporting the client's eligibility and individual claims.

We randomly selected 100 clients and one Medicaid service payment associated with each client. We reviewed agency documentation to verify matching, eligibility, and allowability of Medicaid service. For 12 clients, we found the issues described below.

- Three clients where income was not appropriately verified against the Federal hub. The errors related to a prior year finding and occurred prior to the authority taking corrective action.
- Five clients did not have their eligibility verified within 12 months in accordance with federal requirements.
- Two clients were not appropriately enrolled in the Medicare program, resulting in questioned costs of $47,503.
- One client did not have a signed application on file.
- For one client, the required client co-payment was not applied prior to making payment to a nursing facility for one month, resulting in questioned costs of $627.
- One client received homecare services from December 2018 to July 2019. In July 2019, a Final Order, a legal ruling, was issued to retroactively disallow a portion of the hours paid during that time totaling $342. The department has yet to recover the funds from the provider.

The above issues occurred due to input errors, oversight errors, and other administrative errors by various caseworkers.

We recommend department and authority management strengthen controls to perform timely eligibility redeterminations and verification of client income and ensure eligible clients are appropriately enrolled in both Medicare and Medicaid. Additionally, we recommend management provide periodic training to caseworkers to reduce the risk of administrative errors. We also recommend management correct all identified issues and reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:
We agree with this recommendation.

Corrective Action Plan: The department is committed to providing timely benefits to only those individuals who are appropriately determined eligible.

One of the five individuals identified who did not have their eligibility verified within 12 months was receiving MAGI Medicaid benefits. The MAGI redetermination was initiated timely, but the information returned to the agency, by the individual, was not processed timely. Since the time of this individual's redetermination, the department has taken the following steps:

- *Implemented a more thorough process for workload management with increased reporting and data analysis to better resource ongoing work*
- *Hired staff to monitor workload*
- *Expanded capacity and locations of the SSP/OHP Processing Center, hiring additional eligibility staff in the process*
- *Continuously analyzing resource allocation, making adjustments when needed.*

For the remaining findings, the department expects that with the implementation of the new Integrated Eligibility (IE) System statewide during 2020, there will be greater operational opportunities to strengthen our client eligibility controls, specifically related to the timeliness and accuracy of eligibility initial determinations and redeterminations along with improved electronic retention of required data elements such as signed applications. Additionally, the IE system implementation includes cross policy, system and advanced policy training to support staff, eligibility workers and case managers statewide. We believe this training will also assist in ensuring we are building and developing an informed workforce with consistent knowledge of federal and state eligibility policies.

The department will correct all identified issues and recoup the funds by February 2021, from the provider who was overpaid and will reimburse the federal agency for unallowable costs.

Anticipated Completion Date: February 28, 2021

2019-017 Department of Human Services
Complete System Modifications to Ensure Proper Reporting of Program Expenditures

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Foster Care – Title IV-E (93.658), Non-Major Program Medicaid Cluster (93.777, 93.778)
Federal Award Numbers and Year:	1801ORFOST, 2018; 1901ORFOST, 2019; 1805OR5MAP, 2018; 1805OR5ADM, 2018; 1905OR5MAP, 2019; 1905OR5ADM, 2019
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Noncompliance
Prior Year Finding:	2018-018, 2017-013, 2016-018, 2015-007, 2013-023, 2012-024
Questioned Costs:	Foster Care $50,811 (known), Medicaid $10,577 (known)

Criteria: 45 CFR 1356.21

The department uses its child welfare information system, OR-Kids, to manage placements, eligibility, payments, and other case information. Information systems should be designed to ensure information processed by the system is complete, accurate, and valid. As with any significant program or system, management should have an adequate understanding of the processes and controls it is relying on, and should obtain assurance those processes and controls are functioning as intended.

While performing current year follow-up procedures related to prior year findings that identified processing issues within OR-Kids, we found errors continue to occur when various types of corrections are made to placement information in the system. When placement corrections are initiated, OR-Kids issues a "new" payment, and simultaneously recovers the funds from the payment issued at the time of original services, which generally results in no payment to the provider. However, this process does not always occur as it should, and results in the department incorrectly reporting and drawing federal funds. For some placement corrections, OR-Kids processed the recovery of the funds in a state grant instead of the federal program, resulting in estimated inappropriate federal expenditures in fiscal year 2019 of $50,811 for Title IV-E Foster Care, and $10,577 for Medicaid.

This issue was originally identified in fiscal year 2015. During fiscal year 2019 the department developed a partial fix to the OR-Kids system to prevent these processing errors from occurring. The agency has also repaid estimated questioned costs identified in the prior year audits; however, the actual questioned costs to be repaid have not been identified. Reports that can be used to identify actual amounts to be repaid are in development.

We recommend department management review OR-Kids transaction processing and complete system modifications as appropriate to ensure proper financial reporting of program expenditures. We also recommend department management review prior year and current year transactions and reimburse the federal agency for grant expenditures claimed inappropriately.

MANAGEMENT RESPONSE:
We agree with the recommendation.

A report has been developed to identify adjustments that impacted a state grant rather than the federal grant and remains in the validation stage. Once the report is completed and accurate, the agency will use it to report accurately and will begin to make appropriate adjustments to all incorrect claims. Known costs in this finding will be reimbursed on the 6/30/2020 CB-496.

Anticipated Completion Date: June 30, 2020

2019-018 Department of Human Services
<u>Strengthen Controls to Ensure the Accuracy and Completeness of "Applicable Child" Data</u>

Federal Awarding Agency:	U.S. Department of Health and Human Services
Program Title and CFDA Number:	Adoption Assistance – Title IV-E (93.659)
Federal Award Numbers and Years:	1901ORADPT, 2019; 1801ORADPT, 2018
Compliance Requirement:	Level of Effort
Type of Finding:	Significant Deficiency
Prior Year Finding:	2016-030, 2015-014, 2014-017
Questioned Costs:	N/A

Criteria: 42 USC 673(a)(8)(A)

Since fiscal year 2010, states are required to have two sets of program eligibility criteria for Title IV-E Adoption Assistance. One set of criteria applies to a child who is considered an "applicable child" due to the child's age, length of time in care, or because they are a sibling of an applicable child. The second set of criteria is for a child who is considered "not an applicable child" and must meet the eligibility requirements in place before 2010. In addition, states are required to estimate any savings in state expenditures as a result of applying the additional applicable child eligibility rules and spend an amount equal to the savings to provide other program related services.

The Department of Human Services (department) relies on reports from the child welfare system, OR-Kids, to calculate cost savings related to children determined eligible under the applicable child criteria. During fiscal year 2019 we noted the following issues related to the department's identification and tracking of applicable children:

- In response to a prior year audit finding, in February 2019 the department updated the OR-Kids eligibility screen to provide additional detail for each child's eligibility determination. However, the department identified in February 2020 this update caused eligibility determinations to change to pending status when children were moved from the pre-adoptive to adoptive case file, and resulted in any new applicable children not being counted on the report used to calculate cost savings. The update also resulted in all Adoption Assistance subsidy payments related to eligibility determinations made after the update to be paid from state funds rather than split between federal and state.
- Our testing of 60 samples for eligibility identified three instances where a caseworker determined the child met the "not an applicable child" eligibility criteria; however, eligibility in OR-Kids was manually entered incorrectly as "applicable child." Payments related to these cases were then included in the savings calculation.

The OR-Kids system and manual errors resulted in the inaccurate identification of applicable child case data. Without complete and accurate data, the department is not able to correctly calculate the related savings of state expenditures.

We recommend department management continue to correct known applicable child eligibility data issues in OR-Kids to ensure data used to estimate the savings in state expenditures is complete and accurate.

MANAGEMENT RESPONSE:
We agree with the recommendation.

Federal Policy and Resources identified the issues related to the first finding due to a question from OFS. The Department has already updated procedure/process to ensure testing and monitoring occurs when changes to OR-Kids are implemented into production until assured the system and reports are working appropriately. OR-Kids Business analysts and Office of Information Services will analyze and fix the bugs identified from the implementation of this change. Once all fixes are completed Federal Policy and Resources will work with Office of Financial Services to ensure all adoptions assistance title IV-E eligibility is being reported accurately.

The second finding where the three cases were incorrect, will be corrected and removed from the applicable child savings calculation. Federal Policy and Resource will submit a change request to require OR-Kids to improve the batch process for the final adoption assistance case. In the interim the Department will create an exception.

Anticipated Completion Date: September 30, 2020 for all actions

2019-019 Oregon Health Authority
<u>Comply with Subrecipient Monitoring Requirements</u>

Federal Awarding Agency:	U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration
Program Title and CFDA Number:	Opioid STR (CFDA 93.788)
Federal Award Numbers and Years:	TI080258; 2018 & 2019, H79TI080258; 2019, H79TI081716; 2019
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 45 CFR 75.352(b); 45 CFR 75.352(d)

Federal regulations require that pass-through entities evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the subaward for the purpose of determining appropriate subrecipient monitoring activities. Monitoring activities should be completed based on the results of the subrecipient's determined risk.

The authority does not have a formal process for performing risk assessments to determine appropriate monitoring activities. Moreover, the authority has not developed a formal process to ensure subrecipients comply with federal regulations, terms and conditions of the subaward, and that subaward performance goals are achieved. Although program staff maintain a close working relationship with subrecipients, these interactions are not formalized and documented for the purpose of subrecipient monitoring. Authority management stated they were unaware of the federal requirement to have formal standardized documentation of subrecipient monitoring.

If subrecipient monitoring is not performed and documented, subawards could be used for unauthorized purposes and performance goals not met.

We recommend authority management comply with subrecipient monitoring requirements, develop and implement internal controls to ensure risk assessments are performed and documented for each subrecipient, and monitoring activities are completed and documented in conformance with risk assessment results.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The Health Systems Division will implement the use of a risk assessment tool for each subrecipient of federal grant funds for all future SAMHSA grants administered by HSD. HSD will also develop a tool to document post award monitoring for subrecipients based on their respective risk assessments.

Anticipated Completion Date:

Develop risk assessment tool	*June 30, 2020*
Develop subrecipient monitoring tool	*June 30, 2020*
Implementation of tools	*September 30, 2020*

2019-020 Oregon Health Authority
Improve Controls over Federal Performance Reporting

Federal Awarding Agency:	U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration
Program Title and CFDA Number:	Opioid STR (CFDA 93.788)
Federal Award Numbers and Years:	TI080258; 2018 & 2019, H79TI080258; 2019, H79TI081716; 2019
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 45 CFR 75.342(b); Opioid STR Notice of Awards

The Opioid STR grant requires performance progress reports to be submitted semi-annually and include an overview of the goals and objectives accomplished during the funding period as stated in the authority's original grant application. In addition, federal regulations require award grantees to establish and maintain effective internal control that provides reasonable assurance the award is managed in compliance with regulations and terms and conditions of the award. Effective controls may include review and approval of reports for completeness and accuracy.

The authority has consistently submitted performance progress reports; however, it has not implemented internal controls to ensure that performance reports are complete and accurate prior to submission to the federal awarding agency. Authority management stated they were unaware of this federal requirement. This absence of controls could result in a misrepresentation of the grant's performance.

We recommend authority management develop and implement controls to ensure performance progress reports are complete and accurate prior to report submission.

MANAGEMENT RESPONSE:
We agree with this recommendation.

The Health Systems Division (HSD) will develop a tool to track internal control processes to ensure progress reports are complete and accurate prior to submission for future SAMHSA grants. This tool will include each step for the internal control and will identify the responsible entity.

Anticipated Completion Date:

Develop control process tool	*June 30, 2020*
Implementation of process tool	*September 30, 2020*

2019-021 Oregon Military Department
Strengthen Controls to Ensure Financial Reports are Accurate and Adequately Supported by Accounting Records

Federal Awarding Agency:	U.S. Department of Defense
Program Title and CFDA Number:	National Guard Military Operations and Maintenance Projects (12.401)
Federal Award Numbers and Years:	W912JV-15-2-1001; 2015, W912JV-17-2-1001; 2017, W912JV-18-2-1001; 2018, W912JV-18-2-1002; 2018, W912JV-18-2-1021; 2018, W912JV-19-2-1001; 2019, W912JV-19-2-1002; 2019, W912JV-19-2-1021; 2019
Compliance Requirement:	Reporting
Type of Finding:	Material Weakness, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.303(a); 2 CFR 200.302(b)

The Oregon Military Department (department) is responsible for establishing controls to ensure federal financial reports include all activity of the reporting period, are supported by applicable accounting records, and are fairly presented in accordance with governing requirements. The department has not implemented sufficient controls to ensure amounts reported are supported by accounting records.

The Master Cooperative Agreement (MCA) is separated into appendices that support various program objectives. For example, there are separate appendices for operations and maintenance, environmental, and security objectives. The department completes the Request for Advance or Reimbursement (SF-270) reports by appendix to obtain reimbursement for federal expenditures.

We reviewed 65 SF-270 reports for fiscal year 2019 and found the following:

- For two reports, the amount reported for cumulative federal expenditures and cumulative non-federal expenditures did not agree to the accounting records. The department had not made corrections for known errors related to payroll allocations, which resulted in overstating federal expenditures in the accounting records. If the errors are not corrected, the department may inappropriately seek federal reimbursement for unallowable expenditures.
- For 15 reports, the amount reported for cumulative federal expenditures did not agree to the accounting records because the department uses a combination of the accounting records and a subsidiary system as the basis for requesting reimbursement. The subsidiary system did not include all transactions related to the federal award, and is not reconciled to the accounting records until appendix close-out. In addition, some expenditures are driven by construction contracts that span several years, resulting in the reconciliation process occurring several years after the grant award begins. For example, the department finalized the operations and maintenance appendix reconciliation for federal fiscal year 2014 during the 2019 audit period.

  The process results in cumulative federal expenditures being understated on the federal reports and contributes to the department's cash flow challenges. For example, as of May 2019, for one open appendix the department had approximately $1.7 million of expenditures recorded in the accounting records for which the department had not sought reimbursement.
- For 10 reports, we were unable to determine whether the amount reported for cumulative non-federal expenditures agreed to the accounting records because the department does not separately account for non-federal expenditures by federal award.

We recommend department management ensure corrections are made in the accounting records as errors are identified. Additionally, we recommend department management ensure monthly reconciliations occur between its subsidiary system and accounting records and consider implementing the use of additional data fields within the accounting system to promote accurate federal reporting. Finally, we recommend the department separately account for non-federal expenditures by federal award.

MANAGEMENT RESPONSE:
The Oregon Military Department concurs with the finding and recommendations as outlined in the letter and above.

The Oregon Military Department (OMD) will undertake the following corrective actions to address the recommendations made by the Secretary of State's Audits Division and ensure that corrections are made in the accounting records as errors are identified.

a. *Assess the Department's current use of the Statewide Financial Management Application (SFMA), contact partner state agencies to ascertain if there are improvements/modifications to how the Department uses SFMA that can be implemented by OMD.*

b. *Assess the viability and appropriateness of using iEMS (OMD subsidiary system) as primary supporting documentation associated with SF-270's.*

c. *Ensure that Datamart queries are included as the PRIMARY supporting documentation validating both Federal and Non-Federal share of requested reimbursements.*

d. *Create a new monthly reconciliation process between the Financial Administration Division (AGC) Senior Master Cooperative Agreement (MCA) Accountant and the Installation Division (AGI) Budget Analyst.*

   i. *This process will focus on ensuring the SFMA and the iEMS system are reconciled to each other each month. Should there be reconciling items found the requirement will be that those items be addressed/corrected before the completion of the following month's reconciliation.*

   ii. *A copy of the completed reconciliation document will be signed by both the AGC Senior MCA Accountant and the AGI Budget Analyst and stored electronically in the appropriate files.*

   iii. *A calendar will be developed identifying dates for reconciliations to occur.*

e. *A Grant #/Phase will be applied to all non-federal funds PCA's which will match the Grant #/Phase associated with corresponding federal funds PCA's.*

Anticipated Completion Date:

Items a & b listed above will be complete no later than 31 May 2020.

   i. *With regards to item a, the Military Department is scheduled to meet with the Department of Human Service Grants Management Team on 12 March 2020 to discuss SFMA functionality.*

   ii. *With regards to item b, a joint opinion will be rendered by the Chief Financial Officer and the Director of Installations regarding the future use of iEMS as it relates its role in SF-270 reimbursements. A copy of this opinion will be shared with the Secretary of State's Audits Division.*

Item c listed above will be complete no later than 30 April 2020.

Item d listed above will be completed no later than 31 May 2020, but the actual reconciliations will not occur until the hire of a new Budget Analyst within the Installations Division is complete. All months that transpire between the creation of the reconciliation process and the hire date will be retroactively completed.

Item e listed above will be completed no later than 30 June 2020 to ensure State Fiscal Year 2021 and Federal Fiscal Year 2021 are coded correctly. It will be our goal to retroactively correct both federal and non-federal PCA's for State Fiscal Year 2020 and Federal Fiscal Year 2020.

2019-022 Oregon Military Department
<u>Strengthen Controls to Ensure Expenditures Do Not Exceed Obligated Amounts</u>

Federal Awarding Agency:	U.S. Department of Defense
Program Title and CFDA Number:	National Guard Military Operations and Maintenance Projects (12.401)
Federal Award Numbers and Years:	W912JV-13-2-1001; 2013
Compliance Requirement:	Period of Performance
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	$230,656 (known)

Criteria: National Guard Regulations 5-1, Chapter 11

Federal regulations require a written request to keep an appendix open when unliquidated obligations will remain 90 days or more after the close of the federal fiscal year. The request should include a consolidated, detailed listing of all unliquidated obligations and a projected timetable for their disbursement. Subsequent requests are to be submitted by the department every 90 days or so thereafter as long as there are unliquidated claims. Federal regulations also state that costs incurred in a fiscal year that are not disclosed by the department shall not be eligible for reimbursement.

The Master Cooperative Agreement (MCA) is separated into appendices that support various program objectives. For example, there are separate appendices for operations and maintenance, environmental, and security objectives. The department separates the unliquidated obligations listings by federal fiscal year and appendix.

For construction contracts that exceed one federal fiscal year and or include multiple federal fiscal years of funding, the department maintains spreadsheets that track budgeted and actual amounts by federal fiscal year. We judgmentally reviewed eight construction contracts with payments during the fiscal year and found one contract where expenditures exceeded budgeted amounts by $230,656 and actual payments per the department's tracking spreadsheet by $789,577.

The department was unable to determine why the accounting records showed contract payments exceeding budgeted amounts, but thought it was possible that payments were incorrectly recorded to federal fiscal years.

We recommend department management ensure construction tracking sheets are appropriately reconciled to the accounting records to ensure payments do not exceed budgeted amounts.

MANAGEMENT RESPONSE:
The Oregon Military Department concurs with the finding and recommendation outlined in the letter and above.

The Oregon Military Department will undertake the following corrective actions to address the recommendations made by the Secretary of State's Audits Division:

a. *Create a monthly reconciliation meeting between Construction Project Managers, Installations Division Budget Analyst, the Senior Master Cooperative Agreement Accountant, and the Senior Debt Accountant.*

i. *This process will focus on ensuring SFMA, the iEMS system, and Construction Project Management Spreadsheets are reconciled to each other each month. Should there be reconciling items found the requirement will be that those items be addressed/corrected before the completion of the following month's reconciliation.*

ii. *A copy of the completed reconciliation document will be signed by Construction Project Managers, the Senior MCA Accountant and the Budget Officer and stored electronically in the appropriate files.*

iii. *A calendar will be developed identifying dates for reconciliations to occur.*

Anticipated Completion Date: The item listed above will be completed no later than 31 May 2020, but the actual reconciliations will not occur until the hire of a new Budget Analyst within the Installations Division is complete. All months that transpire between the creation of the reconciliation process and the hire date will be retroactively completed.

2019-023 Department of Human Services
Improve Documentation of Monitoring of Administrative Costs

Federal Awarding Agency:	U.S. Department of Agriculture – Food and Nutrition Services
Program Title and CFDA Number:	Food Distribution Cluster (10.565, 10.568)
Federal Award Numbers and Year:	197OROR2Y8005; 2019, 197OROR2Y8105; 2019
Compliance Requirement:	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Finding:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.403; 7 CFR 247.25; 7 CFR 251.10

Federal regulations state that costs under federal awards be necessary to ensure the efficient and effective administration of the program. Additionally, they state that eligible recipient agencies maintain adequate records for allowable administrative costs and that the state agency monitor the operation of the program to ensure it is administered in accordance with federal and state requirements.

For fiscal year 2019, the department passed through all administrative funding to the recipient agency, totaling $1.3 million or 7.36% of total expenditures. Throughout the year the department received invoices from the recipient listing administrative charges by category such as staffing, supplies, and rent. No detail or additional support was provided by the recipient to support the charges.

According to the department, they approve invoices for payment if funding is available and costs appear allowable. In addition, their on-site monitoring process includes a review of recipient invoices submitted for reimbursement, but there was no evidence invoices were reviewed.

Without detail to support the charges and no documented on-site review of recipient invoices, there is a risk that the department is reimbursing the recipient for administrative costs that are not supported or allowable.

We recommend department management review adequate support for administrative charges and revise the monitoring checklist to demonstrate that on-site monitoring of invoices is done.

MANAGEMENT RESPONSE:
We agree with the finding.

TEFAP – The Department is currently working with Food and Nutrition Services (FNS) partners to update three required monitoring tools for TEFAP and CSFP. Per federal requirements the monitoring schedule for TEFAP is one annual storage facility review and one quadrennial comprehensive review of the sub-recipient agency, OFB. The Department will make corrections and updates to the current annual storage facility review tool per FNS and SOS guidance to meet the recommendation for documenting specific records reviewed during on site monitoring. The department will create and implement a quadrennial comprehensive review tool with FNS guidance and partnership. The Department will receive FNS approval on the finalized monitoring tools.

CSFP – Per federal requirements the monitoring schedule for CSFP is to complete a biennial inventory and compliance review of the sub-recipient agency, OFB. The department will continue to work with FNS to update and correct the biennial monitoring tool to reflect FNS and SOS guidance to meet the recommendation for documenting specific records reviewed during on site monitoring. The Department will receive FNS approval on the finalized monitoring tools.

Anticipated Completion Date:

TEFAP – The Department plans to have these monitoring tools completed by April 2020 for implementation this FFY2020. The Department plans to conduct its on-site annual storage facility review by the end of June 2020.

CSFP – The Department plans to have these monitoring tools completed by April 2020 for implementation this FFY20.

2019-024 Oregon State Police

Strengthen Controls for Verifying Suspension and Debarment

Federal Awarding Agency: U.S. Department of Homeland Security
Program Title and CFDA Number: Fire Management Assistance Grant (97.046)
Federal Award Numbers and Years: FEMA 5255FM-OR; 2018, FEMA 5256FM-OR; 2018, FEMA 5265FM-OR; 2018, FEMA 5274FM-OR; 2018, FEMA 5275FM-OR; 2018
Compliance Requirement: Suspension and Debarment
Type of Finding: Significant Deficiency
Prior Year Finding: N/A
Questioned Costs: N/A

Criteria: 2 CFR 180.220; 2 CFR 180.300

Federal regulations prohibit recipients of federal awards from using federal funds to pay for goods and services if the vendor is suspended or debarred. This requirement includes procurement contracts and non-procurement transactions that are expected to exceed $25,000. These regulations require the state to verify that the vendor is not suspended, debarred, or otherwise excluded from participating before submitting the cost for federal reimbursement.

The majority of the department's Fire Management Assistance Grant program expenditures were non-procurement agreements. These agreements do not go through the department's formal procurement process.

Of the 21 vendors selected for testing, 13 had total expenditures in fiscal year 2019 that met the threshold of $25,000, and required the department to verify suspension and debarment. We found the department did not verify or document verification of suspension and debarment for any of the 13 vendors. In the vendor population as a whole, 79 of the 201 vendors met the threshold for suspension and debarment verification. As part of our planned test procedures, we searched the federal System for Award Management for each selected vendor. We found no vendors in our sample that were suspended or debarred.

Management stated that it had performed the verification for one of the vendors, but the verification was not documented. Additionally, the department's procedures for non-procurement agreements do not require a vendor's status to be verified.

Making payments to a vendor shown on the federal suspended or debarred vendor list could lead the department to contract with a vendor that is prohibited from participating in federal programs. The state could also be required to repay any federal monies it used to cover the costs associated with suspended or debarred vendors.

We recommend department management strengthen existing controls to include verification of suspension and debarment for vendors with non-procurement agreements that equal or exceed $25,000. We further recommend the department maintain evidence demonstrating the verification was performed.

MANAGEMENT RESPONSE:
Oregon State Police agrees with the findings and recommendation.

Effective February 27, 2020, OSP has developed an internal procedure to address the deficiency. Attached to this response is a procedure that strengthens the department's internal controls for verification of Suspension and Debarment.

Anticipated Completion Date: February 27, 2020

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
Department of Agriculture					
10.001	Agricultural Research Basic and Applied Research		$ -	$ 648	$ 648
10.025	Plant and Animal Disease, Pest Control, and Animal Care		*62,208*	*2,598,651*	
	Pass Through From: Oregon State University	4575900000000		*11,619*	
	Total 10.025				2,672,478
10.069	Conservation Reserve Program		62,665	-	62,665
10.093	Voluntary Public Access and Habitat Incentive Program		-	667,471	667,471
10.170	Specialty Crop Block Grant Program - Farm Bill		1,371,922	504,075	1,875,997
10.171	Organic Certification Cost Share Programs		-	276,395	276,395
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds		320,000	-	320,000
10.290	Agricultural Market and Economic Research		-	-	
	Pass Through From: USDA Forest Service	99999999999		*20,859*	
	Total 10.290				20,859
10.534	CACFP Meal Service Training Grants		-	47,027	47,027
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		16,227,511	45,657,593	61,885,104
10.558	Child and Adult Care Food Program		34,494,728	717,788	35,212,516
10.560	State Administrative Expenses for Child Nutrition		488,104	2,790,849	3,278,953
10.574	Team Nutrition Grants		-	29,165	29,165
10.575	Farm to School Grant Program		48,899	25,246	74,145
10.576	Senior Farmers Market Nutrition Program		-	774,380	774,380
10.578	WIC Grants to States (WGS)		-	1,599	1,599
10.579	Child Nutrition Discretionary Grants Limited Availability		173,367	3,663,451	3,836,818
10.582	Fresh Fruit and Vegetable Program		2,467,820	10,911	2,478,731
10.652	Forestry Research		-	74,376	74,376
10.664	Cooperative Forestry Assistance		193,170	5,467,996	5,661,166
10.674	Wood Utilization Assistance		-	122,302	122,302
10.676	Forest Legacy Program		-	51,157	51,157
10.678	Forest Stewardship Program		-	240,011	240,011
10.680	Forest Health Protection		-	1,091,076	1,091,076
10.691	Good Neighbor Authority		-	714,868	714,868
10.703	Cooperative Fire Protection Agreement		-	8,934	8,934

10.902	Soil and Water Conservation		-	*718,646*	
	Pass Through From: American Forest Foundation	15212351240		*38,032*	
	Total 10.902				756,678
10.912	Environmental Quality Incentives Program		5,473	132,366	137,839
10.U01	15PA11060400016		-	36,064	36,064
10.U02	17GN11060400022		-	5,412	5,412
10.U03	2014CS11061500006		-	83,544	83,544
10.U04	68 0436 1600 23		-	282,555	282,555
10.U05	SPA 17GN11061600024		-	5,511	5,511
10.U06	WRP66043617015		-	18,407	18,407
SNAP Cluster					
10.551	Supplemental Nutrition Assistance Program		$ -	$ 893,462,929	$ 893,462,929
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		466,691	108,198,962	108,665,653
Total SNAP Cluster			**$ 466,691**	**$ 1,001,661,891**	**$ 1,002,128,582**
Child Nutrition Cluster					
10.553	School Breakfast Program		$ 38,046,894	$ 333,323	$ 38,380,217
10.555	National School Lunch Program		126,623,224	680,694	127,303,918
10.556	Special Milk Program for Children		79,576	-	79,576
10.559	Summer Food Service Program for Children		5,338,890	189,610	5,528,500
Total Child Nutrition Cluster			**$ 170,088,584**	**$ 1,203,627**	**$ 171,292,211**
Food Distribution Cluster					
10.565	Commodity Supplemental Food Program		$ 634,385	$ -	$ 634,385
10.568	Emergency Food Assistance Program (Administrative Costs)		1,156,268	-	1,156,268
10.569	Emergency Food Assistance Program (Food Commodities)		15,564,317	-	15,564,317
Total Food Distribution Cluster			**$ 17,354,970**	**$ -**	**$ 17,354,970**
Total Department of Agriculture			**$ 243,826,112**	**$ 1,069,754,502**	**$ 1,313,580,614**
Department of Commerce					
11.012	Integrated Ocean Observing System (IOOS)		$ -	$ -	$
	Pass Through From: University of Washington	700000000		*23,485*	
	Pass Through From: University of Washington	1916001537		*55,891*	
	Total 11.012				79,376

The accompanying notes are an integral part of this schedule.

Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
11.407	Interjurisdictional Fisheries Act of 1986		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*185,944*	
	Total 11.407				185,944
11.419	Coastal Zone Management Administration Awards		*35,981*	*2,067,198*	
	Pass Through From: Regents of the University of Michigan	138600630		*88,756*	
	Total 11.419				2,191,935
11.420	Coastal Zone Management Estuarine Research Reserves		52,972	745,328	798,300
11.436	Columbia River Fisheries Development Program			5,770,026	5,770,026
11.437	Pacific Fisheries Data Program		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*1,255,518*	
	Total 11.437				1,255,518
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program		*7,866,903*	*8,459,854*	
	Pass Through From: Pacific Salmon Commission	9909840528		*12,937*	
	Total 11.438				16,339,694
11.439	Marine Mammal Data Program		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*160,119*	
	Total 11.438				160,119
11.441	Regional Fishery Management Councils		-	-	
	Pass Through From: North Pacific Fishery Mgmt Con	920060367		*72,921*	
	Pass Through From: Pacific Fishery Mgmt Council	910982918		*140,146*	
	Total 11.441				213,067
11.467	Meteorologic and Hydrologic Modernization Development		-	451,343	451,343
11.472	Unallied Science Program		-	141,770	141,770
11.473	Office for Coastal Management		31,925	202,606	234,531
11.478	Center for Sponsored Coastal Ocean Research Coastal Ocean Program		-	60,196	60,196
11.U01	1305M318PNFFS0231		-	8,706	8,706

11.U02	19 136G		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*5,658*	
	Total 11.U02				5,658
11.U03	1918G		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376	-	*57,976*	
	Total 11.U03				57,976
Economic Development Cluster					
11.307	Economic Adjustment Assistance		$ -	$ 8,596,724	$ 8,596,724
Total Economic Development Cluster			**$ -**	**$ 8,596,724**	**$ 8,596,724**
Total Department of Commerce			**$ 7,987,781**	**$ 28,563,102**	**$ 36,550,883**
Department of Defense					
12.106	Flood Control Projects		$ 25,103	$ 477,279	$ $502,382
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services		-	26,107	26,107
12.400	Military Construction, National Guard		-	5,169,537	5,169,537
12.401	National Guard Military Operations and Maintenance (O&M) Projects		-	51,010,843	51,010,843
12.404	National Guard ChalleNGe Program		-	5,748,336	5,748,336
12.U01	1987P		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*186,012*	
	Total 12.U01				186,012
12.U02	W911SR1320002		-	17,380	17,380
12.U03	W9127N 12 2 0005		-	4,078	4,078
12.U04	W9127N 122 0004 1013		-	4,591	4,591
12.U05	W9127N10200080032		-	(1,454)	(1,454)
12.U06	W9127N10200080033		-	293	293
12.U07	W9127N10200080035		-	(228)	(228)
12.U08	W9127N10200080036		-	2,422	2,422
12.U09	W9127N10200080037		-	75,830	75,830
12.U10	W9127N12200044001		-	(21,241)	(21,241)
12.U11	W9127N12200044003		-	30,002	30,002
12.U12	W9127N12200044004		-	21,242	21,242
12.U13	W9127N12200044018		-	19,706	19,706
12.U14	W9127N12200044020		-	6,413	6,413

The accompanying notes are an integral part of this schedule.

Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
12.U15	W9127N1320002		-	307	307
12.U16	W9127N14200090005		-	211,157	211,157
Total Department of Defense			**$ 25,103**	**$ 62,988,612**	**$ 63,013,715**
Department of Housing and Urban Development					
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		$ 13,581,681	$ 162,864	$ 13,744,545
14.231	Emergency Solutions Grant Program		1,761,933	65,253	1,827,186
14.239	Home Investment Partnerships Program		1,498,263	2,580,241	4,078,504
14.241	Housing Opportunities for Persons with AIDS		416,383	967,694	1,384,077
14.256	ARRA - Neighborhood Stabilization Program		-	16,000	16,000
14.267	Continuum of Care Program		-	93,386	93,386
14.275	Housing Trust Fund		2,250	228,848	231,098
14.326	Project Rental Assistance Demonstration (PRA Demo) Program of Section811 Supportive Housing for Persons with Disabilities		-	50,359	50,359
14.400	Equal Opportunity in Housing		-	36	36
14.U01	B08DN410001		-	43,665	43,665
Total Department of Housing and Urban Development			**$ 17,260,510**	**$ 4,208,346**	**$ 21,468,856**
Department of the Interior					
15.035	Forestry on Indian Lands		$ -	$ 45,825	$ 45,825
15.214	Non-Sale Disposals of Mineral Material		70,739	-	70,739
15.223	Recreation and Visitor Services		-	39,428	39,428
15.225	Recreation and Visitor Services		63,452	20,182	83,634
15.228	BLM Wildland Urban Interface Community Fire Assistance		25,452	4,176	29,628
15.230	Invasive and Noxious Plant Management		-	374,076	374,076
15.231	Fish, Wildlife and Plant Conservation Resource Management		-	299,362	299,362
15.234	Secure Rural Schools and Community Self-Determination		-	*118,057*	
	Pass Through From: Josephine County	1936002300		*67,027*	
	Total 15.234				185,084
15.236	Environmental Quality and Protection		-	4,340	4,340
15.237	Rangeland Resource Management		-	847,000	847,000
15.504	Title XVI Water Reclamation and Reuse		-	126,711	126,711
15.517	Fish and Wildlife Coordination Act		-	472	472

15.614	Coastal Wetlands Planning, Protection and Restoration		739,489	61,451	800,940
15.615	Cooperative Endangered Species Conservation Fund		854,494	988,946	1,843,440
15.616	Clean Vessel Act		342,388	77,127	419,515
15.622	Sportfishing and Boating Safety Act		66,345	11	66,356
15.626	Enhanced Hunter Education and Safety		31,154	31,154	62,308
15.630	Coastal Program		-	10,195	10,195
15.634	State Wildlife Grants		-	*1,600,071*	
	Pass Through From: Center for Natural Lands Management	680233573		*48,136*	
	Total 15.634				1,648,207
15.653	National Outreach and Communication		-	-	
	Pass Through From: Recreational Boating and Fishing Foundation	0541915490		*12,428*	
	Total 15.653				12,428
15.655	Migratory Bird Monitoring, Assessment and Conservation		-	9,810	9,810
15.657	Endangered Species Conservation - Recovery Implementation Funds		-	234,217	234,217
15.661	Lower Snake River Compensation Plan		-	4,970,598	4,970,598
15.666	Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention		61,300	-	61,300
15.807	Earthquake Hazards Program Assistance		-	*(4,685)*	
	Pass Through From: University of Oregon	1936015767		*10,626*	
	Total 15.807				5,941
15.808	U.S. Geological Survey Research and Data Collection		-	30,855	30,855
15.810	National Cooperative Geologic Mapping		-	174,831	174,831
15.814	National Geological and Geophysical Data Preservation		-	560	560
15.817	National Geospatial Program: Building The National Map		-	44,070	44,070
15.904	Historic Preservation Fund Grants-In-Aid		185,307	695,407	880,714
15.916	Outdoor Recreation Acquisition, Development and Planning		1,050,923	227,070	1,277,993
15.U01	632171909		-	10,000	10,000
15.U02	F17AF01317		-	78,027	78,027
15.U03	IPA		-	58,488	58,488
15.U04	L09AC16024L14AC00034		-	300	300
15.U05	L16AC00352		-	333	333
15.U06	ODOT 30952		-	(116)	(116)
15.U07	P16AP00123		20,800	2,252	23,052
15.U08	R13AP13007A		-	52	52
15.U09	R18AP00012		-	168,561	168,561

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Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
15.U10	USFW AGMT NAT HERIT		-	205,960	205,960
15.U11	UWFW AGMT NAT HERITG		-	1,200	1,200
Fish and Wildlife Cluster					
15.605	Sport Fish Restoration		$ 319,724	$ 8,256,281	$ 8,576,005
15.611	Wildlife Restoration and Basic Hunter Education		-	16,918,353	16,918,353
Total Fish and Wildlife Cluster			**$ 319,724**	**$ 25,174,634**	**$ 25,494,358**
Total Department of the Interior			**$ 3,831,567**	**$ 36,869,225**	**$ 40,700,792**
Department of Justice					
16.017	Sexual Assault Services Formula Program		$ 243,172	$ 32,127	$ 275,299
16.021	Justice Systems Response to Families		-	11,470	11,470
16.321	Antiterrorism Emergency Reserve		285,848	56,855	342,703
16.540	Juvenile Justice and Delinquency Prevention		96,068	297,959	394,027
16.543	Missing Children's Assistance		-	328,849	328,849
16.550	State Justice Statistics Program for Statistical Analysis Centers		-	71,659	71,659
16.554	National Criminal History Improvement Program (NCHIP)		247,340	683,550	930,890
16.575	Crime Victim Assistance		19,210,248	1,277,064	20,487,312
16.576	Crime Victim Compensation		-	839,774	839,774
16.582	Crime Victim Assistance/Discretionary Grants		82,973	31,458	114,431
16.585	Drug Court Discretionary Grant Program		-	-	
	Pass Through From: Harney County	1023		*19,176*	
	Pass Through From: Josephine County	1018		*4,337*	
	Total 16.585				23,513
16.588	Violence Against Women Formula Grants		1,598,599	264,208	1,862,807
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		-	-	
	Pass Through From: Clackamas Women's Services	1045		*51,190*	
	Total 16.590				51,190
16.593	Residential Substance Abuse Treatment for State Prisoners		122,813	4,303	127,116
16.595	Community Capacity Development Office		-	113,334	113,334
16.606	State Criminal Alien Assistance Program		-	2,318,973	2,318,973

16.738	Edward Byrne Memorial Justice Assistance Grant Program		*7,460*	*548,094*	
	Pass Through From: Wallowa County	1048		*6,765*	
	Pass Through From: Criminal Justice Commission	1039		*586,695*	
	Pass Through From: Lincoln County	1028		*61,059*	
	Pass Through From: Multnomah County	1020		*154,130*	
	Pass Through From: Crook County	1015		*120,913*	
	Pass Through From: Linn County	1009		*55,153*	
	Total 16.738				1,540,269
16.741	DNA Backlog Reduction Program		-	745,029	745,029
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		-	310,265	310,265
16.750	Support for Adam Walsh Act Implementation Grant Program		-	182,052	182,052
16.751	Edward Byrne Memorial Competitive Grant Program		-	46,223	46,223
16.754	Harold Rogers Prescription Drug Monitoring Program		-	(22)	(22)
16.813	NICS Act Record Improvement Program		-	316,692	316,692
16.816	John R. Justice Prosecutors and Defenders Incentive Act		-	71,192	71,192
16.827	Justice Reinvestment Initiative		402,419	-	402,419
16.922	Equitable Sharing Program		-	429,439	429,439
16.U01	2018IGBX0005		-	101,548	101,548
Total Department of Justice			**$ 22,296,940**	**$ 10,141,513**	**$ 32,438,453**
Department of Labor					
17.002	Labor Force Statistics		$ -	$ 1,345,886	$ 1,345,886
17.005	Compensation and Working Conditions		-	153,271	153,271
17.225	ARRA - Unemployment Insurance		-	302,928	302,928
17.225	Unemployment Insurance		-	560,285,597	560,285,597
17.235	Senior Community Service Employment Program		1,125,396	33,686	1,159,082
17.245	Trade Adjustment Assistance		-	13,822,523	13,822,523
17.268	H-1B Job Training Grants		329,322	176,952	506,274
17.271	Work Opportunity Tax Credit Program (WOTC)		-	87,328	87,328
17.273	Temporary Labor Certification for Foreign Workers		-	404,992	404,992
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants		645,451	120,146	765,597
17.281	WIOA Dislocated Worker National Reserve Technical Assistance and Training		-	1,783	1,783
17.285	Apprenticeship USA Grants		470,486	372,572	843,058
17.503	Occupational Safety and Health State Program		-	6,962,404	6,962,404

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Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
Employment Service Cluster					
17.207	Employment Service/Wagner-Peyser Funded Activities		$ -	$ 2,413,551	$ 2,413,551
17.801	Disabled Veterans' Outreach Program (DVOP)		-	3,039,692	3,039,692
Total Employment Service Cluster			**$ -**	**$ 5,453,243**	**$ 5,453,243**
WIOA					
17.258	WIOA Adult Program		$ 8,109,782	$ 1,030,778	$ 9,140,560
17.259	WIOA Youth Activities		9,033,713	286,982	9,320,695
17.278	WIOA Dislocated Worker Formula Grants		11,281,235	1,900,736	13,181,971
Total WIOA Cluster			**$ 28,424,730**	**$ 3,218,496**	**$ 31,643,226**
Total Department of Labor			**$ 30,995,385**	**$ 592,741,807**	**$ 623,737,192**
Department of Transportation					
20.106	Airport Improvement Program		$ -	$ 2,379,938	$ 2,379,938
20.200	Highway Research and Development Program		180,886	-	180,886
20.301	Railroad Safety		-	40,604	40,604
20.319	ARRA - High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants		210,594	123,745	334,339
20.321	Railroad Safety Technology Grants		-	454,875	454,875
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research		84,107	18,835	102,942
20.509	Formula Grants for Rural Areas and Tribal Transit Program		12,516,854	2,182,603	14,699,457
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program		-	517,124	517,124
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		492,553	795,838	1,288,391
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements		-	88,419	88,419
20.700	Pipeline Safety Program State Base Grant		-	436,293	436,293
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		126,655	141,506	268,161

Highway Planning and Construction Cluster					
20.205	Highway Planning and Construction		$ *40,105,345*	$ *563,789,498*	$
	Pass Through From: Oregon State University	1611730890		*9,164*	
	Total 20.205				603,904,007
20.219	Recreational Trails Program		1,507,564	340,379	1,847,943
20.224	Federal Lands Access Program		770,231	473,778	1,244,009
Total Highway Planning and Construction Cluster			**$ 42,383,140**	**$ 564,612,819**	**$ 606,995,959**
Federal Transit Cluster					
20.500	Federal Transit Capital Investment Grants		$ 16,025	$ -	$ 16,025
20.526	Bus and Bus Facilities Formula Program		2,083,897	-	2,083,897
Total Federal Transit Cluster			**$ 2,099,922**	**$ -**	**$ 2,099,922**
Highway Safety Cluster					
20.600	State and Community Highway Safety		$ 919,944	$ 1,742,867	$ 2,662,811
20.611	Incentive Grant Program to Prohibit Racial Profiling		-	722,781	722,781
20.616	National Priority Safety Programs		1,200,041	1,323,196	2,523,237
Total Highway Safety Cluster			**$ 2,119,985**	**$ 3,788,844**	**$ 5,908,829**
Transit Services Programs Cluster					
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities		$ 12,106,627	$ 1,169,478	$ 13,276,105
Total Transit Services Programs Cluster			**$ 12,106,627**	**$ 1,169,478**	**$ 13,276,105**
Total Department of Transportation			**$ 72,321,323**	**$ 576,750,921**	**$ 649,072,244**
Department of the Treasury					
21.U01	ASSET FORFEITURE		$ -	$ 663,381	$ 663,381
21.U02	NFMC		-	6,175	6,175
21.U03	PROJECT REINVEST		387,616	9,540	397,156
Total Department of the Treasury			**$ 387,616**	**$ 679,096**	**$ 1,066,712**
Equal Employment Opportunity Commission					
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964		$ -	$ 427,472	$ 427,472
Total Equal Employment Opportunity Commission			**$ -**	**$ 427,472**	**$ 427,472**

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Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
General Services Administration					
39.002	Disposal of Federal Surplus Real Property		$ 39,107	$ -	$ 39,107
39.003	Donation of Federal Surplus Personal Property		3,732,939	165,767	3,898,706
Total General Services Administration			**$ 3,772,046**	**$ 165,767**	**$ 3,937,813**
National Endowment for the Arts					
45.025	Promotion of the Arts Partnership Agreements		$ 689,908	$ 30,000	$ 719,908
Total National Endowment for the Arts			**$ 689,908**	**$ 30,000**	**$ 719,908**
Institute Of Museum and Library Services					
45.310	Grants to States		$ 1,190,581	$ 1,426,179	$ 2,616,760
Total Institute Of Museum and Library Services			**$ 1,190,581**	**$ 1,426,179**	**$ 2,616,760**
Small Business Administration					
59.061	State Trade Expansion		$ 462,817	$ 19,070	$ 481,887
Total Small Business Administration			**$ 462,817**	**$ 19,070**	**$ 481,887**
Department of Veterans Affairs					
64.015	Veterans State Nursing Home Care		$ -	$ 22,526,497	**$** 22,526,497
64.035	Veterans Transportation Program		401,158	49,025	450,183
64.053	Payments to States for Programs to Promote the Hiring and Retention of Nurses at State Veterans Homes		-	(29,771)	(29,771)
Total Department of Veterans Affairs			**$ 401,158**	**$ 22,545,751**	**$ 22,946,909**
Environmental Protection Agency					
66.032	State Indoor Radon Grants		$ -	$ 51,541	$ 51,541
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		112,219	1,499,224	1,611,443
66.040	State Clean Diesel Grant Program		82,721	12,854	95,575
66.202	Congressionally Mandated Projects		-	2,526	2,526
66.432	State Public Water System Supervision		17,481	1,670,393	1,687,874
66.454	Water Quality Management Planning		-	183,000	183,000
66.460	Nonpoint Source Implementation Grants		253,585	19,028	272,613
66.461	Regional Wetland Program Development Grants		-	138,541	138,541
66.472	Beach Monitoring and Notification Program Implementation Grants		-	333,680	333,680

66.605	Performance Partnership Grants		-	4,948,631	4,948,631
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		148,000	108,356	256,356
66.700	Consolidated Pesticide Enforcement Cooperative Agreements		-	454,473	454,473
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals		-	288,469	288,469
66.708	Pollution Prevention Grants Program		53,829	47,857	101,686
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		-	274,699	274,699
66.804	Underground Storage Tank Prevention, Detection and Compliance Program		-	378,045	378,045
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program		-	1,056,879	1,056,879
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements		-	102,929	102,929
66.817	State and Tribal Response Program Grants		-	885,814	885,814
66.818	Brownfields Assessment and Cleanup Cooperative Agreements		3,611	12,431	16,042
Clean Water State Revolving Fund Cluster					
66.458	Capitalization Grants for Clean Water State Revolving Funds		$ 11,397,295	$ -	$ 11,397,295
Total Clean Water State Revolving Fund Cluster			**$ 11,397,295**	**$ -**	**$ 11,397,295**
Drinking Water State Revolving Fund Cluster					
66.468	Capitalization Grants for Drinking Water State Revolving Funds		$ 7,694,031	$ 3,569,609	$ 11,263,640
Total Drinking Water State Revolving Fund Cluster			**$ 7,694,031**	**$ 3,569,609**	**$ 11,263,640**
Total Environmental Protection Agency			**$ 19,762,772**	**$ 16,038,979**	**$ 35,801,751**
Department of Energy					
81.041	State Energy Program		$ -	$ 533,320	$ 533,320
81.042	Weatherization Assistance for Low-Income Persons		2,871,159	324,920	3,196,079
81.087	Renewable Energy Research and Development		-	-	
	Pass Through From: Clean Energy Alliance	102	*47,991*	-	
	Total 81.087				47,991
81.104	Environmental Remediation and Waste Processing and Disposal		-	1,733	1,733
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions		-	-	
	Pass Through From: Western Governor's Alliance	45		84,970	
	Total 81.106				84,970

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81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance		-	-	
	Pass Through From: Washington State University	103		*1,431*	
	Pass Through From: WA State Dept of Commerce	6000		*35,315*	
	Total 81.117				36,746
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis		11,200	919,474	930,674
81.U01	77347		815,664	120,415	936,079
81.U02	19106G		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*240,915*	
	Total 81.U02				240,915
81.U03	1911G		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*385,613*	
	Total 81.U03				385,613
81.U04	1939G		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*491,833*	
	Total 81.U04				491,833
81.U05	1971G		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*21,816*	
	Total 81.U05				21,816
81.U06	1973G		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*120,422*	
	Total 81.U06				120,422
81.U07	1979G		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*37,872*	
	Total 81.U07				37,872

81.U08	1997G		-	-	
	Pass Through From: Pacific States Marine Fish Com	936002376		*875,357*	
	Total 81.U08				875,357
81.U09	402 00		-	-	
	Pass Through From: Confed Tribes Umatilla Indian	930624734		*73,264*	
	Total 81.U09				73,264
81.U10	402 000		-	-	
	Pass Through From: Confed Tribes Umatilla Indian	930624734		*1,999*	
	Total 81.U10				1,999
81.U11	628722007 404 00		-	(445)	(445)
81.U12	70589		668,432	47,847	716,279
81.U13	74313		-	474,749	474,749
81.U14	74313REL16		-	4,694	4,694
81.U15	74313REL19		-	270,136	270,136
81.U16	74313REL22		-	198,883	198,883
81.U17	74313REL23		-	56,037	56,037
81.U18	74313REL30		-	162,449	162,449
81.U19	74313REL31		-	74,671	74,671
81.U20	74313REL32		-	76,772	76,772
81.U21	74313REL33		-	1,436,186	1,436,186
81.U22	74313REL34		-	1,015,079	1,015,079
81.U23	74313REL35		-	500,066	500,066
81.U24	74313REL36		-	129,313	129,313
81.U25	74313REL37		-	170,728	170,728
81.U26	74313REL38		-	144,904	144,904
81.U27	74313REL39		-	892,274	892,274
81.U28	74313REL40		-	599,929	599,929
81.U29	74313REL42		-	1,316,374	1,316,374
81.U30	74313REL43		-	187,021	187,021
81.U31	74313REL44		-	1,122,156	1,122,156
81.U32	74313REL45		-	151,614	151,614
81.U33	74313REL46		-	575,290	575,290
81.U34	74313REL47		-	365,297	365,297
81.U35	74313REL48		-	413,954	413,954
81.U36	74313REL49		-	839,241	839,241
81.U37	74313REL50		-	945,486	945,486
81.U38	74313REL51		-	546,749	546,749
81.U39	74313REL52		-	101,189	101,189

The accompanying notes are an integral part of this schedule.

Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
81.U40	74313REL53		-	133,362	133,362
81.U41	74313REL55		-	808,549	808,549
81.U42	74313REL7		-	(1,854)	(1,854)
81.U43	7433REL38		-	27,689	27,689
81.U44	75382		-	81,258	81,258
81.U45	T1864219		-	-	
	Pass Through From: Confed Tribes Warm Springs Ind	390383362		*18,814*	
	Total 18.U45				18,814
Total Department of Energy			**$ 4,414,446**	**$ 18,157,130**	**$ 22,571,576**
Department of Education					
84.002	Adult Education - Basic Grants to States		$ 4,232,647	$ 738,952	$ 4,971,599
84.010	Title I Grants to Local Educational Agencies		141,914,634	2,421,286	144,335,920
84.011	Migrant Education State Grant Program		17,874,805	1,570,587	19,445,392
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth		1,324,854	25,937	1,350,791
84.048	Career and Technical Education 0 Basic Grants to States		11,467,558	1,385,161	12,852,719
84.051	Career and Technical Education 0 National Programs		10,278	2,244	12,522
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States		1,385,707	51,979,802	53,365,509
84.169	Independent Living_State Grants		-	(11,470)	(11,470)
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind		-	527,694	527,694
84.181	Special Education-Grants for Infants and Families		5,390,157	206,549	5,596,706
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs		-	40,380	40,380
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities		-	363,748	363,748
84.196	Education for Homeless Children and Youth		669,665	164,932	834,597
84.282	Charter Schools		1,605,327	77,808	1,683,135
84.287	Twenty-First Century Community Learning Centers		10,569,888	463,427	11,033,315
84.323	Special Education - State Personnel Development		964,171	259,963	1,224,134
84.358	Rural Education		1,245,460	59,824	1,305,284
84.365	English Language Acquisition State Grants		7,097,070	396,310	7,493,380
84.366	Mathematics and Science Partnerships		114,717	390	115,107
84.367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)		17,760,255	589,380	18,349,635

84.368	Competitive Grants for State Assessments (formerly Grants for Enhanced Assessment Instruments)		-	-	
	Pass Through From: North Carolina Dept of Ed	3000	*27,000*	*15,279*	
	Total 84.368				42,279
84.369	Grants for State Assessments and Related Activities		-	3,853,030	3,853,030
84.377	School Improvement Grants		1,966,762	272,974	2,239,736
84.424	Student Support and Academic Enrichment Program		6,135,838	53,361	6,189,199
84.U01	77213		-	27,095	27,095
84.U02	EDIES14C0097		-	197,173	197,173
Special Education Cluster (IDEA)					
84.027	Special Education Grants to States		$ 130,895,109	$ 6,801,527	$ 137,696,636
84.173	Special Education Preschool Grants		3,467,809	239,523	3,707,332
Total Special Education Cluster (IDEA)			**$ 134,362,918**	**$ 7,041,050**	**$ 141,403,968**
Total Department of Education			**$ 366,119,711**	**$ 72,722,866**	**$ 438,842,577**
Elections Assistance Commission					
90.401	Help America Vote Act Requirements Payments		$ -	$ 1,517,260	$ 1,517,260
90.404	2018 HAVA Election Security Grants		-	496,936	496,936
Total Elections Assistance Commission			**$ -**	**$ 2,014,196**	**$ 2,014,196**
Department of Health and Human Services					
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		$ 55,411	$ 11,241	$ 66,652
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		-	176,638	176,638
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		361,132	-	361,132
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		174,492	350,138	524,630
93.051	Alzheimer's Disease Demonstration Grants to States		-	30,894	30,894
93.052	National Family Caregiver Support, Title III, Part E		2,124,867	196,266	2,321,133
93.066	State Vital Statistics Improvement Program		-	553,521	553,521
93.069	Public Health Emergency Preparedness		4,187,728	5,204,789	9,392,517
93.070	Environmental Public Health and Emergency Response		*30,553*	*1,757,756*	
	Pass Through From: Benton County	40000000025		*(52,510)*	
	Pass Through From: Multnomah County	40000000010		*(13,771)*	
	Total 93.070				1,722,028

The accompanying notes are an integral part of this schedule.

Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.071	Medicare Enrollment Assistance Program		285,884	11,611	297,495
93.073	Birth Defects and Developmental Disabilities - Prevention and Surveillance		43,256	220,112	263,368
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance		-	2,863	2,863
93.082	Sodium Reduction in Communities		-	406,194	406,194
93.090	ARRA - Guardianship Assistance		-	784	784
93.090	Guardianship Assistance		-	8,958,586	8,958,586
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		110,743	314,434	425,177
93.093	Affordable Care Act (ACA) Health Profession Opportunity Grants		-	-	
	Pass Through From: Worksystems Inc	37000		*7,732*	
	Total 93.093				7,732
93.103	Food and Drug Administration Research		-	1,058,312	1,058,312
93.110	Maternal and Child Health Federal Consolidated Programs		-	113,855	113,855
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		(15,700)	645,430	629,730
93.127	Emergency Medical Services for Children		-	174,882	174,882
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		-	189,362	189,362
93.135	Centers for Research and Demonstration for Health Promotion and Disease Prevention		-	-	
	Pass Through From: Oregon State University	30000000004		*(4,759)*	
	Total 93.135				(4,759)
93.136	Injury Prevention and Control Research and State and Community Based Programs		448,676	2,962,046	3,410,722
93.150	Projects for Assistance in Transition from Homelessness (PATH)		639,379	7,540	646,919
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		37,941	315,590	353,531
93.217	Family Planning Services		1,721,174	979,768	2,700,942
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program		-	597,573	597,573
93.236	Grants to States to Support Oral Health Workforce Activities		129,574	169,086	298,660
93.240	State Capacity Building		-	433,424	433,424

93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance		*2,457,166*	*2,123,214*	
	Pass Through From: Benton County	1025		*20,335*	
	Total 93.243				4,600,715
93.251	Universal Newborn Hearing Screening		31,495	241,029	272,524
93.262	Occupational Safety and Health Program		248,254	178,495	426,749
93.268	Immunization Cooperative Agreements		-	51,934,397	51,934,397
93.270	Viral Hepatitis Prevention and Control		-	161,965	161,965
93.275	Substance Abuse and Mental Health Services-Access to Recovery		-	1,566,648	1,566,648
93.279	Drug Abuse and Addiction Research Programs		-	-	
	Pass Through From: Oregon Health Sciences University	20000000011		*53,045*	
	Total 93.279				53,045
93.283	Centers for Disease Control and Prevention Investigations and Technical Assistance		*84,853*	*847,180*	
	Pass Through From: Natl Assoc Chronic Dis Direct	40000000015		*278,070*	
	Total 93.283				1,210,103
93.305	PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)		-	1,000,192	1,000,192
93.317	Emerging Infections Programs		67,597	2,513,209	2,580,806
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		362,728	4,345,988	4,708,716
93.324	State Health Insurance Assistance Program		189,386	369,526	558,912
93.336	Behavioral Risk Factor Surveillance System		-	420,030	420,030
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		(33,600)	737,194	703,594
93.369	ACL Independent Living State Grants		-	126,523	126,523
93.413	The State Flexibility to Stabilize the Market Grant Program		-	10,840	10,840
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health		-	-	
	Pass Through From: Natl Assoc Chronic Dis Direct	40000000015		*78,884*	
	Total 93.421				78,884
93.424	NON-ACA/PPHF Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations		-	-	
	Pass Through From: Cncl of St & Terr Eped (CSTE)	40000000027	*18,497*	*1,860*	
	Total 93.424				20,357

The accompanying notes are an integral part of this schedule.

Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		-	1,308,748	1,308,748
93.434	Every Student Succeeds Act/Preschool Development Grants		43,399	342	43,741
93.464	ACL Assistive Technology		475,018	2,500	477,518
93.500	Pregnancy Assistance Fund Program		588,751	342,528	931,279
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program		-	(2,394)	(2,394)
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers		-	91,534	91,534
93.517	Affordable Care Act – Aging and Disability Resource Center		-	49,722	49,722
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF		80,143	999,241	1,079,384
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds		980	98,058	99,038
93.556	Promoting Safe and Stable Families		1,896,645	2,951,983	4,848,628
93.563	Child Support Enforcement		10,453,230	61,445,923	71,899,153
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs		-	1,651,340	1,651,340
93.568	Low-Income Home Energy Assistance		34,966,772	1,554,506	36,521,278
93.569	Community Services Block Grant		5,723,846	311,053	6,034,899
93.579	U.S. Repatriation		-	3,538	3,538
93.584	Refugee and Entrant Assistance Targeted Assistance Grants		-	284,450	284,450
93.586	State Court Improvement Program		-	400,206	400,206
93.590	Community-Based Child Abuse Prevention Grants		-	(2,438,722)	(2,438,722)
93.597	Grants to States for Access and Visitation Programs		77,308	20,667	97,975
93.599	Chafee Education and Training Vouchers Program (ETV)		-	964,842	964,842
93.600	Head Start		-	120,268	120,268
93.603	Adoption and Legal Guardianship Incentive Payments		-	381,384	381,384
93.624	ACA - State Innovation Models: Funding for Model Design and Model Testing		-	(2,746)	(2,746)
93.630	Developmental Disabilities Basic Support and Advocacy Grants		-	671,412	671,412
93.643	Children's Justice Grants to States		-	79,851	79,851
93.645	Stephanie Tubbs Jones Child Welfare Services Program		-	2,965,035	2,965,035
93.652	Adoption Opportunities		-	124,915	124,915
93.658	ARRA - Foster Care Title IV-E		-	2,480	2,480
93.658	Foster Care Title IV-E		3,199,844	90,344,704	93,544,548
93.659	ARRA - Adoption Assistance		-	(347)	(347)
93.659	Adoption Assistance		-	33,696,855	33,696,855

93.667	Social Services Block Grant		4,920,993	13,947,408	18,868,401
93.669	Child Abuse and Neglect State Grants		-	722,563	722,563
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		1,486,734	7,265	1,493,999
93.674	John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood		-	1,766,078	1,766,078
93.719	Advance Interoperable Health Information Technology Services to Support Health Information Exchange		-	55	55
93.733	Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)		-	728,834	728,834
93.735	State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)		-	228,370	228,370
93.738	PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds		-	-	
	Pass Through From: Multnomah County	40000000010		*28,695*	
	Total 93.738				28,695
93.747	Elder Abuse Prevention Interventions Program		-	-	
	Pass Through From: ABA	1044		*5,479*	
	Total 93.747				5,479
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)		19,512	463,842	483,354
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)		185,046	964,595	1,149,641
93.767	Children's Health Insurance Program		-	309,857,817	309,857,817
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations		66,818	6,844	73,662
93.788	Opioid STR		8,070,199	2,182,211	10,252,410
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid		-	2,106,710	2,106,710
93.800	Organized Approaches to Increase Colorectal Cancer Screening		14,612	836,270	850,882
93.815	Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)		93,000	556,748	649,748
93.817	Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities		53,105	76,680	129,785
93.870	Maternal, Infant, and Early Childhood Home Visiting Grant Program		*6,244,561*	*2,135,996*	
	Pass Through From: State of WA Dept of Early Living	40000000026		*66,913*	
	Total 93.870				8,447,470

The accompanying notes are an integral part of this schedule.

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019 (continued)

Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens		-	149,753	149,753
93.881	The Health Insurance Enforcement and Consumer Protections Grant Program		-	15,358	15,358
93.889	National Bioterrorism Hospital Preparedness Program		838,654	1,911,273	2,749,927
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations		60,717	2,447,440	2,508,157
93.917	HIV Care Formula Grants		1	-	1
93.940	HIV Prevention Activities Health Department Based		848,261	1,539,895	2,388,156
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		1,003,680	164,482	1,168,162
93.945	Assistance Programs for Chronic Disease Prevention and Control		9,756	533,047	542,803
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		-	296,060	296,060
93.958	Block Grants for Community Mental Health Services		6,009,601	973,980	6,983,581
93.959	Block Grants for Prevention and Treatment of Substance Abuse		19,373,348	1,124,706	20,498,054
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		10,157	856,656	866,813
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools		66,644	239,795	306,439
93.994	Maternal and Child Health Services Block Grant to the States		3,031,526	2,954,101	5,985,627
Aging Cluster					
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		$ 5,078,489	$ 487,469	$ 5,565,958
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services		9,458,975	710,838	10,169,813
93.053	Nutrition Services Incentive Program		1,822,145	20,314	1,842,459
Total Aging Cluster			**$ 16,359,609**	**$ 1,218,621**	**$ 17,578,230**
TANF Cluster					
93.558	Temporary Assistance for Needy Families		$ 480,663	$ 134,152,077	$ 134,632,740
Total TANF Cluster			**$ 480,663**	**$ 134,152,077**	**$ 134,632,740**
CCDF Cluster					
93.575	Child Care and Development Block Grant		$ (3,655,145)	$ 43,175,973	$ 39,520,828
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		13,253,347	39,284,896	52,538,243
Total CCDF Cluster			**$ 9,598,202**	**$ 82,460,869**	**$ 92,059,071**

Medicaid Cluster					
93.775	State Medicaid Fraud Control Units		$ -	$ 2,273,480	$ 2,273,480
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		-	4,049,760	4,049,760
93.778	ARRA - Medical Assistance Program		-	22,400,631	22,400,631
93.778	Medical Assistance Program		-	7,592,910,209	7,592,910,209
Total Medicaid Cluster			**$ -**	**$ 7,621,634,080**	**$ 7,621,634,080**
Total Department of Health and Human Services			**$ 150,112,821**	**$ 8,480,573,453**	**$ 8,630,686,274**
Corporation For National and Community Service					
94.003	State Commissions		$ 17,663	$ 142,009	$ 159,672
94.006	AmeriCorps		2,298,205	-	2,298,205
94.009	Training and Technical Assistance		21,250	75,003	96,253
94.013	Volunteers in Service to America		-	-	
	Pass Through From: Corp for Ntl & Comm Service	10000000007		*78,029*	
	Total 94.013				78,029
Total Corporation For National and Community Service			**$ 2,337,118**	**$ 295,041**	**$ 2,632,159**
Office of National Drug Control Policy Reauthorization Act of 2006					
95.001	High Intensity Drug Trafficking Areas Program		$ -	$ 3,275,501	$ 3,275,501
Total Office of National Drug Control Policy Reauthorization Act of 2006			**$ -**	**$ 3,275,501**	**$ 3,275,501**
Social Security Administration					
96.008	Social Security - Work Incentives Planning and Assistance Program		$ -	$ 39,760	$ 39,760
Disability Insurance/SSI Cluster					
96.001	Social Security Disability Insurance		$ -	$ 27,625,448	$ 27,625,448
Total Disability Insurance/SSI Cluster			**$ -**	**$ 27,625,448**	**$ 27,625,448**
Total Social Security Administration			**$ -**	**$ 27,665,208**	**$ 27,665,208**
Department of Homeland Security					
97.008	Non-Profit Security Program		$ 11,317	$ -	$ 11,317
97.012	Boating Safety Financial Assistance		1,724,201	74,986	1,799,187
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		-	261,323	261,323
97.029	Flood Mitigation Assistance		291,660	4,299	295,959

The accompanying notes are an integral part of this schedule.

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019 (continued)

Federal CFDA Number	Federal Grantor / Pass-Through Grantor Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		4,723,078	314,335	5,037,413
97.039	Hazard Mitigation Grant		799,003	161,773	960,776
97.041	National Dam Safety Program		-	88,091	88,091
97.042	Emergency Management Performance Grants		4,080,006	729,265	4,809,271
97.043	State Fire Training Systems Grants		-	20,000	20,000
97.044	Assistance to Firefighters Grant		-	469,566	469,566
97.045	Cooperating Technical Partners		2,686	704,223	706,909
97.046	Fire Management Assistance Grant		-	27,649,232	27,649,232
97.047	Pre-Disaster Mitigation		463,438	180,706	644,144
97.067	Homeland Security Grant Program		3,818,774	1,568,141	5,386,915
97.082	Earthquake Consortium		-	31,072	31,072
Total Department of Homeland Security			**$ 15,914,163**	**$ 32,257,012**	**$ 48,171,175**
Total Expenditures of Federal Awards			**$ 964,109,878**	**$ 11,060,310,749**	**$ 12,024,420,627**

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

Note 1. Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the State of Oregon and is presented using the bases of accounting of the originating funds. These include both the modified accrual and accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from the amounts presented in, or used in the preparation of, the basic financial statements.

The financial statements of the State of Oregon include all fund types for all agencies, boards, commissions, and courts that are legally part of the State's primary government and its component units. The Oregon Health and Science University (OHSU), University of Oregon (UO), Oregon State University (OSU), Portland State University (PSU), Eastern Oregon University (EOU), Oregon Institute of Technology (OIT), Southern Oregon University (SOU) and Western Oregon University (WOU) are legally separate component units. For the year ended June 30, 2019, these component units have issued separate financial statements and have obtained a separate single audit as outlined in §200.514 of Uniform Guidance. Therefore, the accompanying schedule does not include the federal grant activity of these component units. A copy of these reports can be obtained from these institutions as follows:

OHSU, 2525 SW Third Avenue, Suite 245, Portland, Oregon 97201.
UO, PO Box 3237, Eugene, Oregon 97403.
OSU, 100 Kerr Administration Building, Corvallis, Oregon 97331.
PSU, FADM, PO Box 751, Portland, Oregon 97207.
WOU, 345 Monmouth Ave N. Monmouth, Oregon 97361.
SOU, 1250 Siskiyou Blvd, Ashland, Oregon 97520.
EOU, One University Blvd, La Grande, Oregon 97850.
OIT, 3201 Campus Dr, Klamath Falls, Oregon 97601.

Note 2. DeMinimis Cost Rate

The State of Oregon has not elected to use the 10 percent de minimis cost rates as covered in §200.414 "Indirect (F&A) costs" of Uniform Guidance.

Note 3. Programs Involving Non-Cash Assistance

Federal expenditures reported in the schedule include the following non-cash assistance programs. All values are either fair market value at the time of receipt or assessed value provided by the federal agency.

CFDA Number	Title	Type of Assistance	Value
10.555	National School Lunch Program	Commodities	$15,950,575
10.559	Summer Food Service Program for Children	Commodities	24,786
10.565	Commodity Supplemental Food Program	Commodities	512,834
10.569	Emergency Food Assistance Program	Commodities	15,564,317
39.003	Donation of Federal Surplus Personal Property	Donated Federal Surplus	3,898,706
93.268	Immunization Cooperative Agreements	Vaccines	47,626,179
	Total		$83,577,397

Note 4. Unemployment Insurance

State unemployment tax revenues and the other governmental, tribal and non-profit reimbursements in lieu of State taxes are deposited into the Unemployment Trust Fund in the U.S. Treasury. These funds may only be used to pay benefits under federally approved State unemployment law.

State unemployment insurance funds are included with federal funds in the total expenditures for CFDA 17.225 (Unemployment Insurance Program). Of the $560,588,526.70 reported as expenditures for the Unemployment Insurance program, $492,315,630.21 represented expenditures of State funds held in the Unemployment Trust Fund.

Note 5. Revolving Loan Fund (RLF) Grant (CFDA 11.307)

The Expenditures for the Revolving Loan Fund (RLF) Grant (CFDA 11.307) made during the year ended June 30, 2019, are calculated as follows:

1) Balance of RLF loans outstanding at the end of the fiscal year	$8,316,869
2) Cash and investment balance in the RLF at the end of fiscal year	3,111,664
3) Administrative expenses paid out of RLF income during the recipient's fiscal year	27,694
4) The unpaid principal of all loans written off during the fiscal year	0
Total	$11,456,227
5) The Federal Share of RLF (2,000,000/2,667,000)	75%
6) Federal Awards Expended during the fiscal year	$8,592,170

Prior Year Financial Statement Findings

This section includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2018. It also includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2017 that were uncorrected at June 30, 2018.

Finding 2018-001: **Department of Human Services/Oregon Health Authority**
<u>Implement Appropriate Year-End Methodologies</u>
Material Weakness

Recommendation: Management ensure year-end reporting methodologies reflect a complete understanding of transaction relationships as well as proper application of amounts provided by other entities.

Status: Corrective action taken.

Finding 2018-002: **Oregon Health Authority**
<u>Improve Controls for Monitoring MMIS Claims Edits and Audits</u>
Material Weakness

Recommendation: Management implement monitoring processes to provide assurance over the accuracy of the MMIS claims edits and audits, as well as implement processes to understand the edits and audits controls and test their effectiveness and completeness. Additionally, management should continue to work with their service provider to maintain a comprehensive inventory of current MMIS edits and audits.

Status: Partial corrective action taken.

Agency response: The claims edit and audit testing plan was reviewed internally and approved by both the MMIS Business Support Unit and the Office of Financial Services. The plan was put into effect on April 1, 2019 and two quarterly deliverables have been provided to demonstrate the testing that has occurred so far in 2019. The MMIS Claims Edits and Audits testing is being conducted by the MMIS contractor, DXC.

Additionally, an MMIS Claims Edits and Audits Monitoring plan was developed and implemented on November 1, 2019. The monitoring plan involves the following approaches:

- Utilize the weekly Flush Claims report
- Work with the Claims analysts in MMIS BSU to identify areas that need to be monitored
- Monitor new edits and audits to be certain they are functioning properly
- Research and monitor edits and audits when Provider Services identifies a provider whose claims are denying

- Research and monitor edits and audits when the HSD Claims unit identifies any anomaly with a claim edit issue
- Work with the MMIS BSU Financial team to do research on an edit they see as inconsistent with what they would normally see when fixing flushed claims
- Monitor edits and audits around issues identified by the Program Integrity Unit in OHA
- Monitor claims identified during the bi-weekly interaction with DXC
- Pulling of random edits and audits from the comprehensive list
- Monitor edits and audits through the MMIS User Acceptance Testing site when claims changes are being tested for promotion to the Production site

This activity will be conducted by the MMIS Business Support Unit. A quarterly deliverable will also be completed to represent this activity as well.

Two quarterly deliverables are being produced. One for testing activities and one for monitoring activities.

OHA maintains a comprehensive inventory of current MMIS edits and audits, electronically. Both the Medicaid Policy Unit and the MMIS Business Support Unit maintain a current list. The revised and updated list is provided quarterly by the MMIS contractor, DXC.

All new edits for MMIS are first tested and validated through the MMIS User Acceptance Testing site. They are tested by three different groups: DXC, MMIS BSU and an analyst from the Medicaid Policy team in Health Systems Division. Once all three have validated the accuracy of the edit or audit is correct, the change is promoted to the MMIS Production site. Those new edits and audits are then part of the ongoing monitoring plan.

Finding 2018-003: **Oregon Health Authority**
<u>Strengthen Review Controls for Contracts Recorded in Subsidiary System</u>
Significant Deficiency

Recommendation: Management strengthen the review of contracts to ensure the correct funding sources are included and that contracts and the subsidiary system agree.

Status: Partial corrective action taken.

Agency response: The Contracts Unit of HSD is responsible for contracting the majority of the Behavioral Health Services. These services are identified by service element name and number; each service element describes a specific mental health or substance use disorder services to be provided. The funding associated with each service element is found in a contract's financial pages. All funding is classified under one of four primary sources: general funds, federal funds, other funds, and lottery funds. However, the financial pages provide line-item detail that includes the name and number of the fund, corresponding to the revenue source, from which payments are to be made. The Contracts Unit enters the detailed financial information for each contract into R*BASE, a financial system also used by Office of Financial Services (OFS) for contract payments.

The Contracts Unit was notified of the audit finding regarding a discrepancy between the fund name and number identified in a contract's financial pages and the actual fund name and number from which OFS made payment. We discovered that the language in the County Financial Assistance Agreements (CFAA) limited payment by OFS to the specific fund identified in the financial pages. The intent is to adhere to the funds and funding sources listed but there are times when funding is insufficient—a frequent occurrence—to cover payments due. Therefore, to make the payments, the Contracts Unit had to issue an amendment just to change the fund number so OFS could make the payment.

After meeting with OFS, it was agreed that transferring between funds within the same primary category (GF, FF, OF, LF) would allow OFS to meet its statutory requirement for prompt contractor payments when revenue was insufficient under another fund number. This would also eliminate the need to issue frequent amendments for simple administrative fund movements. It also reduced the cost to the contractor as a result of fewer amendments being required. The corrective action taken was to modify the terms in the CFAA, by adding a short disclaimer at the end of the fund number listing in the "Explanation of Financial Pages" exhibit.

During this process, an error was discovered in the "Explanation of Financial Pages" exhibit, errantly identifying fund "888 Gambling Treatment" as general funds. The correct identification should have been lottery funds. That was corrected, along with the language change mentioned above. The CFAA was amended once both issues were addressed.

HSD has taken steps to ensure the finding is fully remediated and implemented for the 2019-2021 contract cycle; however, we were unable given the timeline and impact to amend all 2017-2019 cycle contracts impacted by this finding.

Finding 2018-004: **Oregon Health Authority**
<u>Strengthen Controls over Cost Recoveries</u>
Significant Deficiency

Recommendation: Department management implement procedures to gain an understanding of controls over transactions processed by service organizations and follow established procedures to ensure all revenue due to the department is received.

Status: Partial corrective action taken.

Agency response: By implementing the items below the Program can more easily monitor claims activity and follow up quickly with our Pharmacy Benefit Manager (PBM) and contract pharmacies relating to contract compliance, when necessary. We include this analysis in our bi-weekly operational meetings with the PBM and it is reviewed at our monthly 340B Oversight Committee and Financial Review meetings. We can be confident that the revenue numbers reporting on both federal grant and state fiscal year reports are reconciled to SFMA and to the PBM's external accounting system as well.

- Developing and updating policies and procedure documents pertaining to the collection, process and summarization and analysis of program income

  Department management immediately implemented procedures for the receipt and reconciliation of pharmaceutical cost recoveries, known as "Program Income for Insurance Claims Reimbursements Revenue" (AOBJ 2653). Policy documents to formalize the newly refined processes are under review awaiting final approval.

- Creating an accounts receivable (AR) model in Excel to track amounts owed to the Program by the seven contract pharmacies for insurance claim reimbursements

  The Program audited all program income transactions, both billing and payments, back to July 1, 2015. An excel tracking sheet was created to download and record contract pharmacy accounts receivable invoices directly from the Program's Pharmacy Benefits Manager's (PBM) database. Payment tracking is included on the accounts receivable tracking sheet to ensure reconciliation to PBM's portal as well as to OFS daily cash reports received from the state's receipting office in Salem.

  Enhancements to the tracking sheet were added to expand reporting periods for both federal and state fiscal years. This allows the Program to track amounts carried forward from year to year, as well as to generate predictives for budgeting and program income activity. This information supported requests for limitations reporting, and the Legislative Fiscal Officer to understand and learn about our program's activities. These predictives are actively used by program management to better understand and detect changes in program income activities by the PBM, acting as fiscal intermediary, as well as contract pharmacy transactions claims activity in general.

- Downloading all invoiced claims into a secured portal to add to the AR model

  Program income insurance claims reimbursement invoices are generated by the PBM's accounting system and posted to their secure portal semi-monthly. The Program downloads the information and imports these directly into the program income/accounts receivable tracking sheet in excel format on the 1st and 16th of each month. The new entries are compared to the prior download to observe all changes to the PBM Portal since the last download.

- Evaluating amounts due from each PBM on a biweekly basis and following up using collection procedures for any that are past due

  Program management reviews our program income's accounts receivable position and contract pharmacies' contract performance on a monthly basis at our 340B compliance committee meeting and follows up with contractors accordingly. At our request, our PBM is also including an accounts receivable summary semi-monthly to show the outstanding (unpaid) invoices currently owed to the program.

- Posting payments daily into the AR mode

  Daily, the Program posts cash receipts sent by the PBM, who directly receives contract pharmacies' insurance claim reimbursement billings payments as part of their fiscal intermediary services provided for in their contract. Each month, these cash receipts are recorded and compared to both the OFS Receipting Unit's monthly cash receipt report for both amount and AOBJ coding and then reconciled to SFMA accounting system.

- Evaluating, reconciling and summarizing revenue to determine budget versus actual on a weekly basis

  Program income invoices are recorded and summarized on a biweekly basis when PBM generates contract pharmacy billings. Payments are applied to the specific invoice numbers as they are received by the Program on a daily basis. Reports are generated from the excel model and reviewed by program management and the 340 Monitoring Committee. Contract pharmacy performance is discussed, including billing and payment practices.

Finding 2018-005: **Department of Administrative Services**
<u>Buildings' Estimated Useful Lives Not Reviewed in Accordance with Policy</u>
Significant Deficiency

Recommendation: The Planning and Construction Management program review the useful lives of buildings and building improvements in accordance with department policy.

Status: Partial corrective action taken.

Agency response: In March 2019, DAS Enterprise Asset Management revised policy 107-03-160 and abolished policies 107- 03-140 and 107-03-150. As such and as noted in your recommendation, the revised policy dictates DAS shall, every four years by December of an odd-numbered year in which a legislative session takes place, reassess the useful life of all portfolio assets that are at least 75% depreciated.

This action is scheduled to take place in the course of DAS' biennial capital planning which begins October 2019.

Finding 2018-006: **Oregon Business Development Department**
<u>Continue to Improve Investment Financial Reporting Controls</u>
Material Weakness

Recommendation: Management

- Ensure its review of each investment fund valuation, for financial reporting purposes, is timely completed and sufficiently documented.
- Correct the errors identified in the accounting system and all errors in the department's tracking spreadsheets and set it up so the department can accurately track each investment's commitment, investment cost and distributions.
- Establish policy and procedures to accurately track each investment's commitment, investment cost and distribution and that enables staff to correctly record the various investment-related transactions.

Status: Partial corrective action taken.

Agency response: Ensure its review of each investment fund valuation, for financial reporting purposes, is timely completed and sufficiently documented.

- This process is effectively created and is being completed by OBDD staff; however, it is not a process that is being completed timely. It is our goal to complete this documentation in a timely manner.

Correct the errors identified in the accounting system and all errors in the department's tracking spreadsheets and set it up so the department can accurately track each investment's commitment, investment cost and distributions.

- The department has made many improvements in the tracking and accuracy of tracking each investment. The majority of the prior fiscal years accounting errors have been corrected and the department will work toward complete accuracy of all investments separately recorded in SFMA to make tracking much easier.

Establish policy and procedures to accurately track each investment's commitment, investment cost and distribution and that enables staff to correctly record the various investment-related transactions.

- These policies and procedures have been completely established. The department is working toward accurately and timely following those policies and procedures as written.

Finding 2018-007: **Oregon Business Development Department**
Improve Year End Accrual Process
Significant Deficiency

Recommendation: Department management implement adequate processes that ensure year-end accruals for expenditures are properly and timely recorded in the accounting records.

Status: Corrective action taken.

Finding 2017-001: **Department of Human Services/Oregon Health Authority**
Strengthen Review Procedures
Significant Deficiency

Recommendation: Management ensure the transaction review process includes examination of proper coding and accounting periods.

Status: Partial corrective action taken.

Agency response: The procedures that affected the fiscal year 2017 audit were updated and were sufficient to control the errors present in the fiscal year 2017 audit. However, another error surfaced in the fiscal year 2018 audit, necessitating an update to the procedure.

Finding 2017-002: **Department of Revenue**
Improve Year-End Financial Procedures to Ensure Interfund Transactions are Balanced
Significant Deficiency

Recommendation: Department management develop year-end accrual procedures to help ensure accurate and complete year-end financial reporting, which includes ensuring all interfund transactions are balanced.

Status: Corrective action taken.

Finding 2017-003: **Department of Revenue**
Perform and Review Key Cash Reconciliations on a Regular and Timely Basis
Significant Deficiency

Recommendation: Department management ensure all key cash reconciliations are completed consistently and timely and are separately reviewed and approved.

Status: Partial corrective action taken.

Agency response: Continue to update performance tracking spreadsheet.

Continue to focus on reconciliation completion by accounting manager through monthly review of performance tracking spreadsheet. Clearly assign and identify preparers and reviewers for each reconciliation and holding the team accountable.

Partnered with Revenue's internal audit staff for process efficiencies, updating procedures and creating stronger review policies.

All vacant positions have been filled. Preparers and reviewers have and will continue to receive GenTax and SFMS training to ensure that reconciliation are complete and correct, due to the dynamic nature of the systems.

Continue to work with the Information Technology Services Division to complete the numerous GenTax system change requests that are still outstanding. Many of these requests would establish or correct an automated process that could improve the efficiency and effectiveness of what is primarily a manual and time-consuming methodology on the Finance end.

Anticipated Completion Date: June 30, 2020.

Finding 2017-004: **Department of Revenue**
<u>Strengthen Controls over System Access</u>
Significant Deficiency

Recommendation: Department management ensure system access be thoroughly reviewed for employees changing positions within the department and system access rights be timely updated.

Status: Partial corrective action taken.

Agency response: Within the Financial Services Division, Finance managers will continue to review and enforce the use of a separation checklist to ensure all access is appropriately and timely terminated. They will continue to retain copy of termination request in employee file. They will also continue to review quarterly all access involved with finance duties and update as necessary.

Human Resources (HR) will continue its efforts to assist managers through the separation/termination process in 2019. HR will develop a process to track receipt of the (employee signed) termination checklist by updating the form and procedures for when an employee leaves the agency. Additionally, when a manager submits a termination within Workday, there is a to-do task to remind the managers about completing the termination checklist. HR implemented some internal controls by partnering with the RCA coordinator to supply a monthly employee termination report, this report will be used to validate the timeliness of the request to terminate an employee's access upon separation.

DOR has a procedure that instructs managers to request removal of access for terminated or transferred employees. DOR has since developed a draft procedure for requesting access removal for transferred employees. The procedure improves the prior practice by specifying that previous access will be removed upon request for new access. DOR also has implemented a compensating control; a monthly comparison of terminated employees to a list of access requests to ensure managers have requested access be terminated.

DOR has developed draft language to update policies and procedures so that periodic manager review of access is required but has not formally approved the changes. DOR is developing an automated solution for conducting and documenting manager reviews. This action should help ensure periodic review is performed and documented.

Anticipated Completion Date: September 1, 2019.

Finding 2017-005: **Oregon Military Department**
Strengthen Financial Reporting over Federal Revenues
Significant Deficiency

Recommendation: Department management ensure reporting of federal revenues and expenditures, including year-end accruals, is accurate, timely, and in the appropriate fund. We also recommend that management ensure accounting records and documentation contain sufficient detail to support the transactions recorded in the accounting system.

Status: Corrective action taken.

Finding 2017-009: **Oregon Liquor Control Commission**
Strengthen Controls over System Access
Significant Deficiency

Recommendation: Department management ensure access to its applications be reviewed regularly to confirm that employees have only the access they require for their jobs. We also recommend management ensure activity of users with excessive access be reviewed periodically.

Status: Partial corrective action taken.

Agency response: OLCC has assigned an Information Services Specialist 6, Information Systems Analyst, to review, monthly, access to the following OLCC systems: Agent Revenue Management, Daily Sales, Merchandising Business, Non-Budget Vouchers, and Oregon Liquor Agent Services. The first review was performed on June 20, 2018, however documented monthly reviews did not begin until January 2019. Results of the monitoring are communicated to the Assistant Director of Financial Services.

OLCC created and adopted a policy formalizing the IT access review process in July 2019 to improve the controls per OAR 10.60.00.PO.101. System access for all employees will be reviewed quarterly by the division managers to ensure that their system access is appropriate.

OLCC's Information Services Specialist 6, Information Systems Analyst will monitor the frequency of logins on the systems for users with read/write access monthly and send the results monthly to the Assistant Director of Financial Services over Disbursements for review. There is no method currently available to the OLCC systems to track specific activity in these systems but the ISS6 can determine the frequency of logins.

Prior Year Federal Award Findings and Questioned Costs

This section includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2018. It also includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2017 that were uncorrected at June 30, 2018.

Finding 2018-008: **Department of Human Services**
<u>Improve Accuracy of Performance Data Reports</u>
Temporary Assistance for Needy Families (TANF) (93.558)
Reporting
Material Weakness, Material Noncompliance

Initial Year: 2010

Recommendation: Department management implement processes and procedures to ensure data reports accurately reflect case status and activity of the reporting period.

Status: No corrective action taken.

Agency response: System changes will not be implemented in the current Legacy system, it was determined the scope of work necessary to correct business requirements was too great given the Legacy system is phasing out. Legacy system will start phasing out with Oregon's new eligibility system, ONE, rolling out starting May 2020. Full implementation is scheduled to be completed by end of calendar year 2020.

The department has been in communication with our federal contact to discuss the accuracy of the federal report and the changes to Oregon's eligibility system. The department will continue technical assistance with the appropriate contacts at Federal Administration for Children and Families. This process will ensure the department has a clear understanding of the instructions for each federal field and write change requests to correct business requirements as necessary.

Finding 2018-009: **Department of Human Services**
<u>Failure to Conduct Re-determinations Results in Questioned Costs</u>
Temporary Assistance for Needy Families (TANF) (93.558)
Eligibility
Significant Deficiency, Noncompliance
Questioned Costs: $190,800 (known)

Initial Year: 2018

Recommendation: Department management implement monitoring of eligibility re-determinations to ensure they are completed timely. We also recommend department management correct the identified cases and reimburse the federal agency for amounts claimed for ineligible cases.

Status: Corrective action taken.

Finding 2018-010: **Department of Human Services**
<u>Emergency Assistance Costs Exceed Limits</u>
Temporary Assistance for Needy Families (TANF) (93.558)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: $141,217 (known)

Initial Year: 2018

Recommendation: Department management ensure timely and consistent monitoring of OR-Kids reports, including adequate communication, to ensure the cases exceeding the benefit threshold of $25,350 are corrected timely. We also recommend department management reimburse the federal agency for costs exceeding the limit.

Status: Corrective action taken.

Finding 2018-011: **Department of Human Services**
<u>Assistance Provided Beyond Federal Time Limit</u>
Temporary Assistance for Needy Families (TANF) (93.558)
Eligibility
Significant Deficiency, Noncompliance
Questioned Costs: $953 (known)

Initial Year: 2018

Recommendation: Department management ensure adequate processes are in place to ensure federal TANF payments are not made beyond the 60 month time limit. We also recommend department management correct the identified case and reimburse the federal agency for amounts claimed.

Status: Corrective action taken.

Finding 2018-012: **Department of Human Services**
<u>Seek Approval for Federal Five-Year Time Limit Exemptions</u>
Temporary Assistance for Needy Families (TANF) (93.558)
Eligibility
Noncompliance

Initial Year: 2013

Recommendation: Department management continue to work with DHHS to obtain approval of the department's plan for "Indian country" time limit exemptions. We also recommend department management correct cases that had been improperly exempted prior to January 1, 2017, and review and reimburse the federal agency as appropriate for payments made beyond the allowable time limit.

Status: Corrective action taken.

Finding 2018-013: **Oregon Health Authority**
Improve Controls for Monitoring MMIS Claims Edits and Audits
Medicaid Cluster (93.777, 93.778)
Activities Allowed or Unallowed, Special Tests and Provisions
Material Weakness

Initial Year: 2018

Recommendation: Management implement monitoring processes to provide assurance over the accuracy of MMIS claims edits and audits, as well as implement processes to understand the edits and audits controls and test their effectiveness and completeness. Additionally, management should continue to work with their service provider to maintain a comprehensive inventory of current MMIS edits and audits.

Status: Partial corrective action taken.

Agency response: The claims edit and audit testing plan was reviewed internally and approved by both the MMIS Business Support Unit and the Office of Financial Services. The plan was put into effect on April 1, 2019 and two quarterly deliverables have been provided to demonstrate the testing that has occurred so far in 2019. The MMIS Claims Edits and Audits testing is being conducted by the MMIS contractor, DXC.

Additionally, an MMIS Claims Edits and Audits Monitoring plan was developed and implemented on November 1, 2019. The monitoring plan involves the following approaches:

- Utilize the weekly Flush Claims report
- Work with the Claims analysts in MMIS BSU to identify areas that need to be monitored
- Monitor new edits and audits to be certain they are functioning properly
- Research and monitor edits and audits when Provider Services identifies a provider whose claims are denying
- Research and monitor edits and audits when the HSD Claims unit identifies any anomaly with a claim edit issue
- Work with the MMIS BSU Financial team to do research on an edit they see as inconsistent with what they would normally see when fixing flushed claims
- Monitor edits and audits around issues identified by the Program Integrity Unit in OHA

- Monitor claims identified during the bi-weekly interaction with DXC
- Pulling of random edits and audits from the comprehensive list
- Monitor edits and audits through the MMIS User Acceptance Testing site when claims changes are being tested for promotion to the Production site

This activity will be conducted by the MMIS Business Support Unit. A quarterly deliverable will also be completed to represent this activity as well.

Two quarterly deliverables are being produced. One for testing activities and one for monitoring activities.

OHA maintains a comprehensive inventory of current MMIS edits and audits, electronically. Both the Medicaid Policy Unit and the MMIS Business Support Unit maintain a current list. The revised and updated list is provided quarterly by the MMIS contractor, DXC.

All new edits for MMIS are first tested and validated through the MMIS User Acceptance Testing site. They are tested by three different groups: DXC, MMIS BSU and an analyst from the Medicaid Policy team in Health Systems Division. Once all three have validated the accuracy of the edit or audit is correct, the change is promoted to the MMIS Production site. Those new edits and audits are then part of the ongoing monitoring plan.

Finding 2018-014: **Department of Human Services/Oregon Health Authority**
Income Not Always Verified by System
Medicaid Cluster (93.777, 93.778)
Eligibility
Material Weakness

Initial Year: 2018

Recommendation: Department management investigate and identify the extent to which client income was not verified. We also recommend department management provide appropriate notification and training to staff to ensure that data is entered in a manner that would ensure the ONE system appropriately accesses the hub to verify income eligibility.

Status: Corrective action taken.

Finding 2018-015: **Department of Human Services/Oregon Health Authority**
<u>Improve Documentation for Client Eligibility Determinations</u>
Medicaid Cluster (93.777, 93.778)
Allowable Costs/Cost Principles, Eligibility, Matching
Significant Deficiency, Noncompliance
Questioned Costs: $54,164 (known)

Initial Year: 2010

Recommendation: Management strengthen controls to perform timely eligibility redeterminations and verification of client income, and ensure eligible clients are appropriately enrolled in both Medicare and Medicaid. Additionally, we recommend management provide periodic training to caseworkers to reduce the risk of administrative errors. We also recommend management correct all identified issues and reimburse the federal agency for unallowable costs.

Status: Partial corrective action taken.

Agency response: As of December 26, 2018, the department's Asset Verification Services system is providing electronic verification of assets, including bank accounts and balance information for non-assumed eligible Medicaid individuals subject to resource limits and/or look back periods at initial determination and redetermination, and for assumed eligible OSIPM individuals at initial determination when Medicaid Long-Term Care Services and Supports are requested. Medicaid redetermination reports are being made available to local office leadership to ensure redeterminations are completed timely. DHS is working with the Oregon Health Authority to ensure timely transition of Medicaid benefits for new Medicare recipients.

Current financial eligibility training is being restructured to allow for fundamentals training prior to system and policy training. This change will be effective July 2019. Integrated ONE-related training is in development and is on schedule for delivery prior to Pilot.

An adjustment was processed for $119 federal funds ($126.07 total funds) with BTMCEOZL on May 25, 2019 and reported on CMS-64 in the third quarter of Federal Fiscal Year 2019.

Finding 2018-016: **Department of Human Services/Oregon Health Authority**
<u>Improve Documentation for Provider Eligibility Determinations and Provider Revalidations</u>
Medicaid Cluster (93.777, 93.778)
Special Tests and Provisions
Significant Deficiency, Noncompliance
Questioned Costs: $8,518 (known)

Initial Year: 2012

Recommendation: Department and authority management strengthen controls to ensure documentation supporting a provider's eligibility determination is retained. We also recommend department management reimburse the federal agency for cost paid related to the ineligible provider.

Status: Partial corrective action taken.

Agency response: The original database check was completed in April 2019 and staff completed a full set of database checks for all providers where there was no documented database check/validation. We will be pulling another data pull in late July and complete a full set of database checks/validations for providers where there is no documented database check/validation. We are actively seeking ways to automate the process to eliminate errors. In addition, we are working to obtain audit finding detail in order to reimburse the federal awarding agency for known questioned costs.

Finding 2018-017: **Department of Human Services**
<u>Improve Foster Care Eligibility and Licensing Documentation</u>
Foster Care – Title IV-E (93.658)
Eligibility
Significant Deficiency, Noncompliance
Questioned Costs: $17,972 (known); $817,648 (likely)

Initial Year: 2012

Recommendation: Department management ensure all required documentation is completed timely, reviewed, and maintained. We also recommend department management reimburse the federal agency for costs paid related to the exceptions identified above.

Status: Corrective action taken.

Finding 2018-018: **Department of Human Services**
<u>Financial Transaction Processing Errors in Child Welfare System</u>
Foster Care – Title IV-E (93.658)
Medicaid Cluster (93.775, 93.777, 93.778)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: $277,004 (Foster Care known), $5,949 (Medicaid known)

Initial Year: 2012

Recommendation: Department management review OR-Kids transaction processing and complete system modifications as appropriate to ensure proper financial reporting of program expenditures. We also recommend department management review prior year and current year transactions and reimburse the federal agency for grant expenditures claimed inappropriately.

Status: Partial corrective action taken.

Agency response: A portion of this audit finding was mitigated by OR-Kids JIRA# 25911 - System not allowing placement corrections on service types with age bracketed services. This system correction will now calculate the Placement Begin Date against the participant's DOB, allowing retroactive placement corrections for all age bracketed service types. This change was put into production in Build 3.7.1.0 – Maintenance Release 9, on January 23, 2019.

A report has also been developed to identify adjustments that impact a state grant rather than the federal grant and is in the final validation stage. Once the report is validated, the report will be used to accurately report federal expenditures. The new report will be used for the reporting period ending June 30, 2020.

For IV-E, an adjustment was made with document BT183513, and $277,004 was repaid and reported on the 9/30/19 CB-496. For Medicaid, an adjustment was made with document BT186519 on 02/10/20, and $5,949 was repaid and entered into the CMS for FFY20Q2.

Finding 2018-019: **Department of Human Services**
<u>Strengthen Review over Costs Charged to Program</u>
Foster Care – Title IV-E (93.658)
Allowable Costs/Cost Principles, Matching
Significant Deficiency
Questioned Costs: $116 (known)

Initial Year: 2015

Recommendation: Department management ensure payments are adequately reviewed to verify payments are for the correct federal financial participation rate

	and calculated correctly. We also recommend department management reimburse the federal agency for unallowable costs.
Status:	Partial corrective action taken.
Agency response:	Additional unallowable expenditures were identified and repaid to the federal awarding agency. Unallowable expenditures of $338 was shown as decreasing line 219 on the March 31, 2019 CB-496 report for the ergo assessments. The Juvenile Justice invoice for $2.66 was entered March 9, 2020 using BT187182 and will appear on the March 31, 2020 report. The mileage adjustment of $0.71 is expected to also appear on the March 31, 2020 report. FPR reviewed past findings and SOS-15-011 is consistent with SOS-18-019. The OR-Kids team reviewed the transactions in the findings and identified a systemic issue that was updated in 2017. FPR and the OR-Kids team worked to implement an update to OR-Kids in 2018 to automatically calculate the mileage reimbursement rate using the current rate. A transmittal was sent to the field, effective 7/1/2018, but was subsequently rescinded after it was discovered that the OR-Kids database cannot accept a three-decimal reimbursement amount. The OR-Kids team continues to work on changes to the database to resolve this finding. The most recent update from the OR-Kids team was on 1/28/2020 in which they said that automatic rate calculation is on the list for an upcoming maintenance release over the next several weeks. The current estimated implementation date is 3/31/2020. While waiting for this change to go into effect, Child Welfare continues to use a workaround process by sending out a transmittal at the beginning of each year with the newest mileage rate information and conducting spot checks for accuracy. The current mileage transmittal, CW-IM-20-001, went out to all of Child Welfare in January 2020.
Finding 2018-020:	**Department of Human Services** **<u>Improve Contract Monitoring</u>** **Foster Care – Title IV-E (93.658)** **Activities Allowed or Unallowed, Allowable Costs/Cost Principles** **Significant Deficiency**
Initial Year:	2017
Recommendation:	Department management ensure adequate contract monitoring processes are in place to provide assurance that the department is receiving the services provided for in these waiver based contracts.
Status:	Partial corrective action taken.
Agency response:	These findings are connected to the use of Title IV-E federal funds. For these specific services and contracts, the IV-E funds were only allowed

under the Title IV-E waiver, which ended September 30, 2019. Therefore, there are no longer concerns about inappropriate federal fund claiming because these contracts are only using the General fund. No new contracts were entered into during State fiscal year 2019 that would use Title IV-E funds.

Finding 2018-021: **Department of Human Services/Oregon Health Authority**
Strengthen Controls over Changes to Cost Allocation Plans
Medicaid Cluster (93.777, 93.778)
Foster Care – Title IV-E (93.658)
Supplemental Nutritional Assistance Program (SNAP) Cluster (10.551, 10.561)
Temporary Assistance for Needy Families (TANF) (93.558)
Allowable Costs/Cost Principles
Significant Deficiency

Initial Year: 2018

Recommendation: Management ensure changes to the cost allocation process are included in its change log to ensure all changes are incorporated in subsequent plan submissions. Further, the department should ensure the discrepancies identified are corrected in the next plan submission.

Status: Partial corrective action taken.

Agency response: Going forward, we are documenting all of our correspondence in a log with a number, brief description and which plan year it applies to. Additionally, with each update requested, the plans are being produced in their entirety where each version builds on the prior so that the most recent plan or update is always the most current and inclusive of all changes and or updates. Regarding the Random Moment Sampling, the majority of those activity codes required narrative updates only to ensure the description of the calculation was accurate.

There were two activity codes that resulted in claiming differences:

- Activity Code 4.A.8 – Pre-Finalized Adoption Assistance Case Management – The penetration rate used in activity code 4.A.8 is based on IV-E Foster Care. This rate should have instead been based on IV-Adoptions. The funding source charged for this activity, however, was in fact "TITLE IV-E ADOPTION ASSISTANCE". Because the federal funding source is correct, there is no adverse impact to reporting. Because the Foster Care penetration rate is lower (57.07%) than the Adoptions rate (86.24%), the resulting impact on claiming is that Oregon under-claimed to IV-E. Since the amount that is not funded by IV-E is charged to state funds (GF), as such no correcting entry is necessary.
- Activity Code 4.A.2 Transportation for Medical, Dental, And Mental Health Services – The penetration rate used in this activity is XIX Foster Care (XIX FC) eligible children. The rate should have been XIX

> weighted / blended (based on Foster Care and In-Home). The approximate difference in rates is 2.5% less when using a blended rate. As a result, the agency over-claimed to title XIX. Activity code 4.A.2 accounts for approximately 1.77% of Child Welfare Survey results. The overall impact to Child Welfare RMSS results is 0.043% (or a 2.5% XIX reduction in the 1.77% of survey responses in activity code 4.A.2), the federal fund impact and correcting entry is estimated at approximately $63k.

The entry for 4.A.2 was made with document numbers BTCC2130 through BTCC2136. Total federal fund impact was $36,204. The initial estimate was based on averages versus a month by month calculation. This will be reported on the federal fiscal year 2019 quarter 4, CMS-64 report.

Finding 2018-022: **Department of Human Services/Oregon Health Authority**
<u>Strengthen Controls over Review of Expenditures</u>
Medicaid Cluster (93.777, 93.778)
Foster Care – Title IV-E (93.658)
Supplemental Nutritional Assistance Program (SNAP) Cluster (10.551, 10.561)
Temporary Assistance for Needy Families (TANF) (93.558)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: $2,219 (known); $168,875 (likely)

Initial Year: 2018

Recommendation: Management strengthen internal controls to ensure all costs entering the cost pools are allowed and for the correct amount. Further, the department should identify any additional mileage rate errors and correct all known issues.

Status: Corrective action taken.

Finding 2018-023: **Department of Justice**
<u>Ensure Allowable Costs are Supported</u>
Child Support Enforcement (CFDA 93.563)
Allowable Costs/Cost Principles, Subrecipient Monitoring
Significant Deficiency, Noncompliance
Questioned Costs: $25,689 (known)

Initial Year: 2018

Recommendation: Department management ensure subrecipient reimbursement requests contain sufficient supporting documentation and that unusual amounts be investigated for accuracy. We also recommend the department reimburse the federal agency for unallowable costs.

Status: Corrective action taken.

Finding 2018-024: **Department of Justice**
<u>Improve Controls over Federal Financial Reporting</u>
Child Support Enforcement (CFDA 93.563)
Reporting
Significant Deficiency, Noncompliance

Initial Year: 2018

Recommendation: Department management strengthen internal controls to ensure OCSE-396 reports contain actual and verifiable transactions supported by readily available accounting records.

Status: Corrective action taken.

Finding 2018-025: **Department of Human Services**
<u>Improve Controls over EBT Card Inventory</u>
Supplemental Nutrition Assistance Program (SNAP) Cluster (10.551, 10.561)
Special Tests and Provisions
Significant Deficiency, Noncompliance

Initial Year: 2013

Recommendation: Department management implement a consistent process to verify branch offices are conducting required inventory and accurately completing stock control logs.

Status: Corrective action taken.

Finding 2018-026: **Department of Education**
<u>Strengthen Tracking Controls over Matching Requirements</u>
Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)
Matching
Significant Deficiency

Initial Year: 2018

Recommendation: Department management strengthen its controls over the matching requirement to ensure consistent monitoring activities occur.

Status: Partial corrective action taken.

Agency response: ODE developed a master list to track school districts with a matching requirement. Procedures were updated to include specific due dates for documentation submissions, follow-up notifications and consequences for non-compliance.

Finding 2018-027:	**Department of Education** **<u>Strengthen Monitoring Controls over Subrecipients</u>** **Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)** **Subrecipient Monitoring** **Significant Deficiency**
Initial Year:	2018
Recommendation:	Department management implement procedures to ensure monitoring checklists are fully completed.
Status:	Corrective action taken.

Finding 2018-028:	**Higher Education Coordinating Commission** **<u>Ensure Timely Submission of Cost Allocation Plan</u>** **WIA/WIOA Adult Program (17.258)** **WIA/WIOA Youth Activities (17.259)** **WIA/WIOA Dislocated Worker Formula Grants (17.278)** **Allowable Costs/Cost Principles** **Significant Deficiency, Noncompliance** **Questioned Costs: $1,346,380 (known)**
Initial Year:	2018
Recommendation:	Department management ensure a plan or rate is submitted to the federal government within six months after the end of the fiscal year.
Status:	Partial corrective action taken.
Agency response:	HECC has contracted with FCS Group, a company with a proven track record of developing approved cost allocation models for other Oregon state agencies, to develop its 2016, 2017 and 2018 cost allocation plans. The plan will include descriptions of the methodology, approach and assumptions, cost pools, related allocation factors, exclusions, and resulting allocations and rates used. FCS will train HECC staff on model inputs, framework, modeling techniques, and use of the model in general. Staff will then be able to use the framework to develop and submit subsequent plans. HECC has informed the US Department of Labor that this work is currently in progress and expects it to be complete within the next few months. When working with the DOL it was determined that, the contractor, FCS, based calculations on calendar year values, in determining a COST ALLOCATION model. DOL determined this to be incorrect, the calculations needed to base on fiscal year values. HECC then re-created a new model, with DOL guidance, using fiscal year dates, to determine the newly minted INDIRECT rate for HECC.

The indirect rate exercise was completed on December 31, 2019. We completed the exercise with a signed agreement and a Certificate of Indirect Cost agreement for 2017 and 2018.

Anticipated Completion Date: December 31, 2019.

Finding 2018-029: **Higher Education Coordinating Commission**
Improve Controls over Payroll
WIA/WIOA Adult Program (17.258)
WIA/WIOA Youth Activities (17.259)
WIA/WIOA Dislocated Worker Formula Grants (17.278)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: $46,568 (known)

Initial Year: 2017

Recommendation: Management review all timesheets to ensure employee time is appropriately coded for program purposes. We also recommend management reimburse the federal agency for unallowable costs.

Status: Corrective action taken.

Finding 2018-030: **Department of Environmental Quality**
Strengthen Controls over Costs Reclassified to the Federal Program
Performance Partnership Grants (66.605)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: $116,027 (known)

Initial Year: 2018

Recommendation: Department management improve the process and strengthen control over costs reclassified to the federal program to ensure duplicate charges are prevented.

Status: Corrective action taken.

Finding 2018-031: **Department of Environmental Quality**
Improve Controls over Federal Financial Reporting
Performance Partnership Grants (66.605)
Reporting
Significant Deficiency, Noncompliance

Initial Year: 2018

Recommendation: Management work with their federal liaisons to correct the reports, and implement controls to ensure future reports contain accurate

	information, follow federal reporting guidelines, and are supported by accounting records.
Status:	Partial corrective action taken.
Agency response:	DEQ has coordinated with our Federal Partner (EPA) and has received guidance on properly reporting 1) agency matching expenditures for the Federal Financial Report (FFR, SF Form 425), and 2) agency procurement amounts for the US EPA MBE/WBE Utilization Under Federal Grants and Cooperative Agreements Report (EPA Form 5700-52A). Because FFR and MBW/WBE reports for FFY18 were corrected in SFY20, outside the audit reporting period of SFY19, the resulting status is Partial Corrective Action Taken.
Finding 2018-032:	**Department of Education** **<u>Implement Eligibility Standard in Subrecipient Maintenance of Effort Review</u>** **Special Education (IDEA) Cluster (84.027; 84.173)** **Level of Effort – Maintenance of Effort** **Significant Deficiency, Noncompliance** **Questioned Costs: Unknown**
Initial Year:	2018
Recommendation:	Department management implement a process to include the eligibility standard when reviewing subrecipients' maintenance of effort to help ensure compliance with federal regulations.
Status:	Corrective action taken.
Finding 2018-033:	**Department of Education** **<u>Ensure Subrecipient Monitoring Includes Evaluation of Risk</u>** **Special Education (IDEA) Cluster (84.027; 84.173)** **Subrecipient Monitoring** **Significant Deficiency, Noncompliance**
Initial Year:	2018
Recommendation:	Department management establish effective internal controls to help ensure that the assessment of each subrecipient's risk of noncompliance is performed and adequately documented.
Status:	Partial corrective action taken.
Agency response:	ODE developed written schedules for short-term and future annual monitoring. A scheduled monitoring using previously developed tools was unavoidably delayed due to a district issue. Written report formats were developed for each type of monitoring. Processes were updated to include (1) Assistant Superintendent review/approval of all completed monitoring reports; (2) providing approved reports to districts with

timelines for responses; and (3) maintaining documentation of the monitoring processes.

Finding 2018-034: **Department of Education**
<u>Ensure Subrecipient Monitoring Includes Federal Fiscal Requirements</u>
Special Education (IDEA) Cluster (84.027; 84.173)
Subrecipient Monitoring
Significant Deficiency, Noncompliance

Initial Year: 2014

Recommendation: Department management implement fiscal monitoring processes that ensure subrecipients have accounting and internal control systems adequate to administer federal fiscal requirements.

Status: Partial corrective action taken.

Agency response: ODE has begun providing training to staff on the previously developed monitoring tools. ODE is in the process of scheduling the first three sample districts to monitor and obtain feedback from regarding the use of the previously developed tools. Revisions to the monitoring tools will be dependent on above visits and feedback.

Finding 2018-035: **Department of Education**
<u>Strengthen Controls and Improve Documentation for Subrecipient Risk Assessments</u>
Title I Grants to Local Educational Agencies (84.010)
Subrecipient Monitoring
Significant Deficiency, Noncompliance

Initial Year: 2018

Recommendation: Department management develop and implement internal controls to help ensure that risk assessments of subrecipients for monitoring purposes are performed and documented.

Status: Corrective action taken.

Finding 2018-036: **Department of Education**
<u>Improve Accuracy of Subgrant Reductions for Subrecipients Not Meeting MOE</u>
Title I Grants to Local Educational Agencies (84.010)
Level of Effort – Maintenance of Effort
Significant Deficiency, Noncompliance
Initial Year: 2015

Recommendation: Department management strengthen controls to help ensure reductions of subgrants to LEAs not meeting MOE are accurate.

Status: Corrective action taken.

Finding 2017-010: **Department of Human Services**
<u>Child Welfare Systems Allows Claims Outside Period of Performance</u>
Foster Care – Title IV-E (93.658)
Period of Performance
Material Weakness, Material Noncompliance
Initial Year: 2013

Recommendation: Department management continue to pursue system changes to OR-Kids to prevent transactions from reimbursing outside the period of performance. In the meantime, the department should develop a process to better identify transactions that are appropriate to net and transactions that should not be netted to ensure adjustments are reported appropriately.

Status: Corrective action taken.

Finding 2017-011: **Department of Human Services**
<u>Improve Contract Monitoring</u>
Foster Care – Title IV-E (93.658)
Allowable Costs/Cost Principles
Material Weakness
Initial Year: 2017

Recommendation: Department management ensure adequate contract monitoring processes are in place to provide assurance that the department is receiving the services provided for in these waiver based contracts. We also recommend department management seek clarification regarding allocation of equal monthly payments among clients served and verify that startup costs, camp services, and pre-paid flexible funds are appropriate waiver expenditures.

Status: Partial corrective action taken.

Agency response: These findings are connected to the use of Title IV-E federal funds. For these specific services and contracts, the IV-E funds were only allowed under the Title IV-E waiver, which ended September 30, 2019. Therefore, there are no longer concerns about inappropriate federal fund claiming because these contracts are only using the General fund. No new contracts were entered into during State fiscal year 2019 that would use Title IV-E funds.

Finding 2017-012: **Department of Human Services**
Improve Foster Care Provider Eligibility Documentation
Foster Care – Title IV-E (93.658)
Eligibility
Significant Deficiency, Noncompliance
Questioned Costs: $3,487

Initial Year: 2012

Recommendation: Department management ensure all required documentation is completed timely, reviewed, and maintained, and that eligibility is determined appropriately. We also recommend department management reimburse the federal agency for costs paid related to ineligible providers.

Status: Corrective action taken.

Finding 2017-013: **Department of Human Services/Oregon Health Authority**
Financial Transaction Processing Errors in Child Welfare System
Foster Care – Title IV-E (93.658)
Medicaid Cluster (93.777, 93.778)
Allowable Costs/Cost Principles
Material Weakness, Material Noncompliance
Questioned Costs: $92,486 (Foster Care); $45,339 (Medicaid)

Initial Year: 2012

Recommendation: Department management review OR-Kids transaction processing and make system modifications as appropriate to ensure proper financial reporting of program expenditures. We also recommend department management review prior year and current year transactions and reimburse the federal agency for grant expenditures claimed inappropriately.

Status: Partial corrective action taken.

Agency response: This audit finding was partially mitigated by OR-Kids JIRA# 25911 - System not allowing placement corrections on service types with age bracketed services. This system correction will now calculate the Placement Begin Date against the participant's DOB, allowing retroactive placement corrections for all age bracketed service types. This change was put into production in Build 3.7.1.0 – Maintenance Release 9, on January 23, 2019.

A report has been developed to identify adjustments that impact a state grant rather than the federal grant and is in the final validation stage. Once the report is validated, the report will be used to accurately report federal expenditures. The new report will be used for the reporting period ending June 30, 2020.

A change request for a system fix has been written. However, the date for the system fix is not yet determined.

Questioned costs in this finding were repaid for both Foster Care – Title IV-E and Medicaid and reported on March 31, 2019 as follows:

Foster Care – Title IV-E costs of $92,487 were repaid on the March 31, 2019 CB-496 report as a correcting adjustment and reported on the following lines:

- Decreasing line 1 – Total ($21,604)
- Decreasing line 2 – Total ($834)
- Decreasing line 3 – Total ($68,214)
- Decreasing line 4 – Total ($1,835)

Medicaid questioned costs were adjusted on BT178748 and reported on the March 31, 2019 CMS-64 report in the amount of $45,339.

Finding 2017-014: **Department of Human Services/Oregon Health Authority**
<u>Ensure Medicaid Payments are Sufficiently Supported</u>
Medicaid Cluster (93.777, 93.778)
Allowable Costs, Eligibility
Material Weakness, Material Noncompliance
Questioned Costs: $33,928 (CFDA 93.778)

Initial Year: 2010

Recommendation: Management strengthen controls to verify applications exist during client eligibility redeterminations, perform timely eligibility redeterminations and verification of client resources, close benefits for clients no longer eligible, and ensure eligible clients are enrolled in both Medicare and Medicaid. We also recommend management correct all identified issues and reimburse the federal agency for unallowable costs.

Status: Corrective action taken.

Finding 2017-015: **Department of Human Services/Oregon Health Authority**
<u>Improve Documentation for Provider Eligibility Determinations and Provider Revalidations</u>
Medicaid Cluster (93.777, 93.778)
Special Tests and Provisions
Significant Deficiency, Noncompliance
Questioned Costs: $36,576

Initial Year: 2012

Recommendation: Management strengthen controls to ensure documentation supporting a provider's eligibility determination is retained. For current providers with missing documentation, we recommend the department verify they are eligible to provide services and obtain the necessary documentation.

Status: Partial corrective action taken.

Agency response: The Provider Enrollment Unit has implemented the quarterly data pull for missed database checks. Initially how the data was pulled from MMIS and the content of the data caused delays due to the volume and sorting through the provider file. Those issues are being worked through and as additional reports are pulled, the process will become more streamlined. The next data pull is on track and scheduled for July 2019.

Finding 2017-016: **Department of Human Services**
<u>Improve Controls over Monthly Copay Calculations</u>
Child Care and Development Fund Cluster (CFDA 93.575, CFDA 93.596)
Allowable Costs
Significant Deficiency, Noncompliance
Questioned Costs: $1,939 (known), $259,126 (likely)

Initial Year: 2014

Recommendation: Department management ensure a client's monthly copay is correctly calculated and applications are retained. We also recommend department management reimburse the federal agency for unallowable costs.

Status: Partial corrective action taken.

Agency response: On June 21, 2018, DHS completed the reimbursement to the federal agency for the known questioned costs of $1,939 on document BT172966.

Child Care Policy reissued a transmittal (SS-IM-18-016) on June 15, 2018 to department field staff as a reminder to reinforce the importance of increased accuracy in the Employment Related Daycare (ERDC) program.

Quality Assurance in collaboration with Quality Control and Policy Analysts completed a focused review of ERDC cases the first week of

August 2018. Quality Assurance, also in collaboration with the policy team, published another specific edition of an Accuracy in Action newsletter focusing on ERDC budgeting and child care hours published March 2018 Volume 3 Issue 1. Issue included information referring to verifying income and hours, ERDC hours, marginal income, two parent working families, child support and ERDC, prospective eligibility and budgeting and transitioning TANF to ERDC.

In August of 2018, tools were developed and shared with field staff during the year in efforts to improve co—pay calculations and documentation. An ERDC mini-training was offered and a Child Care Policy transmittal was reissued to department staff as an important reminder of increased accuracy in the ERDC program. Another edition of an "Accuracy in Action" newsletter was issued focusing on ERDC budgeting and child care hours.

Finding 2017-019: **Higher Education Coordinating Commission**
Improve Controls over Payroll
WIA/WIOA Adult Program (17.258)
WIA/WIOA Youth Activities (17.259)
WIA/WIOA Dislocated Worker Formula Grants (17.278)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: $89,535

Initial Year: 2017

Recommendation: Management timely review all timesheets to ensure employee time is appropriately coded for program purposes. We also recommend management reimburse the federal agency for unallowable costs.

Status: Corrective action taken.

Finding 2017-027: **Department of Human Services**
Strengthen Controls over Client Payments, Payroll Processes, and Cell Phone Review
Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: $60 (known)

Initial Year: 2017

Recommendation: Department management strengthen its controls to ensure appropriate expenditures are charged to the federal program and that timely reviews of client payments, monthly employee timesheets, and cell phone invoices are performed.

Status: Corrective action taken.

Finding 2017-028: **Department of Human Services**
<u>Improve Controls over Federal Financial Reporting</u>
Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)
Reporting
Significant Deficiency, Noncompliance

Initial Year: 2017

Recommendation: Department management submit accurate RSA-2 reports and strengthen its controls over RSA-2 reports to ensure the reports are properly prepared, adequately supported, and properly reviewed.

Status: Corrective action taken.

Finding 2017-029: **Department of Human Services**
<u>Procurement Controls Not Always Followed and New Contracting System Not Reviewed</u>
Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)
Procurement and Suspension and Debarment
Significant Deficiency, Noncompliance

Initial Year: 2017

Recommendation: Department management strengthen controls to ensure all procurement procedures are followed, including the verification of suspension and debarment for all contracts, and maintain supporting evidence for procedures performed. We further recommend department management create and implement review procedures over its new CSTAT system to ensure controls over procurement procedures are operating effectively.

Status: Partial corrective action taken.

Agency response: The Office of Contracts and Procurement (OC&P) began with the month of December 2018, pulling a query of all executed contracts from each month as recorded in the CSTAT database. A formula is used to perform a random selection process of 25% of all contracts or amendments executed within that month that meet the criteria of any dollar value not to exceed (NTE) amount, inclusive of increases to NTE on amendments. The entire electronic contract file is reviewed for completeness, including CSTAT entries related to the contract. If an error or omission is discovered in the documentation, the compliance manager informs the contract specialist's manager by email of the nature of the error. Errors are recorded with the review of the contract file, as well as documentation from the contract specialist once the correction has been made. Managers review the contract errors and corrections with staff during employee development meetings. All documentation is maintained in an excel spreadsheet by month for each month audited.

Finding 2017-031: **Oregon Commission for the Blind**
<u>Improve Controls over Federal Financial Reporting</u>
Rehabilitation Services – Vocational Rehabilitation Grants to States (84.126)
Reporting
Significant Deficiency, Noncompliance

Initial Year: 2017

Recommendation: Commission management correct the financial reports and implement controls to ensure future reports contain accurate information, are supported by accounting records, and follow federal reporting guidelines.

Status: Partial corrective action taken.

Agency response: Correction of the SF-425 reports impacted by this finding have been completed and resubmitted to RSA as of January 22, 2019. The CFO for CFB has completed Federal Fiscal training for the SF-425. Internal review by second individual of report data for accuracy prior to submission to be implemented for the upcoming March 31, 2020 reporting period.

Corrections to the RSA-2 have been completed and the 2016 report has been resubmitted to RSA. The process for compilation of the information has been expanded to include additional checks and balances. These new steps were tested with the RSA-2 for 2017 and this report has also been resubmitted to the RSA. The CFO for CFB has completed Federal Fiscal training for the RSA-2.

Finding 2017-032: **Department of Fish and Wildlife**
<u>Establish Controls over Financial Reporting and Ensure In-Kind State Match is Adequately Supported</u>
Fish and Wildlife Cluster (15.605, 15.611)
Reporting, Matching
Significant Deficiency, Noncompliance
Questioned Costs: $14,211 (known)

Initial Year: 2017

Recommendation: Department management ensure federal financial reports are independently reviewed and adequately supported before submission.

Status: Partial corrective action taken.

Agency response: ODFW analyzed internal controls and risks associated with the SF-425 and found that existing controls adequately manage the risk of significant reporting errors and maintain compliance with applicable requirements.

As of June 2019, ODFW adopted an SF-425 risk assessment and review procedure, which further ensures regular review and monitoring of the risks and internal controls associated with SF-425 reporting.

With regard to in-kind match documentation, we anticipate the implementation of our new Volunteer and Event Management System (VEM) to occur by the end of calendar year 2020. One intent of the new VEM system is to standardize the timekeeping process for volunteer labor. The documentation/reports available from the new system are expected to be a significant improvement over the current paper timesheets.

Finding 2017-033: **Department of Fish and Wildlife**
<u>**Implement Monitoring and Maintenance of Real Property**</u>
Fish and Wildlife Cluster (15.605, 15.611)
Equipment and Real Property Management
Significant Deficiency, Noncompliance

Initial Year: 2017

Recommendation: Department management finalize and implement policies and procedures to ensure compliance with real property federal requirements.

Status: Partial corrective action taken.

Agency response: As of June 2019, the department adopted a Real Property Management Policy to strengthen the department's ability to comply with federal and state real property management requirements. In addition, ODFW plans to implement a modern asset management system within the next year, which will improve the agency's efforts to monitor real property.

Finding 2017-034: **Department of Fish and Wildlife**
<u>**Improve Controls over Directly Allocated Costs**</u>
Fish and Wildlife Cluster (15.605, 15.611)
Allowable Costs/Cost Principles
Significant Deficiency, Noncompliance
Questioned Costs: $454 (known); $21,000 (likely)

Initial Year: 2016

Recommendation: Department management review their methods and processes for allocating direct costs to programs and improve controls to ensure adherence to cost principles. Specifically, we recommend management require that sufficient documentation of the basis applied to allocating costs is maintained and periodically reviewed to ensure costs reflect actual benefit to the program, are accurately calculated, and are consistently applied across programs and other department activities.

Status: Corrective action taken.

Finding 2017-035: **Department of Fish and Wildlife**
<u>Include Only Paid Hunting and Angling Licenses in Certification Report</u>
Fish and Wildlife Cluster (15.605, 15.611)
Reporting
Significant Deficiency, Noncompliance

Initial Year: 2017

Recommendation: Department management correct and resubmit the certification and implement a more robust review process to ensure the certification is accurate prior to submission.

Status: Corrective action taken.

Finding 2017-036: **Department of Fish and Wildlife**
<u>Consistently Apply Controls over Procurements</u>
Fish and Wildlife Cluster (15.605, 15.611)
Procurement, Suspension, and Debarment
Significant Deficiency

Initial Year: 2017

Recommendation: Department management require the consistent application of controls to ensure compliance with federal requirements over procurement.

Status: Corrective action taken.

Summaries of Related Audit Reports Issued by the Oregon Secretary of State Audits Division

Summaries of selected performance and information technology audit reports issued during 2019 are included here for informational purposes as subjects may relate to federal programs administered in Oregon.

REPORT TITLE AND NUMBER: **Department of Human Services, Oregon Health Authority Integrated Eligibility Project Has Generally Followed Industry Standards to Help Ensure Data is Converted Completely and Accurately; Report No. 2019-37**

REPORT DATE: October 2019

RESULTS IN BRIEF: Public assistance programs provide a vital safety net and are funded through a combination of state and federal resources. In fiscal year 2018, Oregon spent approximately $13 billion on public assistance programs, approximately 46% of all state expenditures.

What We Found

1. The Integrated Eligibility Project team has generally followed industry standards for data conversion.
2. Despite sufficient planning efforts, risks remain that could negatively impact the Integrated Eligibility Project.
    a. Limited testing of data extracts creates a risk that data conversion could be relying upon incomplete or erroneous data.
    b. Unknown staffing needs post-data conversion creates the potential for negative client experience through long wait times.
    c. Shared accounts weaken security and accountability if misuse of sensitive data occurs.
    d. Missing contract terms limit the ability to hold contractor accountable in the event of a data breach.

What We Recommend

The Department of Human Services and the Oregon Health Authority should remediate a potential testing gap; develop staffing plans for work resulting from data conversion activities; eliminate the use of shared accounts to transmit sensitive information; and update existing contracts to include clauses required under federal law.

Both agencies agreed with all of our recommendations. Their response can be found at the end of the report. The report includes a risk assessment we communicated to the Integrated Eligibility Project team in March 2019.

REPORT TITLE AND NUMBER: **Recommendation Follow-up Report: DHS Has Made Important Improvements, but Extensive Work Remains to Ensure Child Safety; Report No. 2019-24**

REPORT DATE: June 2019

RESULTS IN BRIEF: The purpose of this report is to follow up on the recommendations we made to the Department of Human Services (DHS) as included in audit report 2018-05, "Foster Care in Oregon: Chronic management failures and high caseloads jeopardize the safety of some of the state's most vulnerable children."

The Department of Human Services (DHS) made progress on all 24 recommendations from the original audit, fully implementing eight. However, extensive work remains to improve child safety in the foster care and child welfare system, including increasing staffing and addressing a continued shortfall of foster homes and residential beds.

Findings from the Original Audit

» Chronic management failures and high caseloads jeopardize child safety.

» Child welfare workers are burning out and leaving in high numbers.

» The supply of suitable foster homes and residential facilities is dwindling.

» Prior management response to these issues was slow, indecisive, and inadequate.

Improvements Noted

» Agency leadership has begun implementing solutions, including improving DHS's work culture.

» DHS has enhanced support services and added training for field staff.

» The agency houses fewer children in hotels, though it still places some in sub-optimal settings.

Remaining Areas of Concern

» Caseworkers and other staff remain overburdened and turnover remains high, jeopardizing child safety.

» Management has not yet clearly communicated its staffing deficits to the Legislature.

» The state still lacks enough foster homes and in-state residential beds for high-needs children.

» Critical data on staffing and placements is not being collected.

» The new central abuse reporting hotline has experienced substantial transition issues.

The status of each recommendation and full results of our follow-up work are detailed in the report.

REPORT TITLE AND NUMBER: **Recommendation Follow-up Report: Oregon Health Authority Should Improve Efforts to Detect and Prevent Improper Medicaid Payments; Report No. 2019-13**

REPORT DATE: March 2019

RESULTS IN BRIEF: The purpose of this report is to follow up on the recommendations we made to the Oregon Health Authority (OHA) as included in audit report 2017-25, "Oregon Health Authority Should Improve Efforts to Detect and Prevent Improper Medicaid Payments."

Recommendation Follow-up Results

At the time of the original audit, the Oregon Health Authority (OHA) agreed with all eight recommendations we made. Our follow-up work shows OHA has made progress to implement those recommendations, with two fully implemented and six partially implemented. While OHA has made progress, more work is still needed to fully resolve these recommendations and further improve processes to reduce improper payments.

Highlights from the Original Audit

The Secretary of State's Audit Division found OHA recovery efforts are appropriate and reasonable, but the agency should strengthen efforts to detect and prevent improper payments. We also found delays in processing eligibility for thousands of Medicaid recipients, which resulted in millions of dollars of avoidable expenditures, a critical issue the agency failed to disclose until raised in a May 2017 Auditor Alert.

The primary purpose of the original audit was to determine if OHA could improve processes to prevent, detect, and recover improper Medicaid payments. The secondary purpose was to follow up on OHA's progress to resolve Medicaid eligibility issues we raised in our May 2017 Auditor Alert.

Key Findings from the Original Audit

1. OHA has gaps in procedures for preventing certain improper payments. Insufficient management of the agency's processes for identifying and resolving payment and eligibility issues, prioritization of staffing resources, and efforts to address technology issues put taxpayer dollars at risk.
2. OHA lacks well-defined, consistent, and agency-wide processes to detect certain improper payments, especially related to coordinated care. We identified approximately 31,300 questionable payments based on our review of 15 months of data. OHA needs to continue researching these claims to determine how many were improper; OHA reported that only a small percentage were improper based on preliminary research of 2,700 claims.
3. OHA recovery efforts appear appropriate and reasonable, but may be underutilized due to OHA's limited procedures for detecting improper payments.
4. OHA reported completing the action plan to determine eligibility for the remaining backlog of 115,200 Medicaid recipients. Approximately 47,600 (41%) were deemed ineligible as a result, although this figure may decrease slightly through the end of November. Failure to address this issue in a timely fashion resulted in approximately $88 million in avoidable expenditures.

The status of each recommendation and full results of our follow-up work are detailed in the report.

REPORT TITLE AND NUMBER: **Department of Human Services Consumer-Employer Provider Program Needs Immediate Action to Ensure In-Home Care Consumers Receive Required Care and Services; Report No. 2019-05**

REPORT DATE: February 2019

RESULTS IN BRIEF: The purpose of this report is to follow up on the recommendations we made to the Department of Human Services (DHS) as included in audit report 2017-23, "Consumer-Employer Provider Program (CEP) Needs Immediate Action to Ensure In-Home Care Consumers Receive Required Care and Services."

Recommendation Follow-up Results

At the time of the original audit, the Department of Human Services (DHS) fully agreed with 10 recommendations we made and partially agreed with one recommendation. Our follow-up work shows DHS has fully implemented four of those recommendations since the initial report. While the agency has made progress, significant work is needed to implement the remaining seven recommendations. Resolving these recommendations will help improve the safety and well-being of the older adults and people with disabilities who participate in the program.

Highlights from the Original Audit

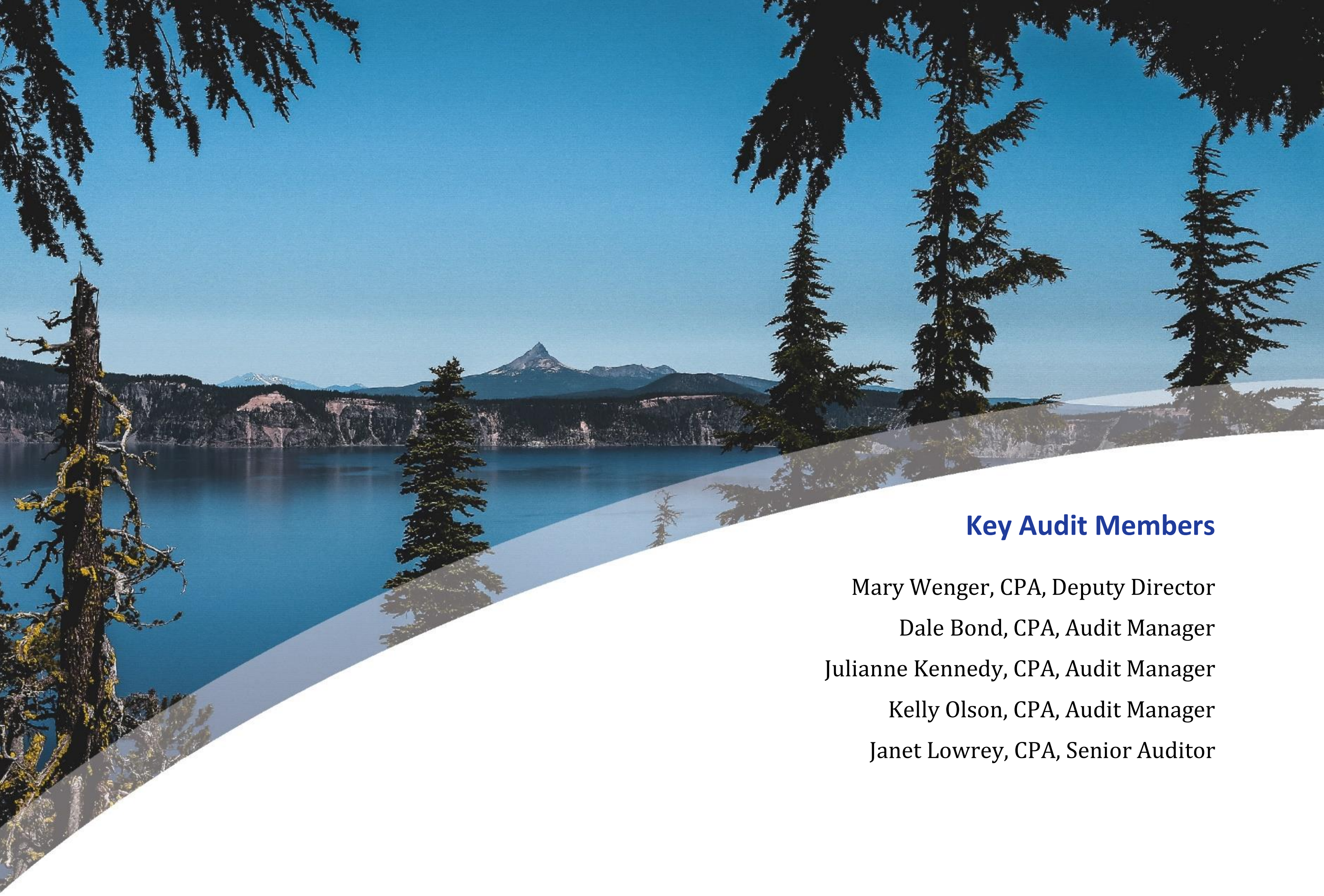
The Secretary of State's Audits Division found that the Aging and People with Disabilities (APD) program should take immediate action to address gaps in program design and oversight in order to improve the safety and wellbeing of participants in the Consumer-Employed Provider (CEP) program.

Key Findings from the Original Audit

The effectiveness of the CEP program is dependent on the consumer, the case manager, and the homecare worker. If each is capable, competent, and supported in their role, the model can be successful. Our audit found:

1. Some consumers are not receiving the support necessary to ensure required employer duties are being performed, which adds to case managers' and homecare workers' responsibilities.
2. Case managers are not consistently contacting consumers, or monitoring services consumers receive, due to excessive workloads.
3. Agency requirements do not ensure that homecare workers are prepared to provide the care and assistance consumers need.
4. Due to current data collection and utilization practices, it is difficult for APD to determine if consumers are safe and receiving the care and services they need.
5. Current deficiencies in the program may put consumers' health and well-being at risk and keep the program from operating as intended.

The status of each recommendation and full results of our follow-up work are detailed in the report.



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About the Secretary of State Audits Division

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the elected Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The division has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.

This report is intended to promote the best possible management of public resources.
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