

The background of the report cover is a photograph of the Oregon State Capitol building in Salem. The building is a large, light-colored stone structure with a prominent central dome topped by a statue. In the foreground, there is a modern, angular fountain with several water jets. The scene is set outdoors with some trees and a clear sky. A dark blue semi-transparent overlay covers the right side of the image, where the text is located.

Fiscal Year 2024

Statewide Single Audit Report

April 2025

Report 2025-10



Oregon
Secretary of State



Steve Bergmann
Division Director

The Honorable Tina Kotek
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, 2024, and is required for the State to continue receiving federal financial assistance, which, as shown in this report, totals approximately \$21 billion.

As required by the Single Audit Act, we issued a report dated December 23, 2024, on the State of Oregon's financial statements. That report was included in the State of Oregon's *Annual Comprehensive Financial Report* for the year ended June 30, 2024.

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

- *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.* 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.
- *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.* 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, 2024.
- *Schedule of Findings and Questioned Costs.* This schedule lists 8 current year audit findings regarding internal control related to financial reporting. It also lists 35 current year audit findings regarding compliance with the requirements of federal programs and related internal controls.

Uniform Guidance requires management to provide a plan of corrective action on the findings and recommendations for the fiscal year ended June 30, 2024. 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.

255 Capitol St NE, Ste 180
Salem, Oregon 97310

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, 2024 excluding discretely presented component units. The notes, which accompany the schedule, are considered an integral part of the schedule.
- *Schedule of Prior Year Findings.* This schedule lists the current status of prior year findings that remained uncorrected at the end of fiscal year 2023.

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 qualified opinions on the Block Grants for Community Mental Health Services, and Block Grants for Prevention and Treatment of Substance Abuse programs. We issued 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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Steve Bergmann
Division Director

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 Tina Kotek
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, 2024, 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 23, 2024.

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 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.

Our report includes a reference to other auditors who 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 and compliance and other matters that are reported on separately by those auditors.

Report on 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) as a basis for designing 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.

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

255 Capitol St NE, Ste 180
Salem, Oregon 97310

Tobias Read
Oregon Secretary of State

Michael Kaplan
Deputy Secretary of State

Information (503) 986-2255
sos.oregon.gov/audits

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. We and the other auditors did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2024-001 through 2024-008 that we consider to be significant deficiencies.

Report on 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 financial statements. 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

Government Auditing Standards requires the auditor to perform limited procedures on the State of Oregon's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The State of Oregon's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Steve Bergmann
Division Director

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 Tina Kotek
Governor of Oregon

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the State of Oregon's (State) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the State's major federal programs for the year ended June 30, 2024. The State's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinions on the Block Grants for Community Mental Health Services (ALN 93.958), and Block Grants for Prevention and Treatment of Substance Abuse (ALN 93.959) Programs

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Block Grants for Community Mental Health Services and Block Grants for Prevention and Treatment of Substance Abuse programs for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State complied, in all material respects, with the 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, 2024.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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

255 Capitol St NE, Ste 180
Salem, Oregon 97310

Tobias Read
Oregon Secretary of State

Michael Kaplan
Deputy Secretary of State

Information (503) 986-2255
sos.oregon.gov/audits

Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the State and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the State's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinions on the Major Federal Programs Listed Below

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

Assistance			
Listing #	Program Name	Finding #	Compliance Requirement
93.958	Block Grants for Community Mental Health Services	2024-009	Subrecipient Monitoring
93.959	Block Grants for Prevention and Treatment of Substance Abuse	2024-009	Subrecipient Monitoring

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The State's basic financial statements include the operations of the component units in the table below, which expended \$1.78 billion in federal awards which is not included in the State's schedule of expenditures of federal awards during the year ended June 30, 2024. Our compliance audit does not include the operations of the below component units because they engaged other auditors to perform an audit of compliance.

Component Unit	Federal Expenditures
Oregon Health & Science University	\$ 598,868,517
Oregon State University	576,087,892
University of Oregon	331,098,327
Portland State University	163,536,521
Western Oregon University	36,018,855
Southern Oregon University	27,449,972
Oregon Institute of Technology	22,118,223
Eastern Oregon University	21,156,454
Total	\$1,776,334,761

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the State's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the State's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance on the State's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the State's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the State's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, 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 the State's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2024-010 through 2024-037, and 2024-039 through 2024-042. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-009 to be a material weakness.

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 2024-010 through 2024-019, and 2024-021 through 2024-043 to be significant deficiencies.

Our audit of the State's major programs was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the State's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The State's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the State's basic financial statements. We issued our report thereon dated December 23, 2024, 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 25, 2025, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 23, 2024

State of Oregon
Schedule of Findings and Questioned Costs
For the Year ended June 30, 2024

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:
93.658 Block Grants for Community Mental Health Services
93.659 Block Grants for Prevention and Treatment of Substance Abuse

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

Assistance

Listing #	Name of Federal Program or Cluster
10.646	Summer Electronic Benefit Transfer Program for Children
12.401	National Guard Military Operations and Maintenance (O&M) Projects
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii
21.027	Coronavirus State and Local Fiscal Recovery Funds
64.015	Veterans State Nursing Home Care
84.010	Title I Grants to Local Education Agencies
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States
84.425	Education Stabilization Fund
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs
93.568	Low-Income Home Energy Assistance
93.658	Foster Care Title IV-E
93.788	Opioid STR
93.958	Block Grants for Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Cluster	Child Nutrition Cluster
Cluster	SNAP Cluster
Cluster	Special Education Cluster (IDEA)
Cluster	Medicaid Cluster

Dollar threshold used to distinguish between type A and type B programs: \$30,979,331

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

Section II – Financial Statement Findings

Management Responses are submitted by agency management and are not subject to auditing procedures.

2024-001 Oregon Department of Human Services/Oregon Health Authority

Strengthen internal controls over the ONE system

Significant Deficiency

Criteria: 2 CFR 200.303(a); Oregon Accounting Manual 10.60.00.PR

The Oregon Eligibility System (ONE system) is utilized by multiple federal programs at the Oregon Department of Human Services (ODHS) and the Oregon Health Authority (OHA). For the Medicaid program, the ONE system determines and verifies the eligibility of the 1.4 million Medicaid clients in Oregon, which leads to over \$17.5 billion in program expenditures each year. Additionally, the ONE system determines eligibility for the Supplemental Nutrition Assistance Program (SNAP) and calculated benefits totaling over \$1.7 billion during fiscal year 2024. The ONE system is owned by the ODHS, but an external vendor performs several key functions such as maintaining system documentation, performing quality control and quality assurance over reports required for federal reporting, and providing data management services, among other functions.

During our audit, we reviewed the internal controls over the SNAP program, including certain department controls related to the ONE system. Although the ODHS has a series of controls specific to the SNAP program, there are weaknesses in the overall controls around the ONE system. The Oregon Audits Division originally reported this issue in our fiscal year 2021 audit in management letter 443-2022-02-01.

Specifically, because the ONE system is administered by an external vendor, best practices would include procedures to verify the internal controls at the external vendor are adequate to meet the business needs of ODHS and OHA. Such assurances are typically provided through a System and Organization Controls (SOC) 2 type II report. A type I review only verifies controls exist but does not test for their effectiveness. A type II report provides assurance that the controls are functioning and effective. ODHS and OHA management has taken steps to address the weaknesses identified within the departments. However, neither department has obtained a SOC 2 Type II report to identify and review the controls at the external vendor.

Without assurance the ONE system controls are functioning correctly at the external vendor, there is an increased risk of potential data breach, unapproved or unauthorized changes to system processes and data tables, and inappropriate expenditures for federal programs.

Additionally, as the ONE system calculates benefit payments for the SNAP program, the information interfaces with the mainframe system and then to the state accounting system (SFMA), which is used for statewide financial reporting and grant tracking for federal reporting purposes. When financial transaction data migrates from one system to another, a standard practice is to reconcile the data between the systems to ensure that all data migrates completely and accurately. Currently, the departments are working to finalize control reports from the ONE system to facilitate this reconciliation process with the mainframe system. During our audit we were able to materially reconcile ONE to SFMA to meet the requirements of the audit. However, unexplained variances existing between the two systems should be

further investigated and resolved by the departments. Failure to adequately reconcile data interfaces increases the risk of inappropriate expenditures and inaccurate financial and federal grant reporting.

We recommend management obtain a SOC 2 Type II report for the ONE system or perform other alternative procedures to ensure that the internal controls over the ONE system at the external vendor are sufficient to meet the business needs of ODHS and OHA. We also recommend management regularly reconcile transactions originating in the ONE system through the mainframe system to SFMA to ensure data remains complete, accurate, and valid through the interface process.

MANAGEMENT RESPONSE:

We agree with this recommendation.

ODHS will continue to work with our vendor to secure a SOC 2 Type II audit of our processes and oversight of the ONE system in 2025. Additionally, ODHS will work on amending the ONE M&O agreement with Deloitte for them to obtain a scoped SOC 2 Type II audit related to their work within the ONE system. ODHS would expect to negotiate this additional audit requirement in 2025 with the first audit then happening in 2026. In addition, the agency will request reports that will allow reconciliation of transactions between ONE and the mainframe system.

Anticipated Completion Date: December 31, 2026

2024-002 Department of Administrative Services

Ensure documentation is retained to support the performance of the Daily Dual Access Reports control

Significant Deficiency

Criteria: OAM 10.10.00.PR.111

Effective segregation of duties is designed to prevent the possibility that a single individual could have simultaneous access to conflicting functions within Workday. 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. Monitoring for conflicting role assignments is an essential element of user access controls helping to ensure information in Workday is valid and accurate.

The department developed the Daily Dual Access Report to identify instances of users with conflicting access requiring follow-up to determine the appropriate resolution. However, the department was not able to provide evidence the report was run for a random sample of 25 days from fiscal year 2024. According to the department the lack of documentation was due to the report being established with a five day retention period in Workday.

We recommend department management ensure documentation supporting the performance and outcomes of controls is retained for at least five years.

MANAGEMENT RESPONSE:

We agree with this recommendation.

This recommendation was implemented beginning October 2024. Going forward the supporting Workday control reports will be retained for at least five years.

Anticipated Completion Date: October 2024

2024-003 Department of Administrative Services
Improve controls over year-end entries related to pension contributions subsequent to measurement date
Significant Deficiency

Criteria: OAM 10.10.00.PR

The Department of Administrative Services (department) accounting section is responsible for making statewide year-end accounting entries to several net pension liability related accounts. Accounting relies on information provided to them by the Statewide Accounting and Reporting Services (SARS) section. However, accounting does not have any separate written guidance to verify all steps are accurately performed and in the correct sequence. Accounting did not perform the necessary steps in the correct sequence. As a result, the Statement of Net Position account, pension contributions subsequent to the measurement date, was overstated \$43.7 million and the expenditure account, pension contributions, was understated by \$43.7 million. According to the accounting section, some miscommunication occurred due to turnover of key personnel at both the accounting section and SARS.

We recommend the department's accounting section develop written guidance and key checks over the year-end process for the net pension liability entries to ensure the entries are accurate.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Our plan is to work with the Statewide Accounting and Reporting Services (SARS) section to develop a written process to include all related entries for net pension liability related accounts in the DAS Shared Financial Services (SFS) year-end process. Once DAS SFS completes all the entries per SARS memo, the senior accountant will share the documents with SARS to verify the accuracy of the net pension liability entries.

Anticipated Completion Date: January 31, 2025

2024-004 Department of Environmental Quality
Improve review of transactions
Significant Deficiency

Criteria: OAM 10.15.00.PO.103

State accounting policy requires management develop procedures to ensure transactions are correctly recorded in the state's accounting system for financial reporting purposes. During our testing we noted an error resulting in an understatement of current loans receivable and an overstatement of non-current loans receivable totaling \$16,247,110. This error was not identified during the department's review process and management indicated it was due to a data entry error.

We recommend department management improve review procedures to ensure transactions are properly recorded.

MANAGEMENT RESPONSE:

We agree with this recommendation.

To address DEQ's improvements to transaction review procedures related to entries made directly into the Statewide Financial Management Application (SFMA), interfaced with Oregon Buys or interfaced through other applications:

- a. A written standard operating procedure will be created documenting review practices for direct entry and all interfaced applications.*
 - Verification of transaction code and appropriate debit and credit.*
 - The procedure will identify all fields that need to be verified.*
 - Example: vendor's name, vendor number, mail code, fund codes, effective dates, and invoice description.*
- b. Provide annual training of the review process to accounting staff.*
- c. Provide annual training of transaction codes.*
- d. Reconcile SFMA monthly to the Clean Water State Revolving Fund software system that was implemented August 2024.*

Anticipated Completion Date: January 31, 2025

2024-005 Department of Consumer Business Services**Strengthen review procedures****Significant Deficiency**

Criteria: Oregon Accounting Manual (OAM) Procedure 10.10.00.101; OAM Policy 15.35.00.101

The state's accounting manual requires management to establish, maintain, and improve agency internal controls to ensure that transactions are accurate and properly recorded in the state's accounting system.

During our audit we identified three accounts that were overstated. The Department of Consumer and Business Services (DCBS) review procedures were insufficient to identify the errors. Staff reviewing the transactions did not have an adequate understanding of the programs to be able to perform a detailed review and identify errors. Without improved detailed review and understanding of the programs and accounts there is potential for material reporting errors.

During testing in fiscal year 2024, we identified the following:

- Healthcare Provider Taxes was overstated by \$32.6 million. DCBS recorded a correcting entry without evaluating the impact on the year-end account balance.
- Inflows and outflows of Performance Deposits were overstated by \$45.1 million. At year end, DCBS records the monthly activity in the state's accounting system. DCBS review did not identify a formula error that led to one month being recorded incorrectly and significantly higher than expected.

We recommend department management improve the accounting department's program understanding and strengthen review procedures to ensure transactions are recorded correctly in the accounting records.

MANAGEMENT RESPONSE:

We agree with this recommendation.

We appreciate the work of the Secretary of State (SOS), Audits Division. Recording accounting transactions accurately and properly in the state's accounting system is a high priority for our agency.

The audit finding did not result in a loss of funds, make the program be underfunded, or cause DCBS to be at risk of being underfunded.

When DCBS recorded revenue for FY24, DCBS did not consider the impact of an FY23 revenue adjustment on the FY24 year-end account balance. More specifically, five quarters of revenue were recorded in FY23, which normally would have been 4 quarters, this created the need for an additional adjustment when completing the FY24 revenue recording. This additional FY24 adjustment was not done by DCBS. This resulted in the Healthcare Provider Taxes being overstated for FY24. In addition, Performance Deposits were overstated as a result of the accounting documentation creator and reviewer missing a formula error in the Excel spreadsheet used to record the monthly inflows and outflows of Performance Deposits.

During FY24, the agency had some personnel changes on the Accounting team in key positions. The Accounting unit has a new Accounting manager and senior accountant. They are learning their new roles and working to continue the existing high standard of establishing, maintaining, and improving agency internal controls.

DCBS will complete the following in relation to the audit recommendations:

- 1. DCBS will revise the ACFR year-end checklist and closing plan to review the previous year's transactions and any potential impact on the current year's reporting. DCBS will add documentation to the Healthcare Provider Taxes ACFR spreadsheet to ensure there are four quarters of revenue recorded. In addition, DCBS will add documentation on Performance Deposits spreadsheet to ensure the formulas are accurate during creation and review of the documentation. The Accounting manager will oversee this work, and it will be completed by June 2025.*
- 2. DCBS will improve and provide additional training to the Accounting staff on effectively creating and reviewing accounting transactions to ensure accurate and proper recording. In addition, the Accounting manager will meet with transaction reviewers to ensure they fully understand the transactions they are assigned to review. The Accounting manager will oversee this work, and the work will be completed by June 2025.*
- 3. DCBS Accounting staff will meet with the Division of Financial Regulation (DFR) staff responsible for Performance Deposits and Healthcare Provider Taxes to learn more and seek to improve the work done in accounting for these programs. The Accounting manager will oversee this work, and the work will be completed by June 2025.*

Anticipated Completion Date: June 2025

2024-006 Department of Forestry
Ensure federal expenditures are appropriately classified
Significant Deficiency

Criteria: 2 CFR 200.510(b)(1), (b)(3), (b)(4)

Department management is responsible for establishing and maintaining effective internal control that provides reasonable assurance the department is managing, evaluating, and monitoring the federal award in compliance with the terms and conditions of the award.

The Schedule of Expenditures of Federal Awards (SEFA) reports direct expenditures and subrecipient pass-through payments for each federal grant. Federal grant expenditures are tracked by the programs' Assistance Listing Number (ALN) using the Grant Category field in the state's accounting system. The department uses the Award Contract Number ("Award Contract No") field to identify the Grant Category. The Grant Category field is then used to populate the SEFA.

Ten grant awards were incorrectly pointed to ALN 10.664 Cooperative Forestry Assistance due to a coding error. In addition, two grant awards that should have been pointed to ALN 10.664 were not due to the same coding errors. Misclassifying the coding in the accounting system resulted in overreporting direct expenditures for the Cooperative Forestry Assistance program on the SEFA by \$10,040,238 and underreporting pass-through payments to subrecipients by \$126,387 and underreporting for the same amounts in various other grants at the department. Subsequent to inquiries, the department updated the grant coding in the accounting system and submitted corrections to report expenditures correctly in the SEFA for fiscal year 2024.

We recommend department management ensure controls are properly designed and implemented to ensure expenditures are recorded to the correct federal programs.

MANAGEMENT RESPONSE:

We agree with this recommendation.

For corrective action the agency will:

- *Review all grants that are set up to ensure that they are pointing to the correct Assistance Listing Number (ALN) in the state accounting system, SFMS, and*
- *conduct an annual review of all grants at year end to ensure they are all pointing to the correct Assistance Listing Number (ALN) and make any necessary corrections before the SEFA is finalized.*

Anticipated Completion Date: June 30, 2025

2024-007 Oregon Liquor and Cannabis Commission
Ensure knowledge, skills, and abilities necessary to maintain internal controls
Significant Deficiency

Criteria: OAM 10.10.00.PO.102

During the fiscal year 2024 audit of the Oregon Liquor and Cannabis Commission, auditors noted concerns regarding the commission's ability to perform regular responsibilities in compliance with standards for establishing and maintaining internal control outlined in the Oregon Accounting Manual. Management

does not have sufficient understanding of the commission's internal systems or the state's accounting system to provide adequate review.

During our audit we noted the following issues and concerns:

- Management review of the year-end current bonds payable did not include consideration of the existing account balance, resulting in an overstatement of current bonds payable and an understatement of noncurrent bonds payable of \$2,230,000.
- Management was unable to provide support or sufficient explanation for the amounts used in their calculation of statutorily required transfers to the general fund and distributions to cities.
- Review of transfers to the general fund and distributions to cities identified treasury cash accounts, totaling \$384,136, that are not recorded in the state's accounting system.
- Commission staff provided inconsistent responses to standard inquiries regarding hypothetical situations related to management override of internal controls. Responses indicate staff may not understand their role in the commission's internal control processes and may not take appropriate action if asked by management to override internal controls

We recommend commission management dedicate resources to training staff responsible for operations related to commission responsibilities. **We also recommend** commission management document and implement procedures and methodologies to ensure effective transaction review.

MANAGEMENT RESPONSE:

We agree with this recommendation.

OLCC agrees with the recommendation and the agency has already begun the work to address this finding. OLCC will implement the appropriate controls and procedures to address this finding.

Anticipated Completion Date: February 28, 2025

2024-008 Oregon Housing and Community Services

Additional year-end procedures are needed to ensure prepaid expenditures are recognized when incurred

Significant Deficiency

Criteria: GASB N50.112

Near the end of fiscal year 2023, the department advanced funds to various entities and appropriately recorded the unspent portion of these payments, totaling \$77.9 million, in the general fund as prepaid expenditures. During fiscal year 2024, the prepaid entry was reversed, eliminating the prepaid balance and expending the entire balance of \$77.9 million.

Under governmental accounting standards, cash and other assets provided in advance should be reported as advances until allowable costs have been incurred and any other eligibility requirements have been met.

At the close of fiscal year 2024, \$25.1 million remained unspent and should have been recorded as prepaid expenditures. As a result, distribution expenditures were overstated and prepaid expenditures were understated by approximately \$25.1 million.

The department does not customarily provide funds in advance and therefore did not have a process in place to review prior year prepaid expenditures and record those that had been expended during the year.

We recommend the department ensure a process is in place to review prior year prepaids and properly record expenditures.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Fiscal year-end procedures have been updated to include the compilation and reporting of any outstanding balances for proper recording of prepaid expenditure activity by our Financial Reporting Accountant.

Anticipated Completion Date: November 30, 2024

Section III – Federal Awards Findings and Questioned Costs

Management Responses are submitted by agency management and are not subject to auditing procedures.

2024-009 Oregon Health Authority

Continue to implement and strengthen controls to ensure subrecipients are appropriately identified and monitored

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.958 Block Grants for Community Mental Health Services 93.958 Block Grants for Community Mental Health Services (COVID-19) 93.959 Block Grants for Prevention and Treatment of Substance Abuse 93.959 Block Grants for Prevention and Treatment of Substance Abuse (COVID-19)
Federal Award Numbers and Years:	93.958: B09SM086032, 2022; B09SM087383, 2023; B09SM085378, 2022 (COVID-19) 93.959: B08TI084667, 2022; B08TI085829, 2023; B08TI083963, 2022 (COVID-19)
Compliance Requirements:	Subrecipient Monitoring
Type of Finding:	Material Weakness; Material Noncompliance
Prior Year Findings:	2023-020; 2022-043
Questioned Costs:	N/A

Criteria: 2 CFR 200.331; 45 CFR 75.352(b); 45 CFR 75.352(d)

Federal regulations require passthrough entities to determine if the recipients of disbursements of federal funds are subrecipients or contractors. The subrecipient and contractor determination will impact which federal compliance requirements recipients are subject to and how program expenditures are reported on the Schedule of Expenditures of Federal Awards (SEFA). For recipients meeting the definition of a subrecipient, federal regulations require pass-through entities to 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 to ensure subawards are used appropriately.

We reviewed the department's classification of a sample of recipient contracts with expenditures recorded during state fiscal year 2024. The sample included 7 of 34 Block Grants for Community Mental Health (MHBG) and 13 of 76 Block Grants for Substance Use Prevention, Treatment, and Recovery Services (SUPTRS). Based on the following inconsistencies identified during our review, it is unclear if the department correctly classified recipients as subrecipients or contractors and whether the related expenditures are reported accordingly.

- One recipient of SUPTRS funds was classified as a subrecipient by the department, but it was unclear if it met the definition of a subrecipient.

- Two recipients of MHBG funds and 2 recipients of SUPTRS funds were classified as contractors; however, payments made to these recipients were recorded as passthrough expenditures. In each case, the recipient appeared to meet the definition of a subrecipient.

In addition, we followed up on similar errors noted during the prior fiscal year. Six recipients of MHBG funds and 1 recipient of SUPTRS funds appeared to be inappropriately categorized as subrecipients in the prior fiscal year yet reported passthrough expenditures in state fiscal year 2024.

Finally, post-award monitoring was not completed for 5 of 7 MHBG and 8 of 13 SUPTRS subrecipients selected for testing.

The above issues did not result in questioned costs. However, a total of \$3,875,104 in MHBG funds and \$357,406 in SUPTRS funds may be inappropriately reported as passthrough expenditures instead of direct expenditures.

We inquired about the department's risk assessment and monitoring activities for subrecipients. During state fiscal year 2024, the department began to develop and implement new processes and controls to help staff better distinguish recipients as subrecipients or contractors and ensure compliance with federal subrecipient monitoring requirements. Specifically, the department developed a determination checklist using the subrecipient determination criteria in 2 CFR 200.331. Staff are to complete the determination checklist for each new contract. Identified subrecipients are then required to complete a self-risk assessment tool, the result of which generates a monitoring plan outlining what monitoring procedures department staff will perform. In addition, the department is working with another entity to develop subrecipient monitoring training videos. Implementation of the above processes and controls was initiated near the end of state fiscal year 2024 with full implementation planned the end of state fiscal year 2025.

We recommend department management continue to implement and strengthen controls to ensure recipients of federal funds are appropriately identified as subrecipients or contractors and the corresponding disbursement of federal funds are appropriately reported as direct or passthrough expenditures. **We further recommend** department management comply with subrecipient monitoring requirements, continue to develop and implement internal controls to ensure risk assessments are performed and documented for each subrecipient, and monitoring activities are completed and documented according to the risk assessment results.

MANAGEMENT RESPONSE:

We agree with this recommendation.

During state fiscal year 2024, the division was in the process of implementing controls for subrecipient determination or contractors, required reporting, risk assessment, and monitoring plan. Since this period, the division has fully implemented the internal controls to ensure compliance with the federal requirements as identified in prior audits. The division recognizes that there are opportunities to strengthen the controls for subrecipient contractor determination, risk assessments and monitoring activities are accurate, complete, and documented and will refine these tools. The division also recognizes the opportunity to continue to improve controls that ensure that corresponding disbursements of federal funds are appropriately reported. The division will collaborate with agency financial services to develop enhanced controls that will ensure prevention, detection, and correction of payment reporting.

Anticipated Completion Date: Completed

Submit required Federal Funding Accountability and Transparency Act reports

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.788 Opioid STR
93.958 Block Grants for Community Mental Health Services
93.959 Block Grants for Prevention and Treatment of Substance Abuse
Federal Award Numbers and Years: 93.788: H79TI085732, 2023; H79TI085732, 2024
93.958: B09SM086032, 2022; B09SM087383, 2023
93.959: B08TI084667, 2022; B08TI085829, 2023
Compliance Requirements: Reporting
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: 2022-045
Questioned Costs: N/A

Criteria: 2 CFR 170 Appendix A; 2 CFR 200.303

Federal regulations require recipients of federal awards to report certain subaward information in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System for subawards meeting the criteria for reporting. Reports must be submitted no later than the end of the month following the month in which the subawards were made. Federal regulations also require recipients of federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

We identified and reviewed the reporting status of all the department's new subawards subject to FFATA reporting during the audit period. We determined:

- 12 of 12 Opioid STR subawards were not reported, totaling \$750,000 in obligations.
- 7 of 7 Block Grants for Mental Health Services subawards were not reported, totaling \$4.4 million in obligations.
- 13 of 13 Block Grants for Substance Use Prevention, Treatment, and Recovery Services subawards were not reported, totaling \$2.8 million in obligations.

The department utilizes a spreadsheet to track and maintain subaward information needed to comply with FFATA reporting requirements. However, we found the tracking spreadsheet had not been updated to include information for the majority of new contracts initiated during state fiscal year 2024. Per management, FFATA reporting was not completed due to the FFATA Reporting Coordinator position being vacant since July 2024.

We recommend department management resume FFATA reporting as soon as feasible and ensure all necessary subawards are reported. **We further recommend** department management strengthen existing controls to ensure all subawards are appropriately tracked and reported.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The FFATA Reporting Coordinator position within the Office of Contracts & Procurement (OC&P) has been vacant for eight months but should be filled by April 15, 2025. On March 8, 2025, FSRs.gov was retired, and all subaward reporting data and functionality are now on SAM.gov. The new SAM.gov

reporting system will allow for multiple Data Entry roles, allowing each program or division of ODHS/OHA to submit their own reporting, and allowing OC&P to conduct Quality Assurance/Quality Control. Once the FFATA Reporting Coordinator is onboard and trained, we anticipate the FFATA reporting will resume and any missing reports will be submitted by April 15, 2026.

Anticipated Completion Date: April 15, 2026

2024-011 Oregon Health Authority

Strengthen existing controls to ensure only those costs incurred during the period of performance are charged to the grant

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.959 Block Grants for Prevention and Treatment of Substance Abuse
Federal Award Numbers and Years:	B08TI084667, 2022
Compliance Requirements:	Period of Performance
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	\$82,315

Criteria: 2 CFR 200.303; 42 USC 300x-62

Federal regulations provide for amounts awarded to the department be available for obligation and expenditure until the end of the fiscal year following the fiscal year for which the amounts were awarded. Federal regulations also require recipients of federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

During state fiscal year 2024, one grant award under the Block Grants for Substance Use Prevention, Treatment, and Recovery Services closed. The period of performance for this grant was October 1, 2021 through September 30, 2023. During the closeout process, the grant accountant reviews program expenditures recorded in the state accounting system and shifts expenditures incurred after the period of performance to a subsequent grant. During testing, we reviewed all grant expenditures recorded in the state accounting system after the period of performance. We found indirect expenditures for October and November 2023, totaling \$82,315, had been charged to the closed grant.

Upon inquiry, we learned the query used to identify transactions incurred after the period of performance was inadvertently filtered to identify only direct expenditures. As a result, some indirect expenditures were not identified in the query and were not appropriately moved to the subsequent grant.

We recommend department management strengthen existing controls to ensure only those expenditures incurred during the period of performance are charged to the grant.

MANAGEMENT RESPONSE:

We agree with this recommendation.

While the appropriate internal controls are in place to review the period of performance, a mistake was made while following the procedures. Secondary reviews will be performed going forward to ensure all expenditures are appropriately captured. The expenditures in question were moved to the correct phase 22 on Jan. 23, 2025 with document BTCG3186.

2024-012 Oregon Health Authority
Ensure MMIS rates are accurate and updated timely

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years: 2305OR5MAP, 2023; 2305OR5ADM, 2023;
2405OR5MAP, 2024; 2405OR05ADM, 2024
Compliance Requirements: Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: N/A
Questioned Costs: \$9 (known)

Criteria: 42 CFR 433.32; 42 CFR 477.45(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 for outpatient services based on approved rates published by the Centers for Medicare and Medicaid Services (CMS). These rates must be updated within the Medicaid Management Information System (MMIS) each time they are updated by CMS. The authority uses MMIS as the state's payment system to calculate payments due to providers based on CMS-approved rates stored in the system.

We randomly selected 62 clients, and one service payment associated with each client from a statistically valid sample. Our testing identified one service payment where the Outpatient Prospective Payment System (OPPS) rate had not been updated within MMIS to the approved CMS rate for services during calendar year 2023. As a result, the service payment selected in our sample was overpaid by \$9. This exception also applies to all claims of a similar nature and time period where the CMS rates were not correctly updated in MMIS.

Per the authority's actuarial unit, this error resulted due to confusion surrounding the announcement of final rule making and updated final OPPS rates. Recent CMS OPPS publications have made it easier to locate the correct final rates.

We recommend authority management obtain a listing of all impacted claims, adjust all claims accordingly, and return related federal funds. We also recommend that management ensure rate tables are updated timely and accurately when notified by CMS.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The conversion factor (CF) for Calendar Year (CY) 2023 was not properly updated in December 2022. The proposed CMS CF value of 86.7850 was incorrectly applied to the Medicaid Management Information System (MMIS) instead of the finalized CMS CF value of 85.585. This error occurred due to confusion surrounding an earlier final rule announcement related to the outpatient prospective payment system (OPPS).

Recent CMS OPPS publications have simplified the process of identifying the correct final conversion factor. For CY 2023, payments were processed using the proposed CF of 86.7850 rather than the finalized CF of 85.585, as it was the only rate available at the time. No adjustments have been made to date.

To address this issue, we are partnering with our software vendor Gainwell to identify the total number of outpatient claims affected by the incorrect CF. We will then develop a timeline, communicate to impacted parties and prepare to implement a Standard Mass Adjustment Process (SMAP) to correct all impacted outpatient claims identified by Gainwell, which were processed with the wrong CF for CY 2023. Please see the timeline below for OHA actions.

- Identify all CY 2023 outpatient claims that are impacted by the wrong conversion factor by May 20, 2025.
- Change rate from 86.7850 to 85.585 by May 20, 2025.
- Communicate with providers about the changes and next steps by May 20, 2025.
- Implement a verification and validation process to confirm rates are accurately and delivered on time, completion deadline Dec. 31, 2025.

Anticipated Completion Date: April 1, 2026

2024-013 Oregon Health Authority
Improve documentation and controls over client eligibility

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years:	2305OR5MAP, 2023; 2305OR5ADM, 2023; 2405OR5MAP, 2024; 2405OR05ADM, 2024
Compliance Requirements:	Eligibility
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	2022-054
Questioned Costs:	N/A

Criteria: 42 CFR 435.907(f)

Federal regulations require that certain conditions are met, including obtaining signed applications, for the Department of Human Services (department) and Oregon Health Authority (authority) to receive Medicaid funding for medical claims.

We randomly selected 62 clients and one authority service payment associated with each client from a statistically valid sample. We reviewed agency documentation to test compliance related to eligibility. During our testing, we noted one client did not have a signed application on file. However, because the client is an SSI recipient, we were able to determine the client was eligible and are not questioning any costs. This oversight occurred due to administrative error.

We recommend authority management obtain a signed application for this client and strengthen controls to ensure the required documentation is obtained and maintained.

MANAGEMENT RESPONSE:

We agree with this recommendation.

A specific case was discovered where the state failed to obtain a signature from an SSI individual. Due to the individual's SSI status and being continuously on benefits, the ONE system attempts to passively approve renewals without requiring worker interaction, leading to potential gaps where signatures are not on file for cases that converted into the new system in 2020 and 2021. The operation lapse occurred because the SSI individual converted into the new system on continuous benefits going through passive

renewal processes that do not require direct worker interaction. The State of Oregon is working with the local branch to obtain a verbal signature from the identified individual. Additionally, the State conducted a thorough review of current policies and procedures related to passive renewals for SSI individuals to ensure compliance with federal requirements.

- Call center software recordings and verbal signatures has been updated as recently as February 2025 providing staff with clear direction on how to capture the verbal signatures and which recordings to play.
- Establishing DOR/Filing Date Eligibility Guide was updated as recently as March 13, 2025, including a chart itemizing the signature types (electronic and paper forms), programs that accept each type, and the corresponding option to select in ONE
- Rights and Responsibilities Eligibility Guide was enhanced on Oct. 7, 2024 to add detailed directions to staff on how to capture the signature in ONE, when rights and responsibilities are not issued automatically, the appropriate Rights and Responsibilities to provide for each program and where to find a current signature record on file.
- Finally, the Case Action Eligibility Guide has been updated to include specific guidance and examples of when it's appropriate to extend processing timeframes for RFI's.

Anticipated Completion Date: May 1, 2025

2024-014 Oregon Department of Human Services/Oregon Health Authority
Implement control procedures around cost allocation system inputs

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years:	2305OR5MAP, 2023; 2305OR5ADM, 2023; 2405OR5MAP, 2024; 2405OR05ADM, 2024
Compliance Requirements:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	\$32,522 (known)

Criteria: 2 CFR 200.400(e)

The Department of Human Services (department) administers separate federally approved cost allocation plans for both the department and the Oregon Health Authority. The plans outline the methods used to allocate the various cost pools to federal programs.

The department uses a series of processes for allocating shared services and pooled expenditures. We recalculated one month, January 2024, of shared services and pooled expenditures using tables from the cost allocation system, and identified differences between the recalculation and the amounts recorded in the state accounting system for various grants. After inquiry, the department identified an error related to coding of payroll costs starting in November 2023, which continued through January 2024. Payroll coding corrections were made in January 2024, but did not correct the cost allocation as those types of documents are excluded from the process. The errors identified in the testing month resulted in questioned costs of \$32,522 for the Medicaid grant and immaterial allocations in approximately thirty other grants.

We recommend department management implement control procedures to verify the cost allocation system inputs are appropriately identified and processed.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The Office of Financial Services will review the existing controls in Cost Allocation system and identify areas that need additional or new control procedures to ensure system inputs are appropriately identified and processed. In addition, we will review the noted errors and make appropriate corrections.

Anticipated Completion Date: June 30, 2025

2024-015 Oregon Department of Human Services/Oregon Health Authority
Strengthen review over direct costs charged to the program

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years:	2305OR5MAP, 2023; 2305OR5ADM, 2023; 2405OR5MAP, 2024; 2405OR05ADM, 2024
Compliance Requirements:	Activities Allowed or Unallowed
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	\$28,869 (known)

Criteria: 2 CFR 200.1; 2 CFR 200.400(a); 42 CFR § 433.32(a)

Federal regulations allow the Medicaid program to charge allowable and supported program expenditures for various program costs at the time of payment for services is provided.

The Department of Human Services (department) and the Oregon Health Authority (authority) make payments to vendors other than providers through the state's accounting system. We judgmentally selected payments to 28 vendors for our review. We identified the following errors that were not identified during the department's and authority's review process, which resulted in improper payments of Medicaid expenditures:

- One department payment included interest related to past due amounts charged to the Medicaid program, resulting in known federally funded questioned costs of \$3. The agency performed a review of all payments to the vendor and identified an additional \$65 other known questioned costs.
- One authority payment included cash incentives for surveys taken. Management was unable to provide allowability support, resulting in known federally funded questioned costs of \$28,801.

The above errors occurred due to human error and were not identified during review, leading to unallowed activities/costs being charged to the Medicaid program.

We recommend department and authority management strengthen controls over review and ensure transactions are adequately supported. Additionally, we recommend the department reimburse the federal agency for unallowable costs.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The agency agrees with both items included in this finding:

- Interest related to past due amounts will be charged to general funds only. Expenditures will be reviewed both by staff and approving parties to ensure only allowable expenditures are charged to the federal grants. The questioned costs of \$68 will be refunded and reported to CMS on the CMS 64.*
- The agency will ensure that future contracts that include any incentive funds for surveys will be structured such that incentives are billed under separate coding that will be charged to general funds only. The questioned costs of \$28,801 will be refunded and reported to CMS on the CMS 64.*

Anticipated Completion Date: April 30, 2025

2024-016 Oregon Department of Human Services/Oregon Health Authority
Improve documentation for provider eligibility determinations and revalidations

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years: 2305OR5MAP, 2023; 2305OR5ADM, 2023;
2405OR5MAP, 2024; 2405OR05ADM, 2024
Compliance Requirements: Special Tests and Provisions
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: 2023-023
Questioned Costs: \$13,740 (known)

Criteria: 42 CFR 438.602; 8 CFR 274a.2; 42 CFR 431.107; 42 CFR 455.102 to 455.106; 42 CFR 455.414

Provider eligibility requirements for the Medicaid program differ depending on the type of services provided; however, all providers are subject to specified database checks and are required to sign an adherence to federal regulation agreement (agreement). Typically, the agreement includes disclosures specifically required by federal regulations. Additionally, federal regulations require that the Oregon Health Authority (authority) and the Department of Human Services (department) redetermine eligibility for Medicaid providers at least every five years by performing revalidation activities as determined by provider type, including but not limited to, database and licensing checks to ensure providers are still eligible to participate in the Medicaid program.

We tested all 15 Coordinated Care Organization (CCO) providers and selected a random sample of 60 non-CCO providers. The 15 CCO providers and 39 non-CCO providers were enrolled by the authority, and 21 non-CCO providers enrolled by the department.

For one CCO provider we noted the following:

- For one authority provider, the Ownership and Control disclosure was incomplete. Based on our review of available support, we were able to determine this to be an eligible provider during the fiscal year. The authority subsequently obtained the missing support.

For five non-CCO providers we noted the following:

- For one authority provider, the Managing Employee disclosure was missing. Based on our review of available support, we were able to determine this to be an eligible provider during the fiscal year.

- For one department provider the I-9 provided was incomplete, and the agreement and disclosures were unsigned. However, the department subsequently obtained completed documentation, and we were able to determine this provider to be eligible.
- For one department provider, the I-9 form was not completed. We were unable to determine eligibility for this provider, resulting in federal questioned costs for the fiscal year totaling \$13,740.
- For one department provider, the I-9 form was incomplete. However, the department subsequently obtained a completed I-9 form, and we were able to determine this provider to be eligible.
- For one department provider, the I-9 form could not be located. However, this provider has been terminated, and we will not question costs related to this provider.

The above issues occurred due to human error and inadequate record maintenance, which could lead to ineligible providers receiving Medicaid funding.

We recommend department and authority management strengthen controls over review to ensure documentation supporting a provider's eligibility determination and revalidation is complete. Additionally, we recommend the authority reimburse the federal agency for questioned costs related to ineligible providers.

MANAGEMENT RESPONSE:

We agree with this recommendation.

At the next Provider Enrollment meeting on April 17, 2025, we will conduct an additional training on the ownership and disclosure form, in particular the requirement around the managing employee disclosure. We will also work with our CCO contract administrator, unit lead worker and staff that process the annual CCO ownership disclosure forms to ensure all disclosures and attachments are obtained.

The Office of Aging and People with Disabilities is committed to ensuring the Provider Enrollment Agreements and I-9 forms are on accurate and records are stored and retained properly. Corrective Actions Taken & In Progress

- *Improved Provider Enrollment & Renewal Forms – On or before March 31, all new and renewing providers will have the option to complete the Provider Enrollment Application and Agreement (PEAA), I-9, W-4 (federal and state), and HCW Guide Agreement Form through DocuSign and submit them electronically through email, which will assist in the accuracy of forms completion and mitigate human errors in completing forms.*
- *Local Office Verification Step – An Action Request (AR) transmittal will require local offices to verify that a properly completed I-9 is on file during provider renewal process.*
- *Training & Resources – We will develop a Quick Resource Guide (QRG) with clear instructions and visual examples to help staff verify employment documents accurately and store them appropriately.*
- *Quality Assurance Enhancements – The Provider Relations Unit (PRU) will implement a Quality Assurance check for I-9 forms during provider enrollment and renewal process.*
- *E-Verify – The department is developing a proposal with an implementation plan using the Department of Homeland Security's E-Verify+ system as an electronic verification tool for employment eligibility. We will seek leadership approval by July 1, 2025, with a plan to implement by March 31, 2026.*

Anticipated Completion Date: March 31, 2026

2024-017 Oregon Department of Human Services/Oregon Health Authority
Strengthen internal controls over the ONE system

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years: 2305OR5MAP, 2023; 2305OR5ADM, 2023;
2405OR5MAP, 2024; 2405OR05ADM, 2024
Compliance Requirements: Activities Allowed or Unallowed; Eligibility;
Special Tests and Provisions
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: N/A
Questioned Costs: N/A

Criteria: 2 CFR 200.303(a); 42 CFR 95.621; Oregon Accounting Manual 10.60.00.PR

We noted the agency had not obtained a System and Organization Controls (SOC) 2 Type II report over the Oregon Eligibility System (ONE system). The ONE system determines and verifies the eligibility of over 1.4 million Medicaid clients in Oregon, which leads to over \$12.4 billion in Medicaid federal expenditures each year. The ONE system is owned by the department but administered by an external service provider.

Because the ONE system is administered by an external vendor, best practices would include procedures to verify the internal controls at the external service provider are adequate to meet the business needs of the department. Such assurances are typically provided through a SOC 2 Type II report. A Type II report provides assurance about whether the controls are functioning and effective. During the fiscal year the department obtained a SOC 2 Type I report; however, the Type I report only identifies and evaluates the design of controls and does not conclude on the operating effectiveness of controls. As a result, the department does not have assurance over the operating effectiveness of controls at the external service provider, which may affect the eligibility and allowability of Medicaid expenditures.

We recommend department management obtain an annual SOC 2 Type II report over the service organization's internal controls for the ONE application or perform other alternative procedures to ensure internal controls over the ONE system at the external service provider are sufficient to meet the business needs of the Medicaid program.

MANAGEMENT RESPONSE:

We agree with this recommendation.

ODHS will continue to work with our vendor to secure a SOC 2 Type II audit of our processes and oversight of the ONE system in 2025. Additionally, ODHS will work on amending the ONE M&O agreement with Deloitte for them to obtain a scoped SOC 2 Type II audit related to their work within the ONE system. ODHS would expect to negotiate this additional audit requirement in 2025 with the first audit then happening in 2026. In addition, the agency will request reports that will allow reconciliation of transactions between ONE and the mainframe system.

Anticipated Completion Date: December 31, 2026

2024-018 Oregon Department of Human Services
Strengthen Medicaid fraud hotline reporting mechanisms

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years: 2305OR5MAP, 2023; 2305OR5ADM, 2023;
2405OR5MAP, 2024; 2405OR05ADM, 2024
Compliance Requirements: Special Tests and Provisions
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: N/A
Questioned Costs: N/A

Criteria: 42 CFR 455.13(a); 42 CFR 455.14; 2 CFR 200.514 (c)(4)

The state is required to have a method and criteria for identifying suspected fraud. For all suspected fraud reported the state must complete a preliminary investigation to determine whether there is sufficient basis to warrant a full investigation. The state is also required to maintain internal controls effective in preventing and/ or detecting noncompliance.

To ensure adequate compliance with these requirements, the state uses a publicly available hotline portal to collect suspected fraud details. The Department of Human Services (department) manages the state's online hotline portal and phone line. The department works collaboratively with the Oregon Health Authority (authority) and Department of Justice (DOJ) to complete fraud investigations and referrals within their individual jurisdictions as required by standards. Referrals from the online hotline portal are extracted and then reviewed and tracked by the individual agency with appropriate jurisdiction.

During inquiries and testing of the online hotline portal and phone line we noted the following:

- The phone line recording provided inaccurate directions on how and where to report Medicaid fraud. The phone line instructions were not updated after changes to the department's website, creating barriers to reporting.
- The online hotline portal instructions and term definitions were vague, and not all fields were available. This could lead to a higher number of cases being closed for insufficient information.
- The online hotline portal does not contain any case tracking details. As such the online hotline portal does not support any reporting to assist the department in ensuring all cases have had preliminary investigations. Without tracking details, we were unable to perform testing procedures over preliminary investigations.

Per department management, the department has operated the hotline phone line and online portal for many years and strives for continuous improvement. However, management has not established procedures to ensure current systems operate in a manner that allows the agencies to meet compliance standards.

We recommend department management ensure public access to provide fraud referrals is not limited and that a referral tracking mechanism is created to ensure all referrals are given preliminary investigations.

MANAGEMENT RESPONSE:

We agree with this recommendation.

We will work to develop a more effective public facing referral process.

Anticipated Completion Date: July 31, 2026

2024-019 Oregon Department of Human Services
Improve controls and compliance over long-term care facility audits

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years: 2305OR5MAP, 2023; 2305OR5ADM, 2023;
2405OR5MAP, 2024; 2405OR05ADM, 2024
Compliance Requirements: Special Tests and Provisions
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: N/A
Questioned Costs: N/A

Criteria: 42 CFR 435.10; OAR 411-070-0315; OAR 411-070-0359(s); 2 CFR 200.303(a)

The Oregon Medicaid state plan requires each long-term care facility to submit annual financial statements reporting actual costs to the Department of Human Services (department). Each statement is subject to a desk audit by the department. Procedures performed by the department include, but are not limited to, verifying administrator payroll costs do not exceed the maximum amount and legal costs are only related to Medicaid resident services.

We selected a random sample of 11 out of 107 long-term care facilities. We identified 9 facilities where we were unable to determine if the administrator compensation for the year was greater than the maximum allowable compensation. Administrator paid time off hours were reported on a separate line with all other administrative staff paid time off, and were not factored into the calculation. The department's current template does not require these costs to be separated for the administrator. We also identified 2 facilities where immaterial legal costs were unsupported and not adjusted. Current guidance for unallowable costs does not clearly describe how immaterial differences should be addressed. Excess costs that exceed the maximum compensation limit or are unallowable may result in the facility's cost per resident per day being incorrectly calculated.

We recommend department management strengthen controls to ensure the long-term care facility's total administrator compensation is clearly identified and does not exceed the maximum allowed, and that unallowable costs are adjusted in line with applicable guidance.

MANAGEMENT RESPONSE:

We agree with this recommendation.

We will make these changes on the July 1, 2025 cost report template. We will be adding a line item to distinguish between Total Administration overtime and Administrator only overtime.

Anticipated Completion Date: July 1, 2025

2024-020 Oregon Department of Human Services
Ensure nursing facility recertification surveys are completed

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.777, 93.778 Medicaid Cluster
Federal Award Numbers and Years: 2305OR5MAP, 2023; 2305OR5ADM, 2023;
2405OR5MAP, 2024; 2405OR05ADM, 2024
Compliance Requirements: Special Tests and Provisions
Type of Finding: Noncompliance
Prior Year Findings: N/A
Questioned Costs: N/A

Criteria: 42 CFR 488.308(a) & (b)(1)

Federal regulations require recertification surveys to be performed at each nursing facility no later than 15 months after the last day of the previous survey. Federal regulations also require the statewide average interval between surveys to be 12 months or less.

We reviewed recertification surveys for 13 of 128 nursing facilities. We found surveys for two (15%) nursing facilities were completed after the established 15-month recertification window.

Survey dates are tracked in the federal ASPEN system. Staff access the list of nursing facilities due for recertification using the department's PowerBI tool. This tool pulls nursing facility information, such as survey dates, directly from ASPEN. Management reported 12 (26%) survey staff vacancies during the audit period which significantly contributed to the untimely surveys.

Failure to perform timely recertification surveys may result in nursing facilities operating in violation of federal regulations, putting residents of the facilities at greater risk of inappropriate care or harm.

Despite the noncompliance described above, our testing sample complied with the federal 12-month statewide average interval requirement.

We recommend department management ensure recertification surveys are performed timely.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The department is committed to regaining full compliance with CMS Survey timelines. While staffing shortages, multiple changes to the CMS Long-term Care Survey Process (LTCSP), COVID-19 disruptions and increased complaints have impacted recertification timeliness, we have taken significant steps to address these challenges over the last several years.

Key strategies include:

- *Staffing & Recruitment – Streamlined hiring and onboarding by assigning a dedicated hiring manager to oversee recruitment, hiring onboarding and retention strategies which have reduced surveyor vacancies from 30% to 15% as of March 2025.*
- *Efficiency Improvements – Streamlined workflows by adopting electronic documentation, reorganized teams to 3 regions that include a complaint team, adjusted team sizes to maximize survey completion rates, increased offsite reviews for certain types of revisits as allowed by State*

and CMS guidelines, prioritization of facilities with longest intervals since their last recertification to systemically lower the overall average survey interval.

- *Data-Driven performance evaluations – Ongoing evaluations reviewing survey and surveyor turnaround time using data.*

With these actions, we are confident in our ability to restore compliance and build a more resilient, effective survey system for Oregon's nursing facilities.

Anticipated Completion Date: October 30, 2026

2024-021 Oregon Department of Human Services
Obtain accurate information from the ONE application

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.558 Temporary Assistance for Needy Families
Federal Award Numbers and Years: 2301ORTANF, 2023; 2401ORTANF, 2024
Compliance Requirements: Reporting
Type of Finding: Significant Deficiency, Noncompliance
Prior Year Findings: 2023-025; 2022-036
Questioned Costs: N/A

Criteria: 45 CFR 265.3(a), (b), (d); 45 CFR 265.7(a)-(c)

Federal regulations require the department to report certain financial and non-financial data elements for services paid with Temporary Assistance for Needy Families (TANF) federal funding in the quarterly ACF-199 TANF Data Report. Federal regulations also require the department to report certain financial and non-financial data elements for TANF eligible clients whose benefits are paid with designated state funds called maintenance of effort (MOE) in the quarterly ACF-209 SSP MOE Data Report. Both data reports should be supported by applicable performance records.

During fiscal year 2021, the department transitioned key aspects of the TANF program to Oregon Eligibility (ONE) for case management, while TANF child welfare payments continued to be recorded in OR-Kids, the child welfare system. The department contracts with an external service provider to extract data from ONE and OR-Kids to populate the data reports. Program staff currently work with the external service provider to obtain comprehensive data reports prior to submission to review them for errors and when found, each issue is logged as a defect for the external service provider to correct.

During fiscal year 2023, the department and the U.S. Administration for Children and Families (U.S. ACF) identified data reports submitted for fiscal year 2023 were incorrect and the department was unable to provide corrected data to auditors. Over the past year, the department has made progress in improving the accuracy and completeness of the data reported in the ACF-199 and ACF-209 reports. Reports were submitted by the department and accepted by U.S. ACF for the reporting periods during fiscal year 2024. We judgmentally tested the reports prepared and submitted for the quarter ended June 30, 2024. Based on our review of a random selection of 80 cases reported in the ACF-199 and ACF-209 reports, we noted the following errors:

- For one case reported in the ACF-199, we noted a defect in the reporting logic for the line item containing the federal time-limit exemption status resulting in the reporting of an invalid code.

- For two cases reported in the ACF-199 and four cases reported in the ACF-209, we noted discrepancies between the data reported for the Work Participation Status, related Work Participation Activities, and the case documentation. The data reported for each case indicated the client was required to participate but not participating in countable activities. However, case narratives supported the client was engaged in countable activities during the reporting period. For the two ACF-199 cases, we also noted a Personal Development Plan (PDP) where attendance hours should have been recorded was not appropriately established according to policy. As the reporting process relies on the attendance hours recorded in the PDP to populate the work participation line items, the absence of a PDP resulted in the report incompletely capturing the client's JOBS activity.
- For four cases reported in the ACF-209, we noted discrepancies between the case documentation and the hours reported as Unsubsidized Employment. In each case, the hours reported could not be substantiated by the available case documentation. Additionally, for one case, the Work Participation Status was incorrectly reported as not meeting minimum participation requirements when case documentation supported minimum participation had been met.

Although improvements to the reporting have been made, the presence of errors in the current year indicates continued efforts are needed to ensure the reports accurately reflect the information within the case management system. We also noted documentation supporting the completion of the data review following the department's procedures could be strengthened. Accurate reporting is necessary to ensure U.S. ACF can make appropriate determinations on the state's compliance with required work participation rates.

Additionally, as the ONE system is administered by an external service provider, best practices would include procedures to verify the internal controls at the external service provider are adequate to meet the business needs of the department. Such assurances are typically provided through a System and Organization Controls (SOC) 2 Type II report which addresses the suitability of the design and operating effectiveness of controls. During the past year the department obtained a SOC 2 Type I report; however, the Type I report only identifies and evaluates the design of controls and does not conclude on the operating effectiveness of controls. As a result, the department does not have assurance over the operating effectiveness of controls at the external service provider that may affect the department's operations and reporting applicable to the TANF program.

We recommend department management continue to review ACF-199 and ACF-209 reports prior to submission, monitor known compilation defects to ensure performance data reports submitted are complete and accurate, and ensure documentation is maintained supporting the completion of the data review procedures. **We also recommend** department management obtain an annual SOC 2 Type II report over the service organization's internal controls for the ONE application or perform other alternative procedures to ensure that the internal controls over the ONE system at the external service provider are sufficient to meet the business needs of ODHS and OHA.

MANAGEMENT RESPONSE:

We agree with this recommendation.

ODHS will continue to monitor and review the ACF-199 and ACF-209 prior to submission. The review will include a sample of JOBS eligible individuals who do not have countable work activities in the ACF reports, to confirm that their TRACS personal development plan (PDP) accurately reflects engagement and

activities in which the individual is engaged. Additionally, ODHS will implement a tracking system to ensure the review of reports is clearly documented.

ODHS will continue to work with our vendor to secure a SOC 2 Type II audit of our processes and oversight of the ONE system in 2025. Additionally, ODHS will work on amending the ONE Maintenance & Operations agreement with Deloitte for them to obtain a scoped SOC 2 Type II audit related to their work within the ONE system. ODHS would expect to negotiate this additional audit requirement in 2025 with the first audit then happening in 2026.

Anticipated Completion Date: December 31, 2025

2024-022 Oregon Department of Human Services

Improve controls to ensure eligibility criteria are met

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.558 Temporary Assistance for Needy Families
Federal Award Numbers and Years:	2301ORTANF, 2023; 2401ORTANF, 2024
Compliance Requirements:	Eligibility; Special Tests and Provisions
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Findings:	2023-027; 2022-039; 2022-040
Questioned Costs:	\$5,187 (known); \$4,499,112 (likely)

Criteria: 42 USC 602(a)(1)(A) & (B)(iii); 45 CFR 264.10; 2 CFR 200.303

Federal regulations state the department is responsible for creating and submitting a state plan that outlines how the program will be conducted to meet the objectives of the Temporary Assistance for Needy Families (TANF) program. This includes the criteria used to determine the eligibility of TANF applicants. Additionally, federal regulations require each state must meet the requirements of the Income Eligibility and Verification System (IEVS) and request certain information from the Internal Revenue Service, State Wage Information Collections Agency, Social Security Administration, and Immigration and Naturalization Service when making TANF eligibility determinations. Department management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance the program is being operated in accordance with federal regulations.

To help ensure eligibility determinations are made in accordance with the approved state plan, the department's Program Integrity Unit (PIU) performs approximately 17 case eligibility reviews per month. These reviews confirm the appropriateness of eligibility determinations based on client information documented in the case management system. Identified errors are referred to the applicable branch office for correction and to determine if additional training is needed. We tested a random sample of 18 of 173 PIU case eligibility reviews performed during fiscal year 2024 specific to federally funded TANF cases to determine the effectiveness of the control. One case review identified an eligibility error which was not referred to the branch office. According to the department, this case review was on the schedule of findings; however, the communication to the branch office was not completed for unknown reasons. Failure to communicate issues identified during the case reviews reduces the control's effectiveness in ensuring eligibility determinations are appropriately made and potential training opportunities are identified at the branch office.

We also tested a random sample of 60 of 193,547 client benefit months (one client for one benefit month) during fiscal year 2024 to determine if the clients met the applicable eligibility requirements and the

department performed the appropriate IEVS data checks in accordance with federal requirements. We identified the following errors, which were the result of caseworker errors in documenting the completion of the required eligibility steps in accordance with established enrollment procedures:

- For one case, unearned income from an unemployment claim was not factored into the initial eligibility determination and subsequent benefit month calculations as required resulting in known questioned costs of \$2,754.
- For one case, the procedure regarding the non-financial eligibility requirement for pursuit of available assets was not followed to either obtain the client's statement of intent to pursue unemployment or document good cause for the client's non-pursuit of the asset resulting in known questioned costs of \$2,433.
- For one case, the department did not document the required IEVS check during the initial eligibility determination. However, we did not identify questioned costs associated with this case, as case documentation supported the applicant's eligibility.

The likely questioned costs total \$4,499,112 based on the known questioned costs identified in our sample test.

We recommend department management ensure case eligibility reviews are performed in accordance with the established procedures. **We also recommend** department management ensure caseworkers are adequately trained on TANF enrollment procedures to ensure all applicable requirements are met.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Beginning in April 2025 the Quality Control (QC) manager will have oversight of the process and be included in the emails between the QC lead and administration concerning the error packets being sent to the branch for corrective action by the 15th of each month. The QC manager will check on the 16th of each month to ensure the task was completed.

Department management acknowledges the finding and has already initiated actions to address the concerns. The State of Oregon has implemented a structured approach to address this concern. Since January 2025, the Oregon Eligibility Partnership (OEP) has updated and developed six eligibility guides aimed at improving, understanding, and execution of processes related to TANF enrollment, including asset pursuit and IEVS checks. These guides are now available as part of the training curriculum for eligibility workers. Additionally, the "Verification Take Time for Training" (TT4T) module, which was last presented in October 2022, will be reviewed by the OEP to assess potential gaps or outdated information. Any necessary updates will be incorporated by July 2025 to ensure comprehensive training is available to all eligibility workers. Finally, OEP will continue to monitor the effectiveness of the updated training materials and guides through ongoing reviews, feedback collection from eligibility workers, and periodic review and refreshing of the materials.

Anticipated Completion Date: December 31, 2025

Strengthen controls over program expenditures

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.558 Temporary Assistance for Needy Families
Federal Award Numbers and Years: 2301ORTANF, 2023; 2401ORTANF, 2024
Compliance Requirements: Activities Allowed or Unallowed;
Allowable Costs/Cost Principles
Type of Finding: Significant Deficiency, Noncompliance
Prior Year Findings: N/A
Questioned Costs: \$2,962 (known); \$415,856 (likely)

Criteria: 2 CFR 200.303

The Temporary Assistance for Needy Families (TANF) program provides time-limited cash assistance to eligible needy families with children. Department management is responsible for establishing and maintaining effective internal controls to provide reasonable assurance the program is being operated in accordance with federal regulations.

We identified two instances during our testing where expenditures were inappropriately charged to the TANF program:

- We tested a random sample of 60 of 193,547 client benefit months (one client for one benefit month) during fiscal year 2024 to determine if the payments made to the clients during those months were for allowable activities under the TANF program. One transaction was determined to be a duplicate payment for housing support services assistance. A check was issued to a participant for two months of rent and late fees to assist the family in maintaining stable housing. According to a case narrative in the case management system, the check was stated to have been lost and a second check was issued directly to the participant's landlord. However, the original check was cashed prior to being canceled resulting in the duplicate expenditure for the same assistance payment. The duplicate payment resulted in known questioned costs of \$2,419 and likely questioned costs of \$415,856.
- We tested a random sample of 25 of 37,987 child welfare TANF transactions during fiscal year 2024 to determine if the transactions were for allowable activities under the TANF program. One child welfare TANF transaction was determined to be a correction that did not refund the TANF program as intended. We identified known questioned costs of \$543 due to the error. The known questioned costs were not projected to the population due to the uncommon nature of canceled and refunded transactions.

We recommend department management strengthen controls to ensure program expenditures and corrections are properly recorded.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Department management acknowledges the finding and has already initiated actions to address the concerns. Quarterly collaboration meetings including TANF and TADVS policy, business security unit, business operations, and office of financial services began in July 2024. Issues and resolutions are

discussed during these quarterly meetings; as a result, guidance for staff has been developed, and regular internal audits take place throughout the year.

Business operations team in partnership with TANF policy will send out communication reminding staff of the process when a check is reported as lost, and the steps that must happen prior to a replacement check being issued. In addition, policy and business operations will attend meetings with those who have a leadership role in the system to approve payments and share the transmittal along with a discussion on ways to mitigate duplicate payments in the future.

Child Welfare reviewed and corrected the transaction identified in this audit. Although the SPOTS card was reimbursed on July 21, 2023, the request in OR-Kids was not canceled on that day causing the transaction to hit the SFMA. During the audit, the error was discovered and Federal Policy and Resources worked with Office of Financial Services (OFS) to correct the reimbursement on February 26, 2025. The transaction was canceled in the OR-Kids system through financial cycle on February 26, 2025. OFS entered the correction in SFMA to reflect the reduction to TANF funding, which processed through OR-Kids on February 27, 2025, and interfaced to SFMA on the evening of February 27, 2025.

Anticipated Completion Date: December 31, 2025

2024-024 Oregon Department of Human Services
Improve controls relating to client non-cooperation with child support requirements

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.558 Temporary Assistance for Needy Families
Federal Award Numbers and Years:	2301ORTANF, 2023; 2401ORTANF, 2024
Compliance Requirements:	Special Tests and Provisions
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	2023-026
Questioned Costs:	N/A

Criteria: 45 CFR 264.30-.31

Federal regulations require the department to refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency. If the department determines referred individuals are not cooperating, without good cause, in establishing, modifying, or enforcing a support order with respect to the child, then the department must reduce or deny assistance in the Temporary Assistance for Needy Families (TANF) program.

We tested a random sample of 40 of 4,615 child support non-cooperation tasks submitted to the department by the Oregon Department of Justice's Department of Child Support (DCS) to determine if the department took appropriate action to move the client into compliance or to decrease benefits as required by federal regulations. We found for two of the 40 cases tested, department policies were not followed to ensure child support cooperation was verified with DCS prior to closing the task. In both cases, department staff relied on client statements to establish their cooperation status. No fiscal year 2024 questioned costs are associated with either case due to the following circumstances:

- For one case, the DCS child support non-cooperation task was received mid-June 2024. Although this task was inappropriately closed during the same month, we would not expect a sanction to be applied until the following month at the earliest which would be outside of our audit period.

- For the other case, a DCS child support non-cooperation task was received and closed inappropriately in March 2024. However, due to separate circumstances, TANF eligibility was terminated the following month.

We recommend management ensure department employees are adequately trained on applicable procedures and requirements relating to child support cooperation with DCS.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Department management acknowledges the finding and has already initiated actions to address the concerns. TANF policy is developing a self-paced training on how to correctly process child support tasks. The training will be available to staff on the internal policy resource page, and communications will be sent advertising the training. ODHS will also continue to review a report of tasks that were marked as complete without a change in cooperation status in ONE and follow up with staff as necessary. In addition, the self-sufficiency training unit is in the process of developing a new family coach eligibility training in ONE which will include training on processing child support tasks that come through ONE.

Anticipated Completion Date: December 31, 2025

2024-025 Oregon Department of Human Services
Ensure work participation rate calculation uses verified and accurate data

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.558 Temporary Assistance for Needy Families
Federal Award Numbers and Years:	2301ORTANF, 2023; 2401ORTANF, 2024
Compliance Requirements:	Special Tests and Provisions
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Findings:	2022-038
Questioned Costs:	N/A

Criteria: 45 CFR 261.61-.62, .65

Federal regulations require each state 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 U.S. Administration for Children and Families (U.S. ACF).

Oregon's Work Verification Plan outlines a system of controls for how reported hours will be verified and documented, and for reviews and monitoring procedures to identify errors. The Program Integrity Unit (PIU) is responsible for performing monthly reviews on a sample of cases to determine the accuracy of attendance hour reports by activity. However, during fiscal year 2024, the department stated the monthly reviews were delayed due to staffing constraints. At the time of our audit procedures in December 2024, the department had completed reviews for ten months of the fiscal year. Without the timely completion of reviews, the effectiveness of the department's control to ensure the accuracy of work participation data is reduced and may result in a higher risk of inclusion of inaccurate data in reports submitted to U.S. ACF.

We tested a random sample of 40 of 213,356 case benefit months (one case for one benefit month) identified in the ACF-199 and ACF-209 data reports to determine if work participation data was accurately reported and supported by case management records. We identified the following:

- Two cases reported on the ACF-199 did not have adequate documentation supporting the verification of attendance hours recorded for the participants.
- One case reported on the ACF-209 did not have adequate documentation supporting the work hours calculated and recorded for the participants.

These inaccurate or unverified hours were reported to U.S. ACF for use in calculating the work participation rate. If the state fails to follow the approved Work Verification Plan, U.S. ACF may penalize the state.

We recommend department management ensure JOBS reviews are performed in accordance with the established procedures. **We also recommend** department management ensure the work participation rate is calculated appropriately using verified and accurate participation data in adherence to the department's Work Verification Plan.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Office of Program Integrity's leadership priorities are to update the risk assessment and to continue to meet weekly with the Chief Operating Officer to highlight the risks associated with inadequate staffing levels. Risk mitigation efforts to ensure JOBS reviews are performed in accordance with established procedures include cross training JOBS second level Quality Control beginning in March 2025 and time studies planned to determine adequate staffing levels for additional position requests.

ODHS has a current workgroup led by the Project Management Office (PMO) that is tasked with conducting a training and coaching gap analysis for family coaches and making recommendations regarding Oregon's Work Participation Rate. The workgroup consists of TANF policy analysts and the self-sufficiency training unit. In addition to the gap analysis, the workgroup is currently producing communications regarding documentation of work participation hours. ODHS will implement additional recommendations once they are identified.

Anticipated Completion Date: December 31, 2025

Ensure refugee status is verified and documented and income information is updated timely

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.566 Refugee and Entrant Assistance-State/Replacement Designee-Administered Programs
Federal Award Numbers and Years:	2301ORRCMA-05, 2023; 2403ORRCMA-02, 2024
Compliance Requirements:	Eligibility
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	\$14,346 (known); \$96,638 (likely)

Criteria: 45 CFR 400

The objective of the Refugee Assistance Program is to provide for resettlement of refugees and to assist them in attaining economic self-sufficiency as soon as possible after their initial placement in the United States. To be eligible, an applicant for assistance must provide proof of their refugee status in the form of documentation issued by the Immigration and Naturalization Service. Also, as a condition of the receipt of refugee cash assistance, the client is required to register for various employment services unless there is good cause for non-participation.

The state agency must operate its refugee cash assistance program consistent with the provisions of the Temporary Assistance for Needy Families (TANF) program with regard to the treatment of income in the determination of initial and on-going eligibility.

We tested a random sample of 60 of 71,233 client benefit months (one client for one benefit month) during fiscal year 2024 to determine if the clients met the applicable eligibility requirements and provided the proof of refugee status in accordance with federal requirements. We identified the following:

- In two cases, there was no evidence that the caseworker verified non-citizen status during the initial eligibility determination.
- In five cases, the caseworker did not update income information timely when the client obtained employment.
- In one case, the client was employment authorized and required to register for various employment services; however, there is no evidence of participation or good cause for non-participation.

As a result of the errors listed above, we determined the program has known and likely questions costs for the Eligibility compliance requirement of \$14,346 and \$96,638, respectively.

We recommend department management ensure refugee status and compliance with work requirements is verified and documented. **We also recommend** department management ensure income information is updated timely to avoid overpayments.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The Refugee Program has previously identified the need for additional training and has been taking steps to address this issue. The Refugee Program has already conducted a comprehensive statewide training on Refugee Cash and Refugee Medical Assistance eligibility in January 2025. The training materials and

recording are available for staff and leadership to access. The Refugee Program will continue providing training to individual branches and districts upon request.

The Refugee Program offers monthly Analyst Hour calls to provide policy and program updates, address questions and troubleshoot complicated cases. To ensure better compliance, the Refugee Program will also focus on the recommended topics in the next three Analyst Hour calls.

The Quality Assurance monthly reviews of Refugee Cash cases have resumed in March 2025. These reviews include all the items listed in the audit recommendations, which provides an additional layer for quality and accuracy check.

In addition, the Refugee Program will discuss the recommended topics with service delivery statewide in ongoing meetings regarding eligibility and engagement.

Anticipated Completion Date: June 30, 2025

2024-027 Oregon Department of Human Services
Strengthen controls around background checks

Federal Awarding Agency:	U.S. Department of Health and Human Services
Assistance Listing Number and Name:	93.658 Foster Care – Title IV-E
Federal Award Numbers and Years:	2401ORFOST, 2024; 2301ORFOST 2023
Compliance Requirements:	Eligibility
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	\$4,491 (known)

Criteria: 42 USC 671(a)(20)(A)

Providers participating in the foster care program, whether a foster care family or a child-care institution, must be fully licensed by the proper state foster care licensing authority to be considered eligible for federal program funding. To be fully licensed, foster family home providers must satisfactorily have met a criminal records check, including a fingerprint-based check.

We selected a random sample of 40 out of 23,622 expenditure transactions, representing maintenance payments made to providers caring for children in the foster care program. In our testing, we identified one provider that did not have all necessary background checks documented, including a fingerprint-based check. Department management indicated the certifying office did not follow requirements for completing and maintaining evidence of fingerprint-based background checks. The sample item was \$142 in error; when reviewing the provider for the year, we identified \$4,491 in known questioned costs. When projected to the population, questioned costs exceeded \$25,000.

We recommend department management ensure fingerprint-based background checks are completed and evidence is properly maintained.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Child Welfare has robust business processes that support the accurate and timely completion of fingerprint-based background checks. These include an OR-Kids provider record that ensures all required elements are completed prior to issuing a full certificate of approval, including management approval.

Additionally, Title IV-E eligibility business processes require the verification of finger-print based background checks through review of the original documentation (1011f).

The Foster Care Program completes regular quality assurance reviews in all districts as an ongoing effort to identify issues and ensure compliance. Any issues identified during reviews are discussed with local managers and staff to coordinate corrections and identify solutions and/or training needs.

Program analysis of this error has determined the issue to be an isolated event of human error.

Foster Care Program and Federal Policy and Resources will collaborate to ensure the error case is corrected and provide documentation to demonstrate those corrections.

Anticipated Completion Date: April 30, 2025

2024-028 Oregon Department of Human Services
Strengthen internal controls to ensure performance data reports are accurate

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Number and Name:	84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States
Federal Award Numbers and Years:	H126A230054, 2023; H126A240054, 2024
Compliance Requirements:	Reporting
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	2023-028
Questioned Costs:	N/A

Criteria: 29 USC 721(a)(10)

The department is required to submit quarterly program performance reports. The Vocational Rehabilitation Case Service Report (RSA-911) is a quarterly report of client case information. State Vocational Rehabilitation (VR) agencies are required to maintain supporting documentation in an individual's case file, particularly regarding eligibility determinations, development of the Individualized Plan for Employment, services provided, and case closure. It is important to note that the use of an electronic case management system does not remove the requirement for the agency to maintain either hard copies or scanned copies of required supporting documentation in the individual's service record. An electronic case management system is merely a data entry process that is susceptible to data entry errors.

We reviewed 15 out of 25,740 clients from the December 2023 RSA-911 report to ensure the information contained in selected fields agreed to supporting documentation. During our testing, we identified the following:

- The department could not provide documentation of the hourly wage and start date of employment at exit for one client when the report was submitted.
- The reported application date for one client was 22 days after the date of the application per the supporting documentation.

Without adequate internal controls to ensure the accuracy of the case information reported, the department may not be reporting accurate information to the federal awarding agency and is unable to demonstrate its compliance with the reporting requirements. Data collected through the RSA-911 is used by the Federal

government to evaluate and monitor the programmatic performance of the VR program. As such, it is important that the data be accurately collected and reported.

We recommend department management strengthen internal controls to ensure information reported in the RSA-911 client performance data report is accurate.

MANAGEMENT RESPONSE:

We agree with this recommendation.

We agree with the recommendation and will ensure adequate supporting documentation is maintained and readily available to support information reported in the RSA-911. We will update internal controls related to this matter.

Anticipated Completion Date: September 30, 2024

2024-029 Oregon Commission for the Blind
Strengthen internal controls to ensure performance data reports are accurate

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Number and Name:	84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States
Federal Award Numbers and Years:	H126A240055, 2024
Compliance Requirements:	Reporting
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	2023-031
Questioned Costs:	N/A

Criteria: 29 USC 721(a)(10)

The department is required to submit quarterly program performance reports. The Vocational Rehabilitation Case Service Report (RSA-911) is a quarterly report of client case information. State Vocational Rehabilitation (VR) agencies are required to maintain supporting documentation in an individual's case file, particularly regarding eligibility determinations, development of the Individualized Plan for Employment, services provided, and case closure. It is important to note that the use of an electronic case management system does not remove the requirement for the agency to maintain either hard copies or scanned copies of required supporting documentation in the individual's service record. An electronic case management system is merely a data entry process that is susceptible to data entry errors.

We reviewed 5 out of 768 clients from the December 2023 RSA-911 report to ensure the information contained in selected fields agreed to supporting documentation. During our testing, we found the department could not provide documentation of the hourly wage and start date of employment at exit for two clients.

Without adequate internal controls to ensure the accuracy of the case information reported, the department may not be reporting accurate information to the federal awarding agency and is unable to demonstrate its compliance with the reporting requirements. Data collected through the RSA-911 is used by the Federal government to evaluate and monitor the programmatic performance of the VR program. As such, it is important that the data be accurately collected and reported.

This issue was identified during the audit for the year ended June 30, 2023. In response to the prior year's finding, department management took corrective action in September 2024. Our audit procedures were specific to the fiscal year ended June 30, 2024, and during the audit period the department had not yet taken corrective action to ensure the accuracy of the data report and verify compliance was achieved.

We recommend department management strengthen internal controls to ensure information reported in the RSA-911 client performance data report is accurate.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The agency is committed to ensuring the RSA-911 client case information report is accurate, and to ensuring the agency's case management system is well-documented and current.

This issue was initially identified during the statewide single audit for the period ended June 30, 2023. In response to the prior year's finding, the agency created a new case-note category for documenting client employment start date and wages at exit. Compliance with this new control is then verified as part of our pre-closure case file review process.

The agency will continue to provide training to staff on the use of this case note category to ensure we are consistently documenting the start date of employment in the primary occupation and the hourly wage at exit.

Anticipated Completion Date: July 1, 2025

2024-030 Oregon Department of Education
Perform regular fiscal monitoring as part of subrecipient monitoring

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Number and Name:	84.027 Special Education – Grants to States (Special Education Cluster)
Federal Award Numbers and Years:	H027A230095, 2024; H027A230095-23A, 2024
Compliance Requirements:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency, Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.332(e)

As part of our audit of the Special Education Grants to States program (program) at the Oregon Department of Education (department), we reviewed the department's procedures for monitoring subrecipients to ensure program compliance. The department has several layers to the subrecipient monitoring requirements and has procedures to perform programmatic reviews, fiscal reviews, and other reviews based upon a risk assessment.

For the fiscal monitoring, the department has a procedure in place to ensure that every subrecipient is reviewed at least once every three years, with approximately one-third of the subrecipients reviewed each year. In our testing, we reviewed a sample of seven of the 67 subrecipients that were scheduled for review in fiscal year 2024. In our initial sample, we found that one of the seven was not monitored during the year. We expanded our testing by selecting another ten subrecipients and the department could not provide

support that the review was completed for nine of the ten. Per discussion with department staff, the specific subrecipient in our original sample had not had a fiscal review since January 2021. The fiscal monitoring was not performed as the subrecipient had not drawn funds from a specific grant period prior to the review process, although they had drawn from previous grant awards during the year.

Failure to adequately monitor subrecipient compliance and supporting documentation increases the risk of inappropriate spending and noncompliance with federal requirements.

We recommend department management ensure subrecipient fiscal monitoring is performed on the schedule set by department policy. We also recommend the department develop a procedure to track the completion of fiscal monitoring.

MANAGEMENT RESPONSE:

We agree with this recommendation.

1. *ODE will ensure subrecipient fiscal monitoring is performed on the schedule set by department policy by:*
 - *Updating the internal procedures and timeline for requesting, reviewing and approving district submissions of claims for IDEA Fiscal Cyclical Monitoring.*
 - *Updating current IDEA Subrecipient Fiscal Monitoring manual to clarify updated internal procedure and timeline.*
2. *The department will develop a procedure to track the completion of cyclical fiscal monitoring by:*
 - *Establishing a dedicated digital file to save district claims documentation and email communications for each cyclical monitoring review for each district.*
 - *Creating and utilizing a tracking document or system for each Cohort Group that will include the district, date of claim, amount of claim, approval status, date of approval, and location of documentation.*
 - *Develop a standard request notification and a standard approval notification for claims documentation.*

Anticipated Completion Date: June 30, 2025

Implement controls to ensure FFATA reporting is completed for all required subawards

Federal Awarding Agency:	U.S. Department of Education
Assistance Listing Number and Name:	10.582 Fresh Fruit and Vegetable Program (Child Nutrition Cluster)
Federal Award Numbers and Years:	202322L160347, 2023; 202423L160347, 2024
Compliance Requirements:	Reporting
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 170; 2 CFR 200.303

The Child Nutrition Cluster is subject to subaward reporting under the Federal Funding Accountability and Transparency Act (FFATA). Federal regulations require recipients of federal awards to report certain subaward information in the FFATA Subaward Reporting System (FSRS) for subawards meeting the criteria for reporting. Reports must be submitted no later than the end of the month following the month in which the obligation was made. Federal regulations also require recipients of federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

The department maintains written procedures that document the steps for completing the monthly FFATA reporting. For the Child Nutrition Program, only the Fresh Fruit and Vegetable program is subject to FFATA reporting. Our audit procedures included the testing of 20 Fresh Fruit and Vegetable subawards/subaward modifications totaling \$647,311 in obligations. During our testing we noted 9 subawards were not reported to FSRS totaling \$213,992.

According to department management, it had initially overlooked FFATA reporting for the Fresh Fruit and Vegetable subaward so was still working on submitting the subaward in FSRS.

We recommend department management strengthen controls to ensure the monthly FFATA reports are submitted.

MANAGEMENT RESPONSE:

We agree with this recommendation.

To strengthen controls and ensure FFATA reporting is completed for all required subawards, ODE plans to implement the following process improvements:

- *Collaborate with the Child Nutrition program management and Fiscal Grants team to provide full documentation of grant awards including terms, conditions and attachments.*
- *Update ODE's grant profile request Smartsheet tool to:*
 - *Identify FFATA eligibility prior to setting up a new grant award in the accounting system.*
 - *Automatically notify the FFATA team of new grant awards that require reporting.*

Anticipated Completion Date: June 30, 2025

2024-032 Oregon Department of Justice
Ensure program expenditures are supported

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.563 Child Support Enforcement
Federal Award Numbers and Years: 2401ORSCSS, 2024
Compliance Requirements: Allowable Costs/Cost Principles;
Matching, Level of Effort, Earmarking
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: N/A
Questioned Costs: \$1,138 (known); \$173,028 (likely)

Criteria: 2 CFR 200.403(g); 42 USC 655(a)(2)(C)

Federal regulations require that program expenditures must be adequately supported to be allowable. Additionally, the Child Support Enforcement program requires a 34% state match for most expenditures.

We tested a random sample of 40 program expenditures to determine whether they were for allowable costs and the state match was met. We identified one expenditure where the amount entered in the state's financial accounting system did not agree to supporting documentation. This was caused by a combination of unclear supporting documentation and insufficient review of the expenditure prior to processing. As a result, excess federal reimbursement was received for \$1,138 which, projected to the population, resulted in likely questioned costs exceeding \$25,000. However, once notified, department management promptly corrected the error.

Without clear support and sufficient review of expenditures, errors could go undetected in the state's financial accounting system causing federal reimbursement to be overstated.

We recommend that department management ensure controls verify expenditures are adequately supported and accurately processed.

MANAGEMENT RESPONSE:

We agree with this recommendation.

This error was caused through a lack of secondary validation of expenditures which resulted in incorrect expenditures being entered into the system. The correction action plan will update the Secondary Review of Expenditures and Batch Entry Process to ensure that the secondary review identifies and prevents errors which caused the finding above.

Anticipated Completion Date: June 30, 2025

Federal reports should contain accurate information

Federal Awarding Agency: U.S. Department of Health and Human Services
Assistance Listing Number and Name: 93.568 Low-Income Home Energy Assistance Program
Federal Award Numbers and Years: 2302ORLIEI, 2023
Compliance Requirements: Reporting
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: N/A
Questioned Costs: N/A

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

Federal regulations require that federal reports are accurate and supported by applicable accounting records. Federal regulations also require management to establish and maintain effective internal control over the federal award.

Based on our testing, we identified multiple reports where the amount of obligated funds for the Infrastructure Investment and Jobs Act (IIJA) was not appropriately reported. Funds for this grant were obligated through separate contracts, which differed from the department's standard process of obligating funds through their grant management system application. At the time these reports were completed, the preparing staff did not have a summary of the IIJA obligations, which resulted in errors in the following September 2023 report line items:

- SF-425, Federal Share of Unliquidated Obligations
- LIHEAP Performance Data Form, Unobligated Infrastructure Act Funds Carried Over to next FFY
- LIHEAP Carryover and Reallotment Report, Carryover Amount
- LIHEAP Quarterly Performance and Management Report, Amount of Funds Obligated.

Additionally, documentation was not retained to show this report was approved.

Based on submitted reports, it appeared the department did not obligate at least 90% of the award by September 30, 2023, as required. However, based on our testing we determined the department had obligated over 90% of the award by September 30, 2023.

We recommend department management strengthen internal controls to ensure the required LIHEAP reports contain accurate information.

MANAGEMENT RESPONSE:

We agree with this recommendation.

A dedicated staff resource has been trained and has brought grant reconciliations and reporting current. Additional training has been provided for awareness of the obligation requirements as well.

Anticipated Completion Date: June 30, 2025

Quarterly Performance Report should include all expenditures incurred to date

Federal Awarding Agency: U.S. Department of Housing and Urban Development
Assistance Listing Number and Name: 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii;
14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (COVID-19)
Federal Award Numbers and Years: B-21-DZ-41-0001, 2021
Compliance Requirements: Reporting
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: N/A
Questioned Costs: N/A

Criteria: 2 CFR 200.328(c), DRGR User Manual, Chapter 19, p. 15

CDBG recipients are required to provide a quarterly performance report (QPR) including expenditures incurred period-to-date and in total for each activity. Activity expenditures should be equal to the amount of funds the grantee expended that quarter, regardless of the amount drawn.

We found the June 30, 2024 report filed with HUD did not contain accurate information regarding funds expended for the CDBG-Disaster Recovery (CDBG-DR) program as a whole, or for individual activities within the program.

OHCS hired a management consultant to provide consulting services, including assistance with preparation of the quarterly reports to HUD for the CDBG-DR grant. Although the department provided the consultant with a report detailing all expenditures for the program, the consultant's approach to QPR reporting did not take into account expenditures the department does not pre-draw for, such as direct and indirect payroll, and services and supplies costs. As a result, only costs for the Homeowner Assistance and Reconstruction Program (HARP) activity and admin costs were reported, although costs were incurred for other program activities. Overall costs were understated by \$6.4 million to date and \$5.3 million for the period. HARP costs were underreported by \$4.3 million to date and \$3.8 million for the quarter, and admin costs were underreported by \$1 million to date and \$0.6 million for the quarter.

We recommend quarterly performance reports are prepared to include all expenditures incurred for the period and to date regardless of whether funds have been drawn.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Quarterly performance report requirements will be reviewed with staff and additional oversight will be added to ensure accurate reporting occurs. Corrective reports will be filed to the extent allowed by HUD.

Anticipated Completion Date: June 30, 2025

2024-035 Oregon Business Development Department
Ensure CDBG expenditures are recorded in SFMA under the appropriate grant year

Federal Awarding Agency: U.S. Department of Housing and Urban Development
Assistance Listing Number and Name: 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii;
14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (COVID-19)
Federal Award Numbers and Years: B-20-DC-41-0001, 2020; B-21-DC-41-0001, 2021;
B-22-DC-41-0001, 2022; B-23-DC-41-0001, 2023;
B-20-DW-41-0001, 2020 (COVID-19)
Compliance Requirements: Reporting
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: N/A
Questioned Costs: N/A

Criteria: 2 CFR 200.302

The department is required under 2 CFR 200.302 to have a financial management system sufficient to permit the preparation of reports required under the terms and conditions of the CDBG grant; and to track expenditures to establish that funds have been used in accordance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Program staff tracked the obligation of grant funds and used this information to prepare the December 31, 2023 PR28 report. However, because of significant turnover in accounting, there was no review from accounting staff to ensure the program tracking reconciled to the State's financial management application (SFMA).

We audited the December 31, 2023 PR28 reports filed for awards from 2020 (including a COVID-19 award), 2021, 2022, and 2023. The expenditures reported in HUD's Integrated Disbursement and Information System (IDIS) did not materially agree to expenditures or draws recorded in the state's financial management application (SFMA) for those grants. Variances between cumulative expenditures in SFMA and cumulative expenditures reported ranged between \$1.6 million underreported for 2020 to \$4.5 million overreported for the 2020 COVID award. In total, cumulative expenditures for those grant awards were overreported by \$6.5 million.

The CDBG state grants are required to be expended within eight years. Failure to properly account for expenditures for a specific grant year could result in the loss of funds if not obligated and expended within the period of performance of the grant.

We recommend the agency reconcile SFMA to amounts in IDIS and make adjustments as necessary to ensure CDBG expenditure reports are accurate and agree to accounting records.

MANAGEMENT RESPONSE:

We agree with this recommendation.

In February of 2025, the agency's accountant assigned to this program began a full reconciliation of the CDBG program from FY 2020 to FY 2024. We have identified the differences between our accounting records in SFMA and what has been recorded through IDIS, our portal to request funds from the federal government. As of March 2025, we are beginning to finalize our reconciliation of administrative funds and

our own agency's matching contributions. Once incorporating this first step, our accounting staff will continue with a full project reconciliation for the current fiscal year, 2025. Any errors or adjustments identified will be corrected in this current fiscal year. This reconciliation between accounting records in SFMA and IDIS is expected to be complete in May of 2025.

Anticipated Completion Date: May 31, 2025

2024-036 Oregon Business Development Department
Implement controls and submit delinquent FFATA reports

Federal Awarding Agency:	U.S. Department of Housing and Urban Development
Assistance Listing Number and Name:	14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii; 14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (COVID-19)
Federal Award Numbers and Years:	B-18-DC-41-0001, 2018; B-19-DC-41-0001, 2019; B-20-DC-41-0001, 2020; B-21-DC-41-0001, 2021; B-22-DC-41-0001, 2022; B-23-DC-41-0001, 2023; B-20-DW-41-0001, 2020 (COVID-19)
Compliance Requirements:	Reporting
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 170, Appendix A

The State CDBG and CDBG-CV (COVID) programs are subject to the Federal Funding Accountability and Transparency Act of 2006. The "Transparency Act" requires direct recipients of grants to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

We found nearly \$45 million in subawards made for CDBG projects since 2020 were not reported on the federal reporting system. The department has not prepared FFATA reports since 2020 due to fiscal staff turnover and no staff formally assigned to perform the task. As a result, information regarding subawards of CDBG funds was not made available publicly as required.

We recommend the department report all delinquent subaward reports for the CDBG program as required. We further recommend the department develop and implement written procedures and assign staff to ensure subaward reporting occurs timely in the future.

MANAGEMENT RESPONSE:

We partially agree with this recommendation.

Business Oregon has prepared and submitted FFATA reports in SAM.gov through 2023, and had done so yearly since 2011. Due to staff turnover, Business Oregon has not completed loading the data for FFATA reporting for 2024. Business Oregon is currently in the process of compiling the data pertaining to CDBG grant awards and other federal grant awards that met the criteria for FFATA reporting. Business Oregon will formally assign this reporting task and create written procedures regarding preparation of the FFATA reports to ensure a complete list of recipients or subawards is reported in SAM.gov in a timely manner.

Anticipated Completion Date: June 30, 2025

2024-037 Oregon Business Development Department
Assign responsibility to ensure review of subrecipient audit reports

Federal Awarding Agency: U.S. Department of the Treasury
Assistance Listing Number and Name: 21.027 Coronavirus State and Local Fiscal Recovery Fund (COVID-19)
Federal Award Numbers and Years: SLFRP4454, 2020 (COVID-19)
Compliance Requirements: Subrecipient Monitoring
Type of Finding: Significant Deficiency; Noncompliance
Prior Year Findings: N/A
Questioned Costs: N/A

Criteria: 2 CFR 200.332(e)(2), (e)(3), (g), (h), (i); 2 CFR 200.521(a), (c), (d)

Federal regulations require recipients of federal awards ensure their subrecipients expending \$750,000 or more during fiscal years prior to October 1, 2024, are audited according to requirements in 2 CFR 200 Subpart F, and then to perform certain actions dependent upon audit results. To satisfy this requirement, the Department of Administrative Services assigns Oregon state departments to be audit agencies. An audit agency is to:

- Ensure the subrecipient received an audit or consider sanctions per 2 CFR 200.339.
- Ensure the subrecipient takes corrective action on all findings negatively affecting subawards.
- Issue a management decision within six months of the Federal Audit Clearinghouse's acceptance of the subrecipient's audit report if there were findings pertaining to the agency's subawards.
- Contact other state agencies that have also passed through funds to the subrecipients (contributing agencies), alerting them to findings related to their programs.

In fiscal year 2024, DAS assigned OBDD to review 24 of the state's 369 subrecipients' audits, receiving a total of \$42.3 million in pass-through funding from 11 state agencies. OBDD did not review any of these entities due to staff turnover. We reviewed two of these subrecipients and found neither had audit findings. This does not preclude the remaining 22 subrecipients from having audit findings requiring communication.

We recommend department management complete its review of subrecipient audits as soon as possible to ensure its monitoring procedures are sufficient, and to inform contributing agencies of any deficiencies that may affect their programs.

MANAGEMENT RESPONSE:

We agree with this recommendation.

In January 2025, Business Oregon started the initial work by meeting with DAS SARS team on identifying specific tasks for Business Oregon as the assigned audit agency for the SLFRF award. Business Oregon completed the preliminary reviews and confirmed that 23 out of 24 recipients of the SLFRF award are required for the single audit. Business Oregon contacted the recipients and requested financial reports to proceed with review of subrecipient audits. As of March 2025, the work is still ongoing, and Business Oregon is currently communicating with the recipients.

Anticipated Completion Date: June 30, 2025

Implement controls over reporting

Federal Awarding Agency: U.S. Department of the Treasury
Assistance Listing Number and Name: 21.027 Coronavirus State and Local Fiscal Recovery Fund (COVID-19)
Federal Award Numbers and Years: SLFRP4454, 2020 (COVID-19)
Compliance Requirements: Reporting
Type of Finding: Significant Deficiency
Prior Year Findings: 2023-043
Questioned Costs: N/A

Criteria: 2 CFR 200.303

Department management is responsible for establishing and maintaining effective internal controls that provide reasonable assurance the department is managing the federal award in compliance with the terms and conditions of the federal award. Recipients of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) are required to provide quarterly project and expenditure reports to the Department of Administrative Services' Coronavirus Fiscal Relief Team (DAS CFRT), who compiles the statewide report and submits it to the Department of the Treasury.

The quarterly CSLFRF reports require several types of information and updates to be included each quarter, including project descriptions, completion status, and contracted entity details. The report also includes information on obligations and expenditures, provided by the fiscal staff. An Infrastructure Program Specialist works directly with the project management team assigned to the projects and compiles the information into a report spreadsheet. Once compiled, it is transmitted directly to DAS with no additional internal review. The report submitted for infrastructure projects under interagency agreement 6203 and 6252 for the quarter ending June 30, 2024, reported \$46.7 million in cumulative expenditures, but \$48.3 million were recorded in accounting records, resulting in an under-reporting of expenditures by \$1.6 million, or 3.4%.

CSLFRF awards must be used for costs incurred (obligated) by December 31, 2024, and expended for those incurred costs by December 31, 2026. Any funds not expended must be returned to the Department of the Treasury at the end of the grant. Because the department's reporting process did not include a review by fiscal staff prior to submission to DAS to ensure the report included accurate expenditure and obligation information, the department risks the potential loss of CSLFRF funds.

We recommend the department implement a review by fiscal staff of expenditure and obligation amounts on CSLFRF quarterly reports before submission to DAS CFRT to ensure the reports agree to the accounting records.

MANAGEMENT RESPONSE:

We agree with this recommendation.

The submission of the quarterly financial reports by Business Oregon to DAS CFRT is on-going and within the submission deadline of DAS CFRT staff. When preparing for the quarterly financial report, the accounting/financial data has been prepared by our accountant and reviewed by Business Oregon's accounting manager. The data is then submitted to program staff to complete the programmatic narrative and other performance-related information to further explain or describe the transactions for the reporting

period, and then program staff submits the quarterly report to DAS CFRT. Going forward, to ensure reports submitted to DAS CFRT match with accounting records, management will make procedure changes by routing the report back to the accounting team for final review of financial data after program has entered their part of the report before sending to DAS CFRT. We will implement this process change effective immediately for the quarterly report ending March 2025.

For the cumulative variance of \$1.6 million, Business Oregon will conduct research to determine the cause of the variance. The under-reporting of expenses on the quarterly report ending June 2024 could be the result of data provided to DAS in mid-July 2024, to meet DAS CFRT reporting deadline, when the fiscal month of June 2024 was not officially closed until early August 2024. While the fiscal year-end process was still on-going through August 2024, the month of June is still open for accrual entries or adjustments, resulting to more expenditures in accounting records than what was reported to DAS in July. Business Oregon will perform reconciliation of data from 2020 to March 2025 to true up the expenditures reported in the accounting records and the reports submitted to DAS CFRT.

Anticipated Completion Date: June 30, 2025

2024-039 Oregon Department of Emergency Management
Continue FFATA reporting improvements and make inquiries on FSRS functionality

Federal Awarding Agency:	U.S. Department of Homeland Security
Assistance Listing Number and Name:	97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Award Numbers and Years:	FEMA-4258-DR-OR, 2016; FEMA-4296-DR-OR, 2017; FEMA-4432-DR-OR, 2019; FEMA-4452-DR-OR, 2019; FEMA-4499-DR-OR, 2020; FEMA-4519-DR-OR, 2020; FEMA-4562-DR-OR, 2020; FEMA-4599-DR-OR, 2021; FEMA-4768-DR-OR, 2024
Compliance Requirements:	Reporting
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	2023-033
Questioned Costs:	N/A

Criteria: 2 CFR 200.303(a)-(d); 2 CFR 170, Appendix A I(a)

The Federal Funding Accountability and Transparency Act (FFATA) requires federal award recipients to submit key data elements for any subaward obligation that equals or exceeds \$30,000 in the FFATA Subaward Reporting System (FSRS). Reports should be submitted no later than the end of the month following the month in which the subawards were made. Federal regulations also require recipients to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements.

The Oregon Department of Emergency Management (department) reported the prior year FFATA finding as partially corrected. We judgmentally selected 10 of 383 subaward obligations for review.

- We found eight were submitted with the applicable data elements but were not submitted timely, as based on guidance from FEMA the department was catching up with past due reports from the previous year.

- We found one obligation was on the department's tracking sheet, but support was not retained and FSRS did not show evidence of the submission.
- We found one obligation to be among 30 for which the agency stated FSRS prevented them from entering.

We recommend department management continue with its improvement on the timeliness of FFATA submissions and also make inquiries to the operators of FSRS regarding the inability to enter certain submissions.

MANAGEMENT RESPONSE:

We agree with this recommendation.

OEM has undertaken and continues the following corrective actions to address the recommendations made by the Secretary of State's Audits Division:

- OEM has developed procedures for capturing necessary information and ensuring FFATA reports are filed in compliance with federal criteria.*
- OEM has identified all awards since July 1st 2023 and is working to ensure 100% compliance from that date forward.*
- OEM will conduct timely follow up on all submissions that fail to successfully load into the system, and clearly document that follow up for inclusion in our files.*
- OEM will continue to review older awards to determine what actions should be taken.*

Anticipated Completion Date: June 30, 2025

2024-040 Oregon Department of Emergency Management
Assign responsibility to ensure review of subrecipient audit reports

Federal Awarding Agency:	U.S. Department of Homeland Security
Assistance Listing Number and Name:	97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Federal Award Numbers and Years:	Multiple
Compliance Requirements:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	N/A

Criteria: 2 CFR 200.332(e)(2), (e)(3), (g), (h), (i); 2 CFR 200.521(a), (c), (d)

Federal regulations require recipients of federal awards ensure its subrecipients expending \$750,000 or more during fiscal years prior to October 1, 2024, are audited according to requirements in 2 CFR 200 Subpart F, and then to perform certain actions dependent upon audit results. To satisfy this requirement, the Department of Administrative Services assigns Oregon state departments to be audit agencies. An audit agency is to:

- Ensure the subrecipient received an audit or consider sanctions per 2 CFR 200.339.
- Ensure the subrecipient takes corrective action on all findings negatively affecting subawards.
- Issue a management decision within six months of the Federal Audit Clearinghouse's acceptance of the subrecipient's audit report if there were findings pertaining to the agency's subawards.

- Contact other state agencies that have also passed through funds to the subrecipients (contributing agencies), alerting them to findings related to their programs.

In fiscal year 2024, DAS assigned the Oregon Department of Emergency Management (department) to review 27 of the state's 369 subrecipients' audits, receiving a total of \$176.2 million in pass-through funding from 20 state agencies. The department did not review any of these entities because they determined their other commitments were higher priorities. We reviewed two of these subrecipients and found one expended a total of \$36 million and had one audit finding that may affect various federal programs. This subrecipient received pass-through funding from five other contributing agencies who were not informed of the finding. This does not preclude the remaining 25 subrecipients from having audit findings requiring communication to the contributing agencies.

We recommend department management complete its review of subrecipient audits as soon as possible to ensure its monitoring procedures are sufficient, and to inform contributing agencies of any deficiencies that may affect their programs.

MANAGEMENT RESPONSE:

We agree with this recommendation.

OEM is undertaking the following corrective actions to address the recommendations made by the Secretary of State's Audits Division:

- OEM will identify sufficient and appropriate grant accounting staff to perform this work on an ongoing basis, ensure that this work is added to their Position Descriptions, provide them with appropriate training, support, and guidance regarding subrecipient audit reviews.*
- OEM will establish an annual plan to assign this work out, establish and utilize tracking sheets, and follow up for timely completion.*
- OEM will work to address the past due FY 24 subrecipient reviews noted in the audit finding letter and above, and will then work to address those from FY23 and FY22.*

Anticipated Completion Date: December 31, 2026

2024-041 Oregon Military Department
Ensure undisbursed obligation extension support is retained

Federal Awarding Agency:	U.S. Department of Defense
Assistance Listing Number and Name:	12.401 National Guard Military Operations and Maintenance (O&M) Projects
Federal Award Numbers and Years:	W912JV (multiple appendices and years)
Compliance Requirements:	Period of Performance
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	N/A

Criteria: National Guard Regulation 5-1, Chapter 11-10

Federal regulations state only costs obligated during the period of the federal fiscal year or period of performance identified in the cooperative agreement, are reimbursable. If undisbursed obligations remain 90 days after the close of the federal fiscal year, the recipient shall submit an extension, a detailed listing of

un-cleared obligations and a projected timetable for their liquidation and disbursement, no later than December 31.

We identified 18 state fiscal year 2024 expenditures recorded to agreements with federal fiscal years 2020-2023. As the original periods of performance would have ended, these expenditures should have been detailed on submitted extensions. The department provided support for five extensions although some did not include the listing of un-cleared obligations. The department could not provide support that extensions were made for the remaining 13 agreements. Without retaining adequate documentation for extensions, the department risks losing federal funding for undisbursed obligations which would then be reimbursed with state funds. The department provided a lack of management oversight and lack of codified processes as the cause of these exceptions.

We recommend department management ensure support is retained for all submitted cooperative agreement extensions including the listings of un-cleared obligations.

MANAGEMENT RESPONSE:

We agree with this recommendation.

OMD will implement following corrective actions to address the recommendation made in the Audit Report.

- a. Standardized Documentation Process: We will develop and implement a standardized process for tracking and retaining all submitted GTA CA Award extensions, including detailed listings of un-cleared obligations and projected liquidation timelines.*
- b. Internal Review and Monitoring: A designated team within the finance division will conduct quarterly reviews of undisbursed obligations to ensure compliance with extension requirements.*
- c. Training and Accountability: Training will be provided to relevant personnel on the importance of documentation retention, compliance requirements, and the consequences of noncompliance. Management will also assign accountability measures to track adherence to the new procedures.*

Anticipated Completion Date: June 30, 2025

2024-042 Oregon Military Department

Ensure payroll expenditures are coded to the correct period and errors are corrected timely

Federal Awarding Agency:	U.S. Department of Defense
Assistance Listing Number and Name:	12.401 National Guard Military Operations and Maintenance (O&M) Projects
Federal Award Numbers and Years:	W912JV-23-2-1021, 2023; W912JV-23-2-1024, 2023; W912JV-23-2-1001, 2023; W912JV-19-2-1001, 2019
Compliance Requirements:	Period of Performance
Type of Finding:	Significant Deficiency; Noncompliance
Prior Year Findings:	N/A
Questioned Costs:	\$35,820 (known)

Criteria: National Guard Regulation 5-1, Chapter 11-2

Federal regulations require that grantees must obligate funds in the federal fiscal year specified in the relevant appendix to be reimbursable by federal funds.

We queried the Oregon Military Department's (department) accounting records and identified 12 awards by federal fiscal year 2019-2023 with payroll expenditures charged in federal fiscal year 2024, which is outside the period of performance. We analyzed these awards and included any correcting entries. After corrections, five awards still had payroll recorded outside the period of performance. For activity in two awards, the department provided support that although the accounting records still had not been corrected as of March 2025, the department had not sought reimbursement. For four awards, we question costs of \$35,280. The department may have not sought reimbursement but could not easily locate the supporting documentation. According to department management, these errors were due to incorrect coding in the payroll system. While the department is aware of some of these errors, it is not timely correcting the errors as several of the uncorrected errors are more than a year old.

If the underlying accounting records do not properly account for transactions, the department could inappropriately request reimbursement for obligations that are outside of the period of performance for the grant.

We recommend department management implement controls to ensure payroll expenditures are coded correctly and timely correct errors when identified.

MANAGEMENT RESPONSE:

We agree with this recommendation.

OMD will implement following corrective actions to address the recommendation made in the Audit Report.

- a. All Payroll Coding Review Procedures: Establish a mandatory review process before finalizing payroll reimbursement requests to verify the correct coding of federal fiscal year allocations.*
- b. Timely Error Correction Process: Develop a formal procedure to ensure errors are identified and corrected within 60-90 days of discovery.*
- c. Training and Oversight: Conduct mandatory training for finance and payroll personnel on proper coding procedures and compliance with federal performance periods.*
- d. Review and Correction of Prior Year Coding Errors (FFY 2019, 2022, and 2023): Conduct a comprehensive review of payroll expenditures from FFY 2019, 2022, and 2023 to identify and correct any remaining errors. This process will involve reconciling payroll records with federal grant periods, adjusting accounting records, and ensuring proper documentation for any necessary retroactive corrections.*

Anticipated Completion Date: January 31, 2026

Ensure accuracy of per diem recalculations

Federal Awarding Agency: U.S. Department of Veterans Affairs
Assistance Listing Number and Name: 64.015 Veterans State Nursing Home Care
Federal Award Numbers and Years: 648-Y37190, 2023; 648-Y37191, 2023; 648-Y47191, 2024; 648-Y48191, 2024
Compliance Requirements: Activities Allowed or Unallowed
Type of Finding: Significant Deficiency
Prior Year Findings: N/A
Questioned Costs: N/A

Criteria: 2 CFR 200.303; 38 CFR 51.40

Federal regulations allow for the department to request a per diem from the federal awarding agency each month for every day an eligible veteran resides in a veteran state nursing home. Federal regulations require the department establish, document, and maintain effective internal control over the federal award that provides reasonable assurance they are managing the federal award in compliance with federal statutes. The department performs a recalculation for each per diem to provide reasonable assurance they are managing the award in compliance with federal statutes.

We selected a total of eight out of 24 per diem requests for review. Of the eight requests we reviewed, we identified four requests where the recalculation performed was not accurate. The recalculated per diem totals did not agree to the actual amount requested, due to differences in the number of resident per diem days or per diem amounts used in the recalculation. Department staff has indicated the recalculation has been updated over the past year as staff has become more familiar with the recalculation process, but additional updates are still needed. Without an appropriate recalculation, the department may request a per diem for ineligible individuals residing in the nursing home, or the per diem may be for an incorrect number of days.

We recommend department management strengthen internal controls to ensure per diem requests are accurately recalculated.

MANAGEMENT RESPONSE:

We agree with this recommendation.

Reconciliation/recalculation procedures have been updated to fully align with regulations as established by 38 CFR 51.40. These procedures will include calculation of days when a veteran may be absent for purposes other than receiving hospital care. In addition to strengthening procedures, the controller will review the reconciliation each month.

Anticipated Completion Date: June 30, 2025

**State of Oregon
Schedule of Expenditures of
Federal Awards
For the Year Ended
June 30, 2024**

State of Oregon
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Assistance Listing 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					
10.025	Plant and Animal Disease, Pest Control, and Animal Care		\$ 9,000	\$ 2,189,531	\$ 2,198,531
10.028	Wildlife Services		-	197,347	197,347
10.069	Conservation Reserve Program		41,582	106,845	148,427
10.093	Voluntary Public Access and Habitat Incentive Program		43,892	349,832	393,724
10.170	Specialty Crop Block Grant Program - Farm Bill		1,625,393	690,336	2,315,729
10.171	Organic Certification Cost Share Programs		-	150,000	150,000
10.182	COVID-19 Food Bank Network		1,142,411	-	
10.182	Food Bank Network		1,357,257	-	
	<i>Total 10.182</i>				2,499,668
10.185	Local Food for Schools Cooperative Agreement Program		1,382,897	-	1,382,897
10.187	The Emergency Food Assistance Program (TEFAP)		12,691,843	-	12,691,843
10.190	Resilient Food System Infrastructure Program		-	12,460	12,460
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection		-	217,547	217,547
10.537	Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants		90,308	9,854	100,162
10.541	Child Nutrition - Technology Innovation Grant		-	597,869	597,869
10.542	COVID-19 Pandemic EBT Food Benefits		-	96,198,023	96,198,023
10.557	COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants, and Children		-	50	
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children		20,011,269	58,678,952	
	<i>Total 10.557</i>				78,690,271
10.558	Child and Adult Care Food Program		27,714,291	636,568	28,350,859
10.560	State Administrative Expenses for Child Nutrition		-	4,571,642	4,571,642
10.575	Farm to School Grant Program		-	24,995	24,995
10.576	COVID-19 Senior Farmers Market Nutrition Program		-	4,766	
10.576	Senior Farmers Market Nutrition Program		-	1,166,584	
	<i>Total 10.576</i>				1,171,350

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
10.578	WIC Grants to States (WGS)		2,327	51,758	54,085
10.579	Child Nutrition Discretionary Grants Limited Availability		609,310	36,449	645,759
10.645	COVID-19 Farm to School State Formula Grant		322,661	-	
10.645	Farm to School State Formula Grant		-	2,894	
	<i>Total 10.645</i>				325,555
10.646	Summer Electronic Benefit Transfer Program for Children		-	38,540,288	38,540,288
10.649	COVID-19 Pandemic EBT Administrative Costs		351,464	11,622,554	11,974,018
10.664	Cooperative Forestry Assistance		523,464	3,675,826	4,199,290
10.676	Forest Legacy Program		-	9,381,067	9,381,067
10.680	Forest Health Protection		-	1,335,986	1,335,986
10.691	Good Neighbor Authority		-	1,506,671	1,506,671
10.697	State & Private Forestry Hazardous Fuel Reduction Program		17,641	582,644	600,285
10.698	State & Private Forestry Cooperative Fire Assistance		-	411,984	411,984
10.716	Infrastructure Investment and Jobs Act Prescribed Fire/Fire Recovery		-	81,933	81,933
10.717	Infrastructure Investment and Jobs Act Restoration/Revegetation		-	73	73
10.720	Infrastructure Investment and Jobs Act Community Wildfire Defense Grants		-	151,805	151,805
10.723	Community Project Funds - Congressionally Directed Spending		-	7,333	7,333
10.724	Infrastructure Investment and Jobs Act Community National Priority Large Landscapes		-	213,143	213,143
10.727	Inflation Reduction Act Urban & Community Forestry Program		-	133,329	133,329
10.729	Inflation Reduction Act - National Forest System		-	23,976	23,976
10.734	Inflation Reduction Act - Forest Legacy Program		-	465,912	465,912
10.868	Rural Energy for America Program		-	19,606	19,606
10.902	Soil and Water Conservation		195,584	1,166,677	
	Pass Through from: American Forest Foundation	1521235124000	-	118	
	<i>Total 10.902</i>				1,362,379
10.912	Environmental Quality Incentives Program		171,332	91,449	262,781
10.U01	20GN11061800033		-	15,234	15,234
10.U02	22GN11061500022		-	70	70
10.U03	NR200436XXXXC008		-	337,028	337,028

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
SNAP Cluster					
10.551	COVID-19 Supplemental Nutrition Assistance Program		\$ -	\$ 11,196,919	\$ -
10.551	Supplemental Nutrition Assistance Program		-	1,670,208,468	
	<i>Total 10.551</i>				1,681,405,387
10.561	COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		-	561,762	
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		9,578,825	148,316,230	
	<i>Total 10.561</i>				158,456,817
Total SNAP Cluster			\$ 9,578,825	\$ 1,830,283,379	\$ 1,839,862,204
Child Nutrition Cluster					
10.553	School Breakfast Program		\$ 42,228,336	\$ 569,235	\$ 42,797,571
10.555	National School Lunch Program		150,773,597	1,108,392	151,881,989
10.556	Special Milk Program for Children		55,467	-	55,467
10.559	Summer Food Service Program for Children		5,277,640	177,887	5,455,527
10.582	Fresh Fruit and Vegetable Program		2,673,209	20,449	2,693,658
Total Child Nutrition Cluster			\$ 201,008,249	\$ 1,875,963	\$ 202,884,212
Food Distribution Cluster					
10.565	Commodity Supplemental Food Program		\$ 862,663	\$ 1	\$ 862,664
10.568	Emergency Food Assistance Program (Administrative Costs)		2,533,854	-	2,533,854
10.569	Emergency Food Assistance Program (Food Commodities)		17,049,722	-	17,049,722
Total Food Distribution Cluster			\$ 20,446,239	\$ 1	\$ 20,446,240
Total Department of Agriculture			\$ 299,337,239	\$ 2,067,818,351	\$ 2,367,155,590
Department of Commerce					
11.012	Integrated Ocean Observing System (IOOS)		\$ -	\$ -	\$ -
	Pass Through from: University of Washington	07000000000000	-	27,795	
	Pass Through from: University of Washington	1916001537	-	71,010	
	<i>Total 11.012</i>				98,805
11.032	State Digital Equity Planning Grants		-	680,576	680,576

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
11.035	Broadband Equity, Access, and Deployment Program		-	1,745,480	1,745,480
11.407	Interjurisdictional Fisheries Act of 1986		-	121,458	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	475,716	
	<i>Total 11.407</i>				597,174
11.419	Coastal Zone Management Administration Awards		23,873	2,178,204	
	Pass Through from: Oregon State University	08000000000000	-	6,889	
	Pass Through from: University of Oregon	1464727800000	-	9,938	
	<i>Total 11.419</i>				2,218,904
11.420	Coastal Zone Management Estuarine Research Reserves		-	1,177,758	1,177,758
11.436	Columbia River Fisheries Development Program		-	9,498,898	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	3,008	
	<i>Total 11.436</i>				9,501,906
11.437	Pacific Fisheries Data Program		-	421,302	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	1,102,542	
	<i>Total 11.437</i>				1,523,844
11.438	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program		10,914,123	10,218,889	21,133,012
11.439	Marine Mammal Data Program		-	45,086	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	62,522	
	<i>Total 11.439</i>				107,608
11.441	Regional Fishery Management Councils		-	65,998	
	Pass Through from: Pacific Fishery Mgmt Council	910982918	-	183,265	
	Pass Through from: North Pacific Fishery Mgmt Con	920060367	-	51,385	
	<i>Total 11.441</i>				300,648
11.467	Meteorologic and Hydrologic Modernization Development		-	356,844	356,844
11.469	Congressionally Identified Awards and Projects		-	30,537	30,537
11.472	Unallied Science Program		-	185,743	185,743

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
11.473	Office for Coastal Management		93,375	640,138	733,513
Total Department of Commerce			\$ 11,031,371	\$ 29,360,981	\$ 40,392,352
Department of Defense					
12.106	Flood Control Projects		\$ 1,423	\$ -	\$ 1,423
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services		-	22,671	22,671
12.400	Military Construction, National Guard		-	13,266,607	13,266,607
12.401	National Guard Military Operations and Maintenance (O&M)		-	67,694,212	67,694,212
12.404	National Guard ChalleNGe Program		-	7,959,195	7,959,195
12.U01	21130P		-	139,711	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	420,053	
	<i>Total 12.U01</i>				559,764
12.U02	W9127N20P0149		-	501,537	501,537
12.U03	W9127N21P0130		-	399,223	399,223
Total Department of Defense			\$ 1,423	\$ 90,403,209	\$ 90,404,632
Department of Housing and Urban Development					
14.228	COVID-19 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		\$ 7,632,393	\$ 258,321	\$ -
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii		17,708,524	11,962,600	
	<i>Total 14.228</i>				37,561,838
14.231	COVID-19 Emergency Solutions Grant Program		4,186,870	75,009	
14.231	Emergency Solutions Grant Program		2,083,841	17,784	
	<i>Total 14.231</i>				6,363,504
14.239	COVID-19 Home Investment Partnerships Program		-	177,978	
14.239	Home Investment Partnerships Program		3,197,514	2,188,326	
	<i>Total 14.239</i>				5,563,818

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
14.241	COVID-19 Housing Opportunities for Persons with AIDS		2,551	-	
14.241	Housing Opportunities for Persons with AIDS		443,431	1,303,762	
	<i>Total 14.241</i>				1,749,744
14.251	Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants		670,489	571,646	1,242,135
14.256	ARRA - Neighborhood Stabilization Program		-	676	676
14.275	Housing Trust Fund		328,387	4,712,477	5,040,864
14.326	Project Rental Assistance Demonstration (PRA Demo) Program of Section 811 Supportive Housing for Persons with Disabilities		-	454,810	454,810
14.U01	B08DN410001		-	1,932	1,932
Total Department of Housing and Urban Development			\$ 36,254,000	\$ 21,725,321	\$ 57,979,321
Department of the Interior					
15.015	Good Neighbor Authority		\$ -	\$ 509,951	\$ 509,951
15.073	Earth Mapping Resources Initiative		-	6,955	6,955
15.214	Non-Sale Disposals of Mineral Material		135,494	-	135,494
15.224	Cultural and Paleontological Resource Management		-	48,683	48,683
15.228	BLM Wildland Urban Interface Community Fire Assistance		-	122,511	122,511
15.230	Invasive and Noxious Plant Management		-	4,239	4,239
15.233	Forests and Woodlands Resource Management		-	1,112,826	1,112,826
15.234	Secure Rural Schools and Community Self-Determination		-	123,954	123,954
15.244	Fisheries and Aquatic Resources Management		1,922,767	138,059	2,060,826
15.245	Plant Conservation and Restoration Management		-	58,636	58,636
15.246	Threatened and Endangered Species		-	161,464	161,464
15.247	Wildlife Resource Management		-	581,890	581,890
15.504	Title XVI Water Reclamation and Reuse		-	134,197	134,197
15.524	Recreation Resources Management		-	241,680	241,680
15.614	Coastal Wetlands Planning, Protection and Restoration		(204,133)	512,421	308,288
15.615	Cooperative Endangered Species Conservation Fund		2,750,000	2,292,274	5,042,274
15.616	Clean Vessel Act		184,613	34,524	219,137
15.622	Sportfishing and Boating Safety Act		727,630	59,680	787,310
15.630	Coastal		-	11,022	11,022
15.634	State Wildlife Grants		-	1,600,554	1,600,554
15.657	Endangered Species Conservation - Recovery Implementation Funds		-	678,659	678,659

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
15.660	Endangered Species - Candidate Conservation Action Funds		-	30,000	30,000
15.661	Lower Snake River Compensation Plan		-	5,383,177	5,383,177
15.666	Endangered Species Conservation-Wolf Livestock Loss Compensation and Prevention		199,232	-	199,232
15.684	White-nose Syndrome National Response Implementation		-	72,353	72,353
15.808	U.S. Geological Survey Research and Data Collection		-	78,262	78,262
15.810	National Cooperative Geologic Mapping		-	271,694	271,694
15.814	National Geological and Geophysical Data Preservation		-	33,189	33,189
15.817	National Geospatial Program: Building The National Map		-	75,629	75,629
15.904	Historic Preservation Fund Grants-In-Aid		316,207	829,198	1,145,405
15.916	Outdoor Recreation Acquisition, Development and Planning		2,448,883	645,907	3,094,790
Fish and Wildlife Cluster					
15.605	Sport Fish Restoration		\$ 2,088,362	\$ 6,461,951	\$ 8,550,313
15.611	Wildlife Restoration and Basic Hunter Education		255,162	21,385,348	21,640,510
15.626	Enhanced Hunter Education and Safety		38,272	246,292	284,564
Total Fish and Wildlife Cluster			\$ 2,381,796	\$ 28,093,591	\$ 30,475,387
Total Department of the Interior			\$ 10,862,489	\$ 43,947,179	\$ 54,809,668
Department of Justice					
16.017	Sexual Assault Services Formula Program		\$ 584,830	\$ 54,274	\$ 639,104
16.320	Services for Trafficking Victims		-	53,019	53,019
16.540	Juvenile Justice and Delinquency Prevention		237,539	171,193	408,732
16.543	Missing Children's Assistance		-	517,467	517,467
16.550	State Justice Statistics Program for Statistical Analysis Centers		-	308,416	308,416
16.554	National Criminal History Improvement Program (NCHIP)		83,193	-	83,193
16.575	Crime Victim Assistance		20,688,824	1,524,233	22,213,057
16.576	Crime Victim Compensation		-	1,449,101	1,449,101
16.585	Drug Court Discretionary Grant Program		-	797,110	
	Pass Through from: Harney County	1023	-	55,853	
	Pass Through from: Umatilla County	1047	-	194,163	
	Pass Through from: Justice Innovation Inc	1055	-	80,449	
	Total 16.585				1,127,575

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
16.588	Violence Against Women Formula Grants		1,748,324	305,519	2,053,843
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program		-	-	
	Pass Through from: Clackamas Women's Services	1045	-	87,522	
	<i>Total 16.590</i>				87,522
16.593	Residential Substance Abuse Treatment for State Prisoners		122,466	-	122,466
16.595	Community Capacity Development Office		-	330,201	330,201
16.606	State Criminal Alien Assistance Program		-	5,152,795	5,152,795
16.609	Project Safe Neighborhoods		-	55,522	55,522
16.735	PREA Program: Strategic Support for PREA Implementation		-	158,563	158,563
16.738	Edward Byrne Memorial Justice Assistance Grant Program		431,234	2,127,115	2,558,349
16.741	DNA Backlog Reduction Program		-	1,094,411	1,094,411
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		-	300,681	300,681
16.750	Support for Adam Walsh Act Implementation Grant Program		-	277,172	277,172
16.754	Harold Rogers Prescription Drug Monitoring Program		1,036,354	-	1,036,354
16.812	Second Chance Act Reentry Initiative		62,682	460,986	523,668
16.813	NICS Act Record Improvement Program		-	361,685	361,685
16.816	John R. Justice Prosecutors and Defenders Incentive Act		-	44,367	44,367
16.827	Justice Reinvestment Initiative		-	429,620	429,620
16.831	Children of Incarcerated Parents		-	280,925	280,925
16.834	Domestic Trafficking Victim Program		47,561	438,972	486,533
16.922	Equitable Sharing Program		-	58	58
Total Department of Justice			\$ 25,043,007	\$ 17,111,392	\$ 42,154,399
Department of Labor					
17.002	Labor Force Statistics		\$ -	\$ 1,574,055	\$ 1,574,055
17.005	Compensation and Working Conditions		54	197,663	197,717
17.225	ARRA - Unemployment Insurance		-	12,084,742	
17.225	COVID-19 Unemployment Insurance		-	(8,576,139)	
17.225	Unemployment Insurance		-	870,074,708	
	<i>Total 17.225</i>				873,583,311

The accompanying notes are an integral part of this schedule.

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
17.235	Senior Community Service Employment Program		998,832	30,964	1,029,796
17.245	Trade Adjustment Assistance		-	22,554,992	22,554,992
17.271	Work Opportunity Tax Credit Program (WOTC)		-	308,439	308,439
17.273	Temporary Labor Certification for Foreign Workers		-	518,743	518,743
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants		1,454,715	10,002	
	Pass Through from: Chemeketa Community College	00000000013000	-	866,132	
	<i>Total 17.277</i>				2,330,849
17.285	Apprenticeship USA Grants		1,094,779	20,004	1,114,783
17.503	Occupational Safety and Health State Program		-	9,874,645	9,874,645
Employment Service Cluster					
17.207	Employment Service/Wagner-Peyser Funded Activities		\$ -	\$ 3,426,447	\$ 3,426,447
17.801	Jobs for Veterans State Grants		-	3,548,100	3,548,100
Total Employment Service Cluster			\$ -	\$ 6,974,547	\$ 6,974,547
WIOA Cluster					
17.258	WIOA Adult Program		\$ 8,722,065	\$ 1,283,074	\$ -
	Pass Through from: Worksystems Inc.	00000000037000	-	905,442	
	<i>Total 17.258</i>				10,910,581
17.259	WIOA Youth Activities		10,727,091	548,483	11,275,574
17.278	WIOA Dislocated Worker Formula Grants		9,099,234	1,416,837	
	Pass Through from: Worksystems Inc	00000000037000	-	509,745	
	<i>Total 17.278</i>				11,025,816
Total WIOA Cluster			\$ 28,548,390	\$ 4,663,581	\$ 33,211,971
Total Department of Labor			\$ 32,096,770	\$ 921,177,078	\$ 953,273,848
Department of Transportation					
20.106	Airport Improvement Program		\$ -	\$ 1,107,468	\$ 1,107,468
20.200	Highway Research and Development Program		1,139,319	-	1,139,319

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20.205	Highway Planning and Construction		67,742,081	597,223,095	
	Pass Through from: Oregon State University	16117308904	-	5,795	
	<i>Total 20.205</i>				664,970,971
20.219	Recreational Trails Program		1,564,053	119,208	1,683,261
20.224	Federal Lands Access Program		-	19,319	19,319
20.232	Commercial Driver's License Program Implementation Grant		-	103,644	103,644
20.301	Railroad Safety		-	14,989	14,989
20.319	High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants		-	199,935	199,935
20.321	Railroad Safety Technology Grants		-	165,414	165,414
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research		331,543	33,166	364,709
20.509	Formula Grants for Rural Areas and Tribal Transit Program		19,907,545	7,609,494	27,517,039
20.528	Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program		-	2,715	2,715
20.608	Minimum Penalties for Repeat Offenders for Driving While Intoxicated		-	565,191	565,191
20.611	Incentive Grant Program to Prohibit Racial Profiling		-	495,878	495,878
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements		-	85,308	85,308
20.700	Pipeline Safety Program State Base Grant		-	718,708	718,708
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants		185,328	224,485	409,813
Federal Transit Cluster					
20.526	Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs		\$ 6,787,041	\$ -	\$ 6,787,041
Total Federal Transit Cluster			\$ 6,787,041	\$ -	\$ 6,787,041
FMCSA Cluster					
20.218	National Motor Carrier Safety Assistance		\$ 114,573	\$ 4,687,716	\$ 4,802,289
Total FMCSA Cluster			\$ 114,573	\$ 4,687,716	\$ 4,802,289

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Highway Safety Cluster					
20.600	State and Community Highway Safety		\$ 1,286,533	\$ 3,223,522	\$ 4,510,055
20.616	National Priority Safety Programs		1,495,175	2,373,474	3,868,649
Total Highway Safety Cluster			\$ 2,781,708	\$ 5,596,996	\$ 8,378,704
Transit Services Programs Cluster					
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities		\$ 14,571,246	\$ 987,753	\$ 15,558,999
Total Transit Services Programs Cluster			\$ 14,571,246	\$ 987,753	\$ 15,558,999
Total Department of Transportation			\$ 115,124,437	\$ 619,966,277	\$ 735,090,714
Department of the Treasury					
21.023	COVID-19 Emergency Rental Assistance Program		\$ 6,664,367	\$ 839,074	\$ 7,503,441
21.026	COVID-19 Homeowner Assistance Fund		664,993	45,516,778	46,181,771
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds		81,909,014	160,947,540	242,856,555
21.029	COVID-19 Coronavirus Capital Projects Fund		(2,926)	500	
21.029	Coronavirus Capital Projects Fund		-	314,586	
	<i>Total 21.029</i>				312,160
21.031	State Small Business Credit Initiative Technical Assistance Grant Program		-	3,410	3,410
21.U01	ASSET FORFEITURE		-	399,474	399,474
Total Department of the Treasury			\$ 89,235,448	\$ 208,021,362	\$ 297,256,811
Equal Employment Opportunity Commission					
30.001	Employment Discrimination Title VII of the Civil Rights Act of 1964		\$ -	\$ 659,405	\$ 659,405
Total Equal Employment Opportunity Commission			\$ -	\$ 659,405	\$ 659,405
General Services Administration					
39.003	Donation of Federal Surplus Personal Property		\$ 461,898	\$ 116,299	\$ 578,197
Total General Services Administration			\$ 461,898	\$ 116,299	\$ 578,197

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
National Endowment for the Arts					
45.025	COVID-19 Promotion of the Arts Partnership Agreements		\$ 2,903	\$ -	\$ -
45.025	Promotion of the Arts Partnership Agreements		856,700	40,555	
	<i>Total 45.025</i>				900,158
Total National Endowment for the Arts			\$ 859,603	\$ 40,555	\$ 900,158
Institute Of Museum and Library Services					
45.310	Grants to States		\$ 821,966	\$ 1,593,919	\$ 2,415,885
Total Institute of Museum and Library Services			\$ 821,966	\$ 1,593,919	\$ 2,415,885
Small Business Administration					
59.061	State Trade Expansion		\$ 342,225	\$ 28,127	\$ 370,352
Total Small Business Administration			\$ 342,225	\$ 28,127	\$ 370,352
Department of Veterans Affairs					
64.005	Grants to States for Construction of State Home Facilities		\$ -	\$ 1,685,813	\$ 1,685,813
64.015	Veterans State Nursing Home Care		-	33,632,913	33,632,913
64.035	Veterans Transportation Program		89,113	20,857	109,970
64.125	Vocational and Educational Counseling for Servicemembers and Veterans		-	228,441	228,441
Total Department of Veterans Affairs			\$ 89,113	\$ 35,568,024	\$ 35,657,137
Environmental Protection Agency					
66.032	State Indoor Radon Grants		\$ -	\$ 113,447	\$ 113,447
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		55,500	1,546,149	1,601,649
66.040	State Clean Diesel Grant Program		18,815	1,004,040	1,022,855
66.046	Climate Pollution Reduction Grants		-	242,761	242,761
66.204	Multipurpose Grants to States and Tribes		-	15,886	15,886
66.432	State Public Water System Supervision		-	2,160,974	2,160,974
66.442	Assistance for Small and Disadvantaged Communities Drinking Water Grant Program (SDWA 1459A)		553,980	-	553,980
66.444	Lead Testing in School and Child Care Program Drinking Water (SDWA 1464(d))		320,900	52,547	373,447
66.447	Sewer Overflow and Stormwater Reuse Municipal Grant Program		28,629	16,606	45,235

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
66.454	Water Quality Management Planning		-	193,933	193,933
66.458	Capitalization Grants for Clean Water State Revolving Funds		13,804,661	-	13,804,661
66.460	Nonpoint Source Implementation Grants		218,669	-	218,669
66.461	Regional Wetland Program Development Grants		-	133,696	133,696
66.468	Capitalization Grants for Drinking Water State Revolving Funds		15,804,530	4,039,633	19,844,163
66.472	Beach Monitoring and Notification Program Implementation Grants		-	159,635	159,635
66.605	Performance Partnership Grants		7,676	11,756,053	11,763,729
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		-	21,247	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	51,817	
	Total 66.608				73,064
66.700	Consolidated Pesticide Enforcement Cooperative Agreements		-	413,838	413,838
66.708	Pollution Prevention Grants Program		107,133	182,492	289,625
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements		-	422,420	422,420
66.804	Underground Storage Tank Prevention, Detection and Compliance Program		-	402,470	402,470
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program		-	806,353	806,353
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements		-	203,994	203,994
66.817	State and Tribal Response Program Grants		-	2,009,103	2,009,103
66.818	Brownfields Assessment and Cleanup Cooperative Agreements		819,416	3,561	822,977
66.920	Solid Waste Infrastructure for Recycling Infrastructure Grants		-	28,796	28,796
66.956	Targeted Airshed Grant Program		-	434,467	434,467
66.962	Geographic Programs – Columbia River Basin Restoration (CRBR) Program		-	7,380	7,380
Total Environmental Protection Agency			\$ 31,739,909	\$ 26,423,298	\$ 58,163,207
Department of Energy					
81.041	State Energy Program		\$ -	\$ 1,907,294	\$ 1,907,294
81.042	Weatherization Assistance for Low-Income Persons		6,796,600	742,210	7,538,810
81.104	Environmental Remediation and Waste Processing and Disposal		-	1,989	1,989

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Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
81.106	Transport of Transuranic Wastes to the Waste Isolation Pilot Plant: States and Tribal Concerns, Proposed Solutions		-	-	
	Pass Through from: Western Interstate Energy Brd	00000000000104	-	60,717	
	<i>Total 81.106</i>				60,717
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical		-	2,555	2,555
81.214	Environmental Monitoring/Cleanup, Cultural and Resource Mgmt., Emergency Response Research, Outreach, Technical Analysis		-	928,547	928,547
81.U01	77347		-	2,500	2,500
81.U02	88993		1,402,389	370,484	1,772,873
81.U03	20120068576		-	10,134	
	Pass Through from: National Fish & Wildlife Found	521384139	-	101,902	
	<i>Total 81.U03</i>				112,036
81.U04	21084G		-	28,160	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	97,279	
	<i>Total 81.U04</i>				125,439
81.U05	22141G		-	3,670	3,670
81.U06	23043G		-	49,655	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	144,036	
	<i>Total 81.U06</i>				193,691
81.U07	23111G		-	170,517	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	503,779	
	<i>Total 81.U07</i>				674,296
81.U08	24037G		-	125,741	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	331,973	
	<i>Total 81.U08</i>				457,714

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81.U09	24058G		-	9,732	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	33,556	
	<i>Total 81.U09</i>				43,288
81.U10	24065G		-	124,679	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	402,941	
	<i>Total 81.U10</i>				527,620
81.U11	24080G		-	99,000	
	Pass Through from: Pacific States Marine Fish Com	936002376	-	265,131	
	<i>Total 81.U11</i>				364,131
81.U12	4020002022		-	(466)	
	Pass Through from: Confed Tribes Umatilla Indian	930624734	-	2,219	
	<i>Total 81.U12</i>				1,753
81.U13	70589		-	47	47
81.U14	74313REL104		-	217,954	217,954
81.U15	74313REL110		-	750,153	750,153
81.U16	74313REL113		-	401,288	401,288
81.U17	74313REL114		-	474,712	474,712
81.U18	74313REL91		-	821,579	821,579
81.U19	83358		-	28	28
81.U20	84041REL005		-	1,753,807	1,753,807
81.U21	84041REL006		-	1,220,385	1,220,385
81.U22	84041REL007		-	1,425,576	1,425,576
81.U23	84041REL011		-	284,675	284,675
81.U24	84041REL017		-	500,131	500,131
81.U25	84041REL022		-	43,158	43,158
81.U26	84041REL026		-	226,604	226,604
81.U27	84041REL028		-	1,660,037	1,660,037
81.U28	84041REL029		-	1,899,472	1,899,472
81.U29	84041REL031		-	1,308,014	1,308,014
81.U30	84041REL032		-	1,622,254	1,622,254
81.U31	84041REL033		-	61,815	61,815
81.U32	84041REL034		-	214,018	214,018

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81.U33	84041REL036		-	170,171	170,171
81.U34	T2073023		-	9,601	
	Pass Through from: Confed Tribes Warm Springs Ind	390383362	-	20,241	
	<i>Total 81.U34</i>				29,842
Total Department of Energy			\$ 8,198,989	\$ 21,605,654	\$ 29,804,643
Department of Education					
84.002	Adult Education - Basic Grants to States		\$ 6,912,525	\$ 1,027,534	\$ 7,940,059
84.010	Title I Grants to Local Educational Agencies		158,157,755	1,579,295	159,737,050
84.011	Migrant Education State Grant Program		27,120,645	2,265,110	29,385,755
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth		1,634,205	(33)	1,634,172
84.048	Career and Technical Education -- Basic Grants to States		16,721,028	1,926,347	18,647,375
84.051	Career and Technical Education -- National Programs		97,177	-	97,177
84.126	Rehabilitation Services Vocational Rehabilitation Grants to States		-	73,896,711	73,896,711
84.144	Migrant Education Coordination Program		-	80,689	80,689
84.177	Rehabilitation Services Independent Living Services for Older Individuals Who are Blind		-	574,851	574,851
84.181	COVID-19 Special Education-Grants for Infants and Families		261,175	-	
84.181	Special Education-Grants for Infants and Families		5,126,107	162,774	
	<i>Total 84.181</i>				5,550,056
84.184	School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)		-	557,724	557,724
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities		-	313,323	313,323
84.196	Education for Homeless Children and Youth		538,410	308,919	847,329
84.287	Twenty-First Century Community Learning Centers		5,072,217	731,915	5,804,132
84.358	Rural Education		927,402	42,067	969,469
84.365	English Language Acquisition State Grants		9,544,230	358,551	9,902,781
84.367	Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)		21,748,652	443,409	22,192,061
84.369	Grants for State Assessments and Related Activities		-	6,576,920	6,576,920
84.421	Disability Innovation Fund (DIF)		1,748,369	1,191,042	2,939,411

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84.U01	91057.000		-	4,878	4,878
84.U02	93363.000		-	12,376	12,376
84.U03	91990020C0021		-	230,356	230,356
Special Education Cluster (IDEA)					
84.027	COVID-19 Special Education Grants to States		\$ 3,555,676	\$ -	\$ -
84.027	Special Education Grants to States		148,468,417	10,208,472	
	Total 84.027				162,232,565
84.173	COVID-19 Special Education Preschool Grants		226,047	-	
84.173	Special Education Preschool Grants		3,676,397	452,314	
	Total 84.173				4,354,758
Total Special Education Cluster (IDEA)			\$ 155,926,537	\$ 10,660,786	\$ 166,587,323
Student Support and Academic Enrichment Program					
84.424A	Student Support and Academic Enrichment Program		\$ 11,993,400	\$ 320,003	\$ 12,313,403
84.424D	Expanding access to Well-Rounded Courses Demonstration Grants Program		360,136	1,886,388	2,246,524
84.424F	Stronger Connections Grant Program		9,325	130,697	140,022
Total Student Support and Academic Enrichment Program			\$ 12,362,861	\$ 2,337,088	\$ 14,699,949

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Education Stabilization Fund (ESF)					
84.425	COVID-19 Education Stabilization Fund		\$ 7,360,536	\$ 725,135	\$ 8,085,671
84.425C	COVID-19 Governor's Emergency Education Relief (GEER) Fund		3,216,355	85,702	3,302,057
84.425D	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund		47,449,129	1,317,134	48,766,263
84.425R	COVID-19 Coronavirus Response and Relief Supplemental Appropriations Act, 2021 - Emergency Assistance to Non-Public Schools (CRRSA EANS) program		2,625,413	1,421,096	4,046,509
84.425U	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)		485,218,280	8,330,705	493,548,985
84.425V	COVID-19 American Rescue Plan - Emergency Assistance to Non-Public Schools (ARP-EANS)		4,857,570	4,424,750	9,282,320
84.425W	COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth		2,313,933	4,852	2,318,785
Total Education Stabilization Fund (ESF)			\$ 553,041,217	\$ 16,309,374	\$ 569,350,590
Total Department of Education			\$ 976,940,512	\$ 121,592,006	\$ 1,098,532,517
Elections Assistance Commission					
90.404	2018 HAVA Election Security Grants		\$ -	\$ 2,800,533	\$ 2,800,533
Total Elections Assistance Commission			\$ -	\$ 2,800,533	\$ 2,800,533
Department of Health and Human Services					
93.008	Medical Reserve Corps Small Grant Program		\$ 888,132	\$ 88,495	\$ -
	Pass Through from: NACCHO	400000000000002	-	16,503	
	<i>Total 93.008</i>				993,130
93.041	Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation		53,553	6,318	59,871
93.042	COVID-19 Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		-	64,551	
93.042	Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals		-	289,155	
	<i>Total 93.042</i>				353,706

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93.043	COVID-19 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		83,305	-	
93.043	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services		300,350	-	
	<i>Total 93.043</i>				383,655
93.048	Special Programs for the Aging, Title IV, and Title II, Discretionary Projects		227,464	110,441	337,905
93.052	COVID-19 National Family Caregiver Support, Title III, Part E		352,684	2,727	
93.052	National Family Caregiver Support, Title III, Part E		2,674,590	127,937	
	<i>Total 93.052</i>				3,157,938
93.060	Sexual Risk Avoidance Education		-	49,943	49,943
93.066	State Vital Statistics Improvement Program		-	795,193	795,193
93.069	Public Health Emergency Preparedness		4,094,800	5,163,809	9,258,609
93.070	COVID-19 Environmental Public Health and Emergency Response		-	17,826	
93.070	Environmental Public Health and Emergency Response		-	1,018,233	
	<i>Total 93.070</i>				1,036,059
93.071	Medicare Enrollment Assistance Program		518,451	18,760	537,211
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance		-	9,614	9,614
93.082	Sodium Reduction in Communities		-	39,300	39,300
93.090	COVID-19 Guardianship Assistance		-	151,833	
93.090	Guardianship Assistance		-	10,357,726	
	<i>Total 93.090</i>				10,509,559
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program		-	649,855	649,855
93.103	Food and Drug Administration Research		5,000	997,891	1,002,891

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.110	Maternal and Child Health Federal Consolidated Programs		-	319,228	
	Pass Through from: Assoc of St Ph Nutritionists	400000000000032	-	5,089	
	<i>Total 93.110</i>				324,317
93.113	Environmental Health		-	-	
	Pass Through from: Oregon State University	300000000000004	-	3,097	
	<i>Total 93.113</i>				3,097
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		(136,068)	856,176	720,108
93.127	Emergency Medical Services for Children		-	159,341	159,341
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices		-	143,402	143,402
93.136	Injury Prevention and Control Research and State and Community Based Programs		875,070	5,307,529	6,182,599
93.150	Projects for Assistance in Transition from Homelessness (PATH)		605,797	5,241	611,038
93.197	Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children		-	418,729	418,729
93.217	Family Planning Services		2,338,531	798,967	3,137,498
93.235	Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program		139,662	602,314	741,976
93.236	Grants to States to Support Oral Health Workforce Activities		104,000	561,571	665,571
93.240	COVID-19 State Capacity Building		-	61,552	
93.240	State Capacity Building		35,000	395,092	
	<i>Total 93.240</i>				491,644
93.243	COVID-19 Substance Abuse and Mental Health Services Projects of Regional and National Significance		-	1,016,094	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance		5,059,170	3,311,859	
	Pass Through from: Josephine County	1018	-	950	
	<i>Total 93.243</i>				9,388,073
93.251	Universal Newborn Hearing Screening		33,578	283,472	317,050

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.262	Occupational Safety and Health Program		-	-	
	Pass Through from: Oregon Health & Sciences University	200000000000011	-	113,679	
	<i>Total 93.262</i>				113,679
93.268	COVID-19 Immunization Cooperative Agreements		(761,247)	8,731,356	
93.268	Immunization Cooperative Agreements		2,066,372	69,491,413	
	<i>Total 93.268</i>				79,527,894
93.270	Viral Hepatitis Prevention and Control		94,407	872,382	966,789
93.314	Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program		-	191,861	191,861
93.317	COVID-19 Emerging Infections Programs		40,975	3,267,498	
93.317	Emerging Infections Programs		109,675	4,012,664	
	<i>Total 93.317</i>				7,430,812
93.323	COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases		3,636,966	102,513,891	
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases		(255,425)	5,136,029	
	<i>Total 93.323</i>				111,031,461
93.324	State Health Insurance Assistance Program		-	855,783	855,783
93.334	The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels		-	142,671	142,671
93.336	Behavioral Risk Factor Surveillance System		-	779,310	779,310
93.354	COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		1,949,041	3,173,540	
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response		12,000	31,075	
					5,165,656
93.369	COVID-19 ACL Independent Living State Grants		60,540	-	

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.369	ACL Independent Living State Grants		173,569	-	234,109
93.387	National and State Tobacco Control Program		15,000	1,624,965	1,639,965
93.391	COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises		(193,800)	5,658,265	5,464,465
93.421	Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health		7,190	(7,190)	
	Pass Through from: Natl Assoc Chronic Dis Direct	400000000000015	-	508,391	
	<i>Total 93.421</i>				508,391
93.423	State Innovation Waivers		-	60,037,707	60,037,707
93.426	Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke		103,382	837,623	941,005
93.434	Every Student Succeeds Act/Preschool Development Grants		11,039,077	1,085,904	12,124,981
93.464	COVID-19 ACL Assistive Technology		46,989	-	
93.464	ACL Assistive Technology		530,928	-	
	<i>Total 93.464</i>				577,917
93.497	COVID-19 Family Violence Prevention and Services/ Sexual Assault/Rape Crisis Services and Supports		172,487	-	172,487
93.499	COVID-19 Low Income Household Water Assistance Program		2,067,670	630	
93.499	Low Income Household Water Assistance Program		2,297,650	1,562	
	<i>Total 93.499</i>				4,367,512
93.556	Promoting Safe and Stable Families		365,661	4,157,521	4,523,182
93.558	COVID-19 Temporary Assistance for Needy Families		-	1,280,016	
93.558	Temporary Assistance for Needy Families		1,965,182	171,807,370	
	<i>Total 93.558</i>				175,052,568
93.563	Child Support Enforcement		11,428,888	62,087,239	73,516,127

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.566	Refugee and Entrant Assistance State/Replacement Designee Administered Programs		89,839	19,568,053	19,657,892
93.568	COVID-19 Low-Income Home Energy Assistance		57,760	-	
93.568	Low-Income Home Energy Assistance		53,895,799	2,167,247	
	<i>Total 93.568</i>				56,120,806
93.569	COVID-19 Community Services Block Grant		(189,322)	-	
93.569	Community Services Block Grant		5,917,155	192,590	
	<i>Total 93.569</i>				5,920,423
93.579	U.S. Repatriation		-	138,094	138,094
93.586	State Court Improvement Program		-	400,213	400,213
93.590	COVID-19 Community-Based Child Abuse Prevention Grants		-	942,335	
93.590	Community-Based Child Abuse Prevention Grants		-	913,971	
	<i>Total 93.590</i>				1,856,306
93.597	Grants to States for Access and Visitation Programs		68,790	24,279	93,069
93.599	Chafee Education and Training Vouchers Program (ETV)		-	1,174,350	1,174,350
93.603	Adoption and Legal Guardianship Incentive Payments		-	1,525,942	1,525,942
93.630	COVID-19 Developmental Disabilities Basic Support and Advocacy Grants		6,199	-	
93.630	Developmental Disabilities Basic Support and Advocacy Grants		150,000	618,455	
	<i>Total 93.630</i>				774,654
93.639	COVID-19 State Planning Grants for Qualifying Community-Based Mobile Crisis Intervention Services		42,096	309,734	351,830
93.643	Children's Justice Grants to States		112,421	8,528	120,949
93.645	Stephanie Tubbs Jones Child Welfare Services Program		434,519	3,471,870	3,906,389
93.658	COVID-19 Foster Care Title IV-E		-	185,032	
93.658	Foster Care Title IV-E		2,076,075	153,330,364	
	<i>Total 93.658</i>				155,591,471

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.659	COVID-19 Adoption Assistance		-	653,642	
93.659	Adoption Assistance		-	51,003,029	
	<i>Total 93.659</i>				51,656,671
93.664	Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act		-	-	
	Pass Through from: ABT Associates Inc	400000000000033	-	4,519	
	<i>Total 93.664</i>				4,519
93.667	Social Services Block Grant		2,880,836	18,303,159	21,183,995
93.669	COVID-19 Child Abuse and Neglect State Grants		25,000	138,158	
93.669	Child Abuse and Neglect State Grants		-	1,024,051	
	<i>Total 93.669</i>				1,187,209
93.671	COVID-19 Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		749,233	-	
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services		1,614,006	291	
	<i>Total 93.671</i>				2,363,530
93.674	COVID-19 John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood		-	21,656	
93.674	John H. Chafee Foster Care Independence Program for Successful Transition to Adulthood		-	2,519,164	
	<i>Total 93.674</i>				2,540,820
93.738	PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds		-	-	
	Pass Through from: Multnomah County	400000000000010	-	185,864	
	<i>Total 93.738</i>				185,864
93.747	COVID-19 Elder Abuse Prevention Interventions Program		-	994,968	
93.747	Elder Abuse Prevention Interventions Program		-	259,748	
	<i>Total 93.747</i>				1,254,716

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.767	COVID-19 Children's Health Insurance Program		-	3,473,225	
93.767	Children's Health Insurance Program		-	341,219,081	
	<i>Total 93.767</i>				344,692,306
93.788	Opioid STR		13,867,719	4,497,936	18,365,655
93.796	State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid		-	4,056,744	4,056,744
93.800	Organized Approaches to Increase Colorectal Cancer Screening		-	694,604	694,604
93.845	Promoting Population Health through Increased Capacity in Alcohol Epidemiology		-	168,307	168,307
93.870	COVID-19 Maternal, Infant, and Early Childhood Home Visiting Grant		40,452	765,811	
93.870	Maternal, Infant, and Early Childhood Home Visiting Grant		6,873,881	3,042,440	
	<i>Total 93.870</i>				10,722,584
93.876	Antimicrobial Resistance Surveillance in Retail Food Specimens		-	153,607	153,607
93.889	National Bioterrorism Hospital Preparedness Program		1,030,183	1,802,953	2,833,136
93.898	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations		-	3,497,539	3,497,539
93.917	HIV Care Formula Grants		-	5,305,619	5,305,619
93.940	HIV Prevention Activities Health Department Based		906,641	1,439,775	2,346,416
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		249,236	959,144	1,208,380
93.945	Assistance Programs for Chronic Disease Prevention and Control		-	387,444	387,444
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs		(114)	164,822	164,708
93.958	COVID-19 Block Grants for Community Mental Health Services		4,175,596	9,597,976	
93.958	Block Grants for Community Mental Health Services		11,952,334	1,183,906	
	<i>Total 93.958</i>				26,909,812

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
93.959	COVID-19 Block Grants for Prevention and Treatment of Substance Abuse		5,111,417	2,087,692	
93.959	Block Grants for Prevention and Treatment of Substance Abuse		14,598,341	2,984,797	
	Pass Through from: Eagle Technologies Inc	400000000000024	-	245,243	
	<i>Total 93.959</i>				25,027,490
93.967	COVID-19 CDC's Collaboration with Academia to Strengthen Public Health		5,445,590	609,037	
93.967	CDC's Collaboration with Academia to Strengthen Public Health		-	367,246	
	<i>Total 93.967</i>				6,421,873
93.977	COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants		2,154,094	514,647	
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants		-	1,199,871	
	<i>Total 93.977</i>				3,868,612
93.981	Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools		56,508	242,152	298,660
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems		-	792,302	792,302
93.991	Preventive Health and Health Services Block Grant		125,452	897,174	1,022,626
93.994	Maternal and Child Health Services Block Grant to the States		2,941,918	3,701,553	6,643,471

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
Aging Cluster					
93.044	COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		\$ 1,685,092	\$ 39,537	\$ -
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers		5,098,363	343,113	
	<i>Total 93.044</i>				7,166,105
93.045	COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services		1,808,109	9,271	
93.045	Special Programs for the Aging, Title III, Part C, Nutrition Services		10,968,813	526,790	
	<i>Total 93.045</i>				13,312,983
93.053	Nutrition Services Incentive Program		1,512,730	-	1,512,730
Total Aging Cluster			\$ 21,073,107	\$ 918,711	\$ 21,991,818
CCDF Cluster					
93.575	COVID-19 Child Care and Development Block Grant		\$ (966,225)	\$ 117,477,190	\$ -
93.575	Child Care and Development Block Grant		775,799	68,424,221	
	<i>Total 93.575</i>				185,710,985
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund		7,790,033	33,141,126	40,931,159
Total CCDF Cluster			\$ 7,599,607	\$ 219,042,537	\$ 226,642,144
Head Start Cluster					
93.600	Head Start		\$ -	\$ 155,763	\$ 155,763
Total Head Start Cluster			\$ -	\$ 155,763	\$ 155,763

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, 2024

Assistance Listing Number	Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-Through Identifying Number	Passed-Through to Subrecipients	Direct Expenditures	Total Program / Cluster Expenditures
Medicaid Cluster					
93.775	State Medicaid Fraud Control Units		\$ -	\$ 3,340,451	\$ 3,340,451
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare		-	6,901,749	6,901,749
93.778	ARRA - Medical Assistance Program		-	44,235	
93.778	COVID-19 Medical Assistance Program		-	228,553,070	
93.778	Medical Assistance Program		-	12,070,232,370	
	Total 93.778				12,298,829,675
Total Medicaid Cluster			\$ -	\$ 12,309,071,875	\$ 12,309,071,875
Total Department of Health and Human Services			\$ 221,358,614	\$ 13,727,939,807	\$ 13,949,298,421
Corporation For National and Community Service					
94.003	State Commissions		\$ 34,601	\$ 351,379	\$ 385,980
94.006	AmeriCorps		3,381,213	-	3,381,213
94.008	Commission Investment Fund		-	179,202	179,202
94.013	Volunteers in Service to America		-	-	
	Pass Through from: Corp for Ntl & Comm Service	100000000000007	-	86,791	
	Total 94.013				86,791
Total Corporation For National and Community Service			\$ 3,415,814	\$ 617,372	\$ 4,033,186
Office of National Drug Control Policy Reauthorization Act of 2006					
95.001	High Intensity Drug Trafficking Areas Program		\$ -	\$ 3,167,915	\$ 3,167,915
Total Office of National Drug Control Policy Reauthorization Act of 2006			\$ -	\$ 3,167,915	\$ 3,167,915
Social Security Administration					
96.008	Social Security - Work Incentives Planning and Assistance		\$ -	\$ 7,307	\$ 7,307
Disability Insurance/SSI Cluster					
96.001	Social Security Disability Insurance		\$ -	\$ 37,956,391	\$ 37,956,391
Total Disability Insurance/SSI Cluster			\$ -	\$ 37,956,391	\$ 37,956,391
Total Social Security Administration			\$ -	\$ 37,963,698	\$ 37,963,698

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, 2024

Assistance Listing 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 Homeland Security					
97.008	Non-Profit Security Program		\$ 1,890,288	\$ 3,381	\$ 1,893,669
97.012	Boating Safety Financial Assistance		1,374,738	167,983	1,542,721
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)		-	314,969	314,969
97.029	Flood Mitigation Assistance		-	13,579	13,579
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)		210,604,103	548,125,524	
	Pass Through from: Chemeketa Community College	00000000013000		(1,825)	
	<i>Total 97.036</i>				758,727,802
97.039	Hazard Mitigation Grant		5,395,135	1,619,397	7,014,532
97.041	National Dam Safety Program		-	298,665	298,665
97.042	Emergency Management Performance Grants		2,788,003	1,033,971	3,821,974
97.043	State Fire Training Systems Grants		-	3,150	3,150
97.045	Cooperating Technical Partners		-	807,055	807,055
97.046	Fire Management Assistance Grant		-	461,490	461,490
97.047	Pre-Disaster Mitigation		515,072	1,181,795	1,696,867
97.050	COVID-19 Presidential Declared Disaster Assistance to Individuals and Households - Other Needs		-	274	
97.050	Presidential Declared Disaster Assistance to Individuals and Households - Other Needs		-	253,478	
	<i>Total 97.050</i>				253,752
97.052	Emergency Operations Centers		-	12,804	12,804
97.067	Homeland Security Grant Program		11,085,296	1,993,202	13,078,498
97.082	Earthquake Consortium		8,552	62,576	71,128
97.137	State and Local Cybersecurity Grant Program Tribal Cybersecurity Grant Program		-	11,989	11,989
Total Department of Homeland Security			\$ 233,661,187	\$ 556,363,457	\$ 790,024,644
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,096,876,014	\$ 18,556,011,219	\$ 20,652,887,233

The accompanying notes are an integral part of this schedule.

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

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, University of Oregon, Oregon State University, Portland State University, Eastern Oregon University, Oregon Institute of Technology, Southern Oregon University, Western Oregon University, State Accident Insurance Fund, and State Fair Council are legally separate component units. For the year ended June 30, 2024, 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. Readers may obtain complete financial statements from their respective administrative offices or from the Oregon Department of Administrative Services, Chief Financial Office, 155 Cottage Street NE, Salem, Oregon 97301-3969.

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.

Assistance			
Listing #	Title	Type of Assistance	Value
10.187	The Emergency Food Assistance Program (TEFAP)	Food Commodities	\$ 12,691,843
10.553	School Breakfast Program	Food Commodities	130,982
10.555	National School Lunch Program	Food Commodities	16,634,533
10.558	Child and Adult Care Food Program	Food Commodities	41,900
10.559	Summer Food Service Program for Children	Food Commodities	20,821
10.565	Commodity Supplemental Food Program	Food Commodities	650,575
10.569	Emergency Food Assistance Program (Administrative Costs)	Food Commodities	16,990,555
39.003	Donation of Federal Surplus Personal Property	Surplus Property	578,196
93.268	Immunization Cooperative Agreements	Vaccines	64,665,847
	Total		<u>\$ 112,405,253</u>

State of Oregon
Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

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 Assistance Listing 17.225 (Unemployment Insurance Program). Of the \$872,583,310.82 reported as expenditures for the Unemployment Insurance Program, \$782,451,784.66 represents expenditures of State funds held in the Unemployment Trust Fund.

Note 5. Disaster Grants – Public Assistance (ALN 97.036)

After a presidentially declared disaster, the U.S. Federal Emergency Management Agency (FEMA) provides a Public Assistance Grant to reimburse eligible costs associated with repair, replacement, or restoration of disaster-damaged facilities. The federal government reimburses in the form of cost-shared grants which requires state matching funds. For the year ended June 30, 2024, approved eligible expenditures of \$539,540,932 are included in the schedule that were incurred in a prior fiscal year.

State of Oregon
Schedule of Prior Year Findings

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, 2023. It also includes the current status reported by the department of all financial audit findings from fiscal year ended June 30, 2022 that were uncorrected at June 30, 2023.

Finding 2023-001: **Oregon Department of Human Services/Oregon Health Authority**
Management should review effect of accounting entries on year-end account balances
Material Weakness

Recommendation: Department management update accounting and review procedures to ensure entries prepared to address issues originating in prior fiscal years do not incorrectly impact the current year financial statements.

Status: Corrective action taken.

Finding 2023-002: **Department of Administrative Services**
Address Workday configuration issues to ensure employees are accurately paid and ensure controls over payroll processing are properly designed, implemented, identified, and documented
Material Weakness

Recommendation: That the department:

- Ensure controls over payroll processing and configuration management are properly designed, implemented, identified, and documented.
- Complete stabilization efforts, including eliminating the errors in employee pay caused by configuration issues.
- Develop and communicate guidance to agency partners regarding expectations of agency level controls.
- Update all system documentation to reflect the Workday modules subscribed to by the department.

Status: Partial corrective action was taken. The agency response is as follows:.

Since the last audit period, we created stronger controls over our payroll processing, while also improving documentation of the payroll processes. For example, we have assigned backups, cross trained, and ensured knowledge is shared within the payroll processing team via daily team huddles.

We have successfully completed stabilization, after implementing all configuration changes identified as critical or high for the payroll and time tracking project. A labor management workgroup was established in July of 2024 to work with the unions and agencies and further improve the Workday payroll practices.

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A communication strategy has been put in place, at multiple levels, to ensure agency payroll staff understand the expectations at the agency level, as well as to inform them about any new system functionality. The communication channels are, but not limited to, regular bi-weekly Agency Payroll Partner meetings and Agency Payroll Advisor meetings. Additionally, new ad hoc reports have been created to assist agencies and monthly training sessions with materials have been delivered.

We have significantly improved our release management process, by implementing the Workday Oregon Change Advisory Board. ~300 releases were prioritized, tested, implemented and documented from July 2023 through June 2024. The recommendations from both IBM and Gartner have been reviewed carefully and implemented strategically within our change control process. Based on these efforts, we believe this recommendation can be considered complete.

Finding 2023-003: **Department of Administrative Services**
Ongoing monitoring of Workday user access is not sufficiently performed to ensure access within the system is appropriately aligned with user job duties
Significant Deficiency

Recommendation: Department management implement controls to ensure access to Workday roles responsible for compensation and payroll functions are periodically monitored for ongoing appropriateness and alignment with assigned job duties.

Status: Corrective action taken.

Finding 2023-004: **Oregon Business Development Department**
Ensure federal expenditures are appropriately classified as direct or pass-through on the SEFA
Significant deficiency

Recommendation: We recommend program and fiscal staff responsible for coding and reviewing accounting transactions receive additional training in direct and passthrough expenditures coding and beneficiary determinations.

Status: Corrective action taken.

Finding 2023-005: **Department of Justice**
Report settlement proceeds belonging to the State in a non-custodial fund
Material Weakness

Recommendation: Management ensure settlement proceeds, and related revenues and expenditures, belonging to the State or one of its agencies are reported in a non-custodial fund. We also recommend management establish a different fund within the State's activities that is still part of the client trust account.

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Status:	Partial corrective action was taken. The agency response is as follows: Management established a “Government-Directed Proceeds” fund in addition to its custodial fund, within the State’s activities that is part of the client trust account. All funds held in trust have been reviewed and realigned accordingly. This action ensures settlement proceeds, and related revenues and expenditures, are recognized as either fiduciary or part of the State’s activities for financial reporting purposes. Due to timing differences of some corrective activities occurring in Month 13 fiscal year close period, rather than on or before June 30th, prior year adjustments are required. Anticipated Completion Date: January 31, 2025.
Finding 2023-006:	Department of State Lands/Oregon State Treasury <u>Unclaimed property valuation</u> Material Weakness
Recommendation:	We recommend additional layers of review over the annual unclaimed property valuation be implemented to ensure the deposit liability is materially correct. We recommend the Treasury’s claims system (KAPS) be reconciled to general ledger monthly to ensure all variances are researched (i.e. holder year information is identified) and resolved.
Status:	Corrective action taken.
Finding 2023-007:	Oregon Department of Emergency Management <u>Strengthen controls over the year-end accrual process</u> Significant Deficiency
Recommendation:	Department management develop and document the year-end accrual process for federal expenditures and federal revenue. Additionally, the department should strengthen its RFR tracking to be able to tie the individual RFRs to SFMA accrual entries.
Status:	Partial corrective action was taken. The agency response is as follows: Appropriate RFR tracking and monitoring processes and procedures were not yet established at OEM as a new agency at the time of this audit, and additional internal controls are currently under development. Each major grant program now has a tracking sheet that is shared and/or mirrored between finance and program groups. The documentation reflects when program and finance receive the RFRs and the dates when finance has completed their review. In addition OEM is tracking dates that RFRs are sent for payment processing, federal draws, as well as acknowledgement dates for payment clearance. Notes regarding status, dates of contact with the subrecipient, and a general description of pending items missing from the submission are included. Tracking sheets are maintained for Mitigation, Public Assistance, and Preparedness and Homeland Security Grants

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Program. In addition, our agency is currently pursuing an electronic grants management system, which we hope will centralize and assist with the management, tracking, and reporting of all requests for reimbursement.

As a new agency, lack of established policies and procedures, as well as lack of robust and experienced accounting staff led to this issue. In FY24 improvements were made to both process and documentation collection, affecting a partial correction. Additionally, we are hiring a Controller position in November of 2024, and that new Controller will be in place to improve and centralize this process for FY25 year-end close. In addition, the new Controller will be developing a year-end accrual policy to have in place for that same period.

Because OEM is still a relatively new agency, we have lacked sufficient experienced financial accounting staff to fully perform and review the necessary accounting and year and close functions. OEM overly relies upon DAS Shared Financial Services and lacks the capacity to properly recommend, review, and monitor all entries and transactions entered by our partner agency. Increased levels of staffing, training, review, and approval of all entries entered into the financial system is needed, as well as formalization of applicable policies and procedures. New financial leadership at OEM including the new Accounting Manager that started in June, new CFO that started in May, and a new Controller starting in November, who have experience in financial statement and year end close, will help to provide the capacity and expertise needed for the appropriate review and approval necessary to prevent such errors in the future. Training and guidance from DAS Shared Financial Services as well as the State Controller's office is being sought and obtained to help solve the more complicated accounting and reporting issues related to our federal accounts receivable.

Anticipated Completion Date: June 30, 2025.

Finding 2023-008:	Oregon Employment Department <u>Reconcile employer tax records transferred from Department of Revenue with tax system</u> Significant Deficiency
Recommendation:	Department management develop procedures to reconcile amounts transferred from DOR to Frances, retain the documentation and timely follow-up on differences.
Status:	Partial corrective action was taken. The agency response is as follows: Prior documentation was no longer accurate with the change to the new technology system. As part of the new procedure due to the launching of "Frances" our new agency modernization system, review documents will be retained daily so that necessary documentation will be available should there be

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additional questions on process or daily numbers. Current documentation on this process is reviewed and corrected periodically as necessary.

Circumstances out of our control led to a vacancy in our Accountant 1 position who handled the daily DOR transfers and the associated documentation. Fortunately, this down-time did not last long, and we were able to get caught back up on daily review and processing of the DOR transfers with hiring a new Accountant 1. Our new employee has organized and streamlined processes since she was an Accountant 1 in one of our other agency divisions. OED is still in the process of cross-training key individuals within the Accounts Resolution Unit to conduct this work. Once trained, the individuals will work together with the Accountant 1 and be assigned this work on a weekly rotating basis (as necessary), with quality control oversight from the Accountant 1 to ensure that the work is being conducted properly. The cross-training, and monitoring and review of those cross-trained employees, will ensure the process will be completed timely and accurately should there be a change in personnel or if the Accountant 1 cannot perform the duties on a daily basis.

We have eliminated the risk of inaccurate DOR transfer data by the daily review and logging of the DOR transfers. Any discrepancies or inconsistencies in the transfers, we immediately have a point of contact at DOR to reach out to. Adjusting our internal processes to accommodate our new “Frances” system has proven correct and accurate based on our latest passing of the Oregon Secretary of State audit on September 3, 2024 focusing on the DOR transfers and our process for logging and reconciling.

Anticipated Completion Date: December 31, 2024.

Finding 2023-009: **Oregon Employment Department**
Improve documentation and controls over year-end tax related receivable accruals
Significant Deficiency

Recommendation: Department management implement procedures to ensure employer tax and paid leave contribution accrual calculations are reviewed and agreed to source documentation, and that source data used is retained and readily available. **We also recommend** department management run Frances reports on July 1 or identify needed filters to ensure reports accurately reflect June 30 data. **We further recommend** department management improve its methodology regarding prepayments and paid leave receivables.

Status: Partial corrective action was taken. The agency response is as follows:

The department continues to work with the current reporting system to refine the proper queries to ensure that the methodology to generate the contribution accrual calculations are reviewed and the source documentation is agreed upon.

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To ensure that the necessary documentation is preserved for this activity and that the information is available in a manner that will be repeatable on an annual basis, we will make the following changes to our processes:

- Written documentation of the methodology and process will be updated to reflect steps necessary to obtain the proper information, including a notation that the information has been reviewed by a second individual.
- All filters that are used to generate the cube reports will be captured and noted when the report is run.
- After filters are applied and the cube reports are generated for the activity, the report will be printed to capture the proper point in time information.
- When the accrual worksheet is provided to ABS, the printed copies of any source data reports will also be provided.

The department has generated ticket #5508 in Frances to have the audit reports scheduled to run automatically on an annual basis after the June 30 nightly jobs have been completed. Doing this will preserve the information so that the data can be used for point in time comparison. The results of the appropriate reports will be distributed to the following positions to ensure that more than one person has access to the report when it is generated:

- Administrative and Business Services Division: Oregon Employment Department CFO – Carolina Valladares; and Financial Services Manager – Ginger Clark
- Contributions and Recovery Unit: Deputy Director, Operations and Determinations Manager, ARU manager, and Lead Accountant

The Department has already identified Frances prepayment reporting challenges and included a year-end timeline task to ensure subsequent prepayment amounts will be limited to the appropriate quarters.

The Department has already coordinated with the Paid Leave Oregon economist to prepare a second quarter forecast each year similar to that completed by the Unemployment Insurance economist. The paid leave economist forecast will be incorporated into the paid leave second quarter tax estimate at fiscal year-end.

Anticipated Completion Date: July 1, 2025

Finding 2023-010: **Oregon Employment Department**
Ensure Frances correctly allocates unemployment insurance revenue
Significant Deficiency

Recommendation: Department management ensure Frances correctly allocates employer payments.

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Status:	Partial corrective action was taken. The agency response is as follows: The department identified the issue during the audit, and so Ticket #4781 was requested for a Frances remediation of this issue on 12/05/2023. The ticket has been accepted (SQR 3995) and is in the process of being worked. Due to the impending Unemployment Benefits go live process, this ticket will be reevaluated at the time of system stabilization. At this time, it is our best time estimate that this work will be completed at the end of this calendar year. Anticipated Completion Date: December 31, 2024
Finding 2023-011:	Oregon Department of Fish and Wildlife <u>Improve cash handling controls</u> Significant Deficiency
Recommendation:	Department management document their assessment of the volume and risk related to mail processing procedures, and ensure controls are adequately designed to address identified risks.
Status:	Partial corrective action was taken. The agency response is as follows: As of the fiscal year ending June 30, 2024, the department had not yet implemented additional controls regarding mail/cash handling. However, beginning July 1, 2024, a new process was initiated, requiring remittances to be opened by two designated persons, in accordance with OAM 10.20.00.124. With the implementation of this higher level of control, further assessment and documentation of risks related to mail processing are no longer necessary.
Finding 2023-012:	Oregon Department of Transportation <u>Ensure TEAMS to SFMA reconciliations are performed timely</u> Significant Deficiency
Recommendation:	Management ensure reconciliations between SFMA and TEAMS are performed timely, and all outstanding reconciliations are completed.
Status:	Corrective action taken.
Finding 2023-013:	Oregon Liquor and Cannabis Commission <u>Strengthen controls over statutorily required transfers and distributions</u> Significant Deficiency
Recommendation:	Commission management strengthen internal controls to ensure the accounting systems reconcile and that the appropriate amount is being distributed to cities and transferred to the General Fund within the required 35 days.

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Status:	Partial corrective action was taken. The agency response is as follows: The agency has made significant progress in FY24 with timely distribution of transfers. There has also been work on reconciliations that should be completed by September 30, 2024. Anticipated Completion Date: September 30, 2024
Finding 2023-014:	Oregon Liquor and Cannabis Commission <u>Ensure timely completion of agent inventory audits</u> Significant Deficiency
Recommendation:	Commission management complete agent inventory audits for all agents that haven't had one within the last 12 months as soon as possible. We also recommend management ensure controls are documented in formal written procedures.
Status:	Corrective action taken.
Finding 2022-001:	Department of Human Services <u>Ensure federal program funding is recorded to the correct program</u> Material Weakness
Recommendation:	The agency ensure any new federal programs have the correct coding applied to ensure accurate reporting of federal expenditure by each federal program.
Status:	Corrective action taken.
Finding 2022-005:	Oregon Business Development Department <u>Strengthen accounting procedures</u> Material Weakness
Recommendation:	Management develop and implement procedures to identify and ensure all year end closing entries are recorded in the accounting records and develop written policies and procedures for financial reporting. Additionally, we recommend management develop a process to ensure leases are properly captured and recorded.
Status:	Partial corrective action was taken. The agency response is as follows: We have taken the following corrective actions to mitigate the weakness by doing the following. • The entire accounting section attended or viewed all year-end trainings provided by SARS. • The Deputy CFO and senior accountants attended or viewed the GASB 94 and 96 training provided by SARS.

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Specific to recording leases, we took the following corrective actions.

- We used the TValue software when calculating the principal and interest for the leases the agency has entered into.
- The Deputy CFO and the senior accountants reviewed the lease training provided by SARS.
- We used the entries provided by SARS when making the necessary lease entries.

Specific to recording the necessary bond entries, we took the following corrective actions.

- The senior accountant assigned to debt reviewed the debt training provided by SARS.
- We hired a retiree, with debt experience, to assist us with year-end debt entries.

Specific to properly reporting ARPA money received, we took the following corrective actions.

- The senior accountants reconciled the reported ARPA expenditures to the US Treasury.
- We recognize annual federal revenues based on the amount of federal expenditures

Specific to recording a current portion of loans receivable at year-end, we took the following corrective actions.

- For FY2024 year-end, we reviewed all loans and recorded the amount we expect to receive in the next year.

Although the above corrective actions were taken, this finding is partially resolved as we have not formally documented the above listed procedures.

Finding 2022-006:

Department of Justice
Improve internal controls over lease entries
Significant Deficiency

Recommendation:

Department management implement controls over accounting for capital leases to ensure capital leases and associated accounts are properly valued in the financial records. The department should review its leases to identify and correct the various errors and make correcting entries in the accounting system.

Status:

Partial corrective action was taken. The agency response is as follows:

Each building monthly payment made in FY24 has been reviewed and the non-principal/interest expense portion for the duration, reclassified accordingly. Going forward, all capital lease payments will be reviewed and reclassified on an annual

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basis as part of year-end processing, affirming associated accounts are properly valued. FY22 and FY23 reclassification of lease expenses will be performed.

Anticipated Completion Date: January 31, 2025

Finding 2022-007:	Department of Revenue <u>Consider incorporating actuals in tax accrual calculations and ensure the calculations and reasoning are documented in a methodology</u> Material Weakness
Recommendation:	Department management consider including actual data from the system to the extent possible instead of solely relying on prior year activity that can be impacted when unusual events occur. In addition, the department should ensure its taxes receivable methodology and reasoning is fully documented so can be duplicated and explained.
Status:	Corrective action taken.
Finding 2022-009:	Oregon State Police <u>Improve controls over accounting of leases</u> Significant Deficiency
Recommendation:	Department management implement controls over accounting for capital leases to ensure capital leases and associated accounts are properly valued in the financial records. Department should also review its leases to identify and correct the various errors and make correcting entries in the accounting system.
Status:	Corrective action taken.
Finding 2022-010:	Oregon Department of Emergency Management <u>Improve controls over federal requests for reimbursement</u> Material Weakness
Recommendation:	Department management create and implement procedures for tying the request for reimbursement (RFR) to the expenditure being reimbursed. Additionally, the department should create and implement procedures for archiving financial documents (RFR and expenditures).
Status:	Partial corrective action was taken. The agency response is as follows: Establishment and stabilization of location, organization, information systems and network capabilities, as well as hiring and training a cohesive and professional grant accounting unit at OEM have already affected a partial resolution of these issues. As the accounting staff needed to support our new and growing agency continues to be added over the course of FY25 we expect that more thorough and increased volume of reviews and documentation of RFRs will be conducted. Financial reviews are intended to ensure that all necessary documentation is

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attached to, and in support of, each RFR request, which will help to ensure efficiencies in locating the supporting documentation during audit reviews. The OEM Chief Financial Officer and OEM leadership are currently working on policies and procedures to more formally spell out the steps and documents required for payment and documentation of RFRs. The archiving and tracking of financial documents has already been improved by the move away from paper records or the need to scan, and OEM has assigned an internal records coordinator to begin the work of establishing an agency specific retention schedule, records related policies and procedures, and to evaluate the path for adoption of the Oregon Records Management System (ORMS). The RFR policy is on track to be adopted by the end of calendar year 2024, and in calendar 2025 we intend to establish an archiving schedule and policy and participate in an electronic archiving system.

Finding 2022-017: **Oregon Liquor and Cannabis Commission**
Implement Procedures for cash handling
Significant Deficiency

Recommendation: Department management implement cash receipting procedures to ensure checks are safeguarded, properly tracked, and accounted for in the financial records in accordance with state policy.

Status: Partial corrective action was taken. The agency response is as follows:

The agency completed an analysis of cash received, determined that it was immaterial, and the use of substitute analytical procedures would meet the requirements of the OAM as a substitute procedure. This analytical analysis and procedure was mostly completed in Fiscal Year '24, the documented procedure and analytical threshold was completed in September 2024, and OLCC is implementing the documented procedure in Oct '25.

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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, 2023. It also includes the current status reported by the department of all federal audit findings from fiscal year ended June 30, 2022, that were uncorrected at June 30, 2023.

Finding 2023-015:	Oregon Housing and Community Services <u>Fully implement controls to ensure subrecipients are in compliance with program requirements</u> 14.231 Emergency Solutions Grants Program (COVID-19) Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Equipment and Real Property Management; Matching, Level of Effort, Earmarking; Procurement, Suspension, and Debarment, Special Tests and Provisions Material Weakness
Initial Year:	2022
Recommendation:	Department management complete the review and monitoring of program funds passed through to subrecipients for compliance with all applicable program requirements.
Status:	Corrective action taken.
Finding 2023-016:	Oregon Housing and Community Services <u>Verification that subrecipients have not been suspended or debarred needs to be retained</u> 14.231 Emergency Solutions Grants Program (COVID-19) Procurement and Suspension and Debarment Material Weakness
Initial Year:	2022
Recommendation:	Department management perform and retain evidence of checks of suspension and debarment for all new and existing contracts.
Status:	Corrective action taken.

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Finding 2023-017:	Oregon Housing and Community Services <u>Ensure review of federal cash draws are adequately documented to support the draws are for the immediate cash needs of the program</u> 93.568 Low-Income Home Energy Assistance Program 93.568 Low-Income Home Energy Assistance Program (COVID-19) Cash Management Significant Deficiency; Noncompliance \$14,831.23 (known); \$27,652.04 (likely)
Initial Year:	2022
Recommendation:	Department management ensure controls are implemented and documented to verify cash draws are for the immediate cash needs of the program and are made on the correct awards.
Status:	Corrective action taken.
Finding 2023-018:	Oregon Housing and Community Services <u>Ensure grant management report control is performed and documented</u> 93.568 Low-Income Home Energy Assistance Program 93.568 Low-Income Home Energy Assistance Program (COVID-19) Earmarking; Period of Performance Significant Deficiency; Noncompliance
Recommendation:	Department management ensure controls are performed and documented as intended by their established process.
Status:	Corrective action taken.
Finding 2023-019:	Oregon Housing and Community Services <u>Ensure documentation is retained to support amounts reported</u> 93.568 Low-Income Home Energy Assistance Program 93.568 Low-Income Home Energy Assistance Program (COVID-19) Reporting Significant Deficiency; Noncompliance
Recommendation:	Department management ensure adequate controls are in place over reporting and documentation is retained to support the amounts reported.
Status:	Corrective action taken.

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Finding 2023-020:	Oregon Health Authority <u>Implement controls to ensure subrecipients are appropriately identified and monitored</u> 93.958 Block Grants for Community Mental Health Services 93.958 Block Grants for Community Mental Health Services (COVID-19) 93.959 Block Grants for Prevention and Treatment of Substance Abuse 93.959 Block Grants for Prevention and Treatment of Substance Abuse (COVID-19) Subrecipient Monitoring Material Weakness; Material Noncompliance
Initial year:	2022
Recommendation:	Department management ensure recipients of federal funds are appropriately identified as subrecipients or contractors and the corresponding disbursement of federal funds are appropriately reported as direct or passthrough expenditures. We further recommend department 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 according to risk assessment results.
Status:	Partial corrective action was taken. The agency response is as follows: Contracts and program staff have piloted and implemented tools to help administrators determine if the NFP is a contractor or sub-recipient using the determination checklist. Department managers have communicated expectations related to the use of this tool and guidance to ensure that contract administrators understand how to determine if an agency is a contractor or sub-recipient. If determination identifies a subrecipient relationship, controls are in place to ensure the Federal Funding Accountability and Transparency Act (FFATA) form, self-assessment, and monitoring plan are completed. Further, mental health block grant planners will assess each new or amended contract for appropriate designation. OHA management plans to establish a single training for all staff to complete before developing a contract. This training will also include necessary messaging to all staff about terminology, location of resources, expectations as an administrator, and compliance/verification processes. OHA will provide this messaging and training through agency-wide emails, newsletters, and all staff meetings. OHA will continue refining its onboarding to incorporate these trainings and messaging. Additionally, the Office of Financial Services reviews each contract to determine the correct coding for each contracted service/deliverable and accurate code, such in State Financial Management Accounting (SFMA) system. Risk assessment survey has been developed that allows for self-assessment and documentation of the process. Administrators are requested to keep a copy of the

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assessment in their administrative file. Contract administrators create regularly scheduled meetings with the sub-awardee to monitor for compliance, depending on the risk of the sub-awardee. OHA-HSD has created a planning and implementation document to systematically identify the process of self-assessment and monitoring plan. In addition to the 11-module contract administration training required for all administrators. OHA plans to create an accessible folder for download to include the Contract Administration Plan (CAP), RACI Matrix, Monitoring, and closeout activities.

Once all of the resources are socialized throughout the Program and Leadership staff, controls are still necessary to get as close to 100% compliance by the administrators.

Controls that will be implemented are:

- DocuSign CLM- During the automated workflow for approvals, administrators must verify that the determination document and, if applicable, the self-assessment and monitoring plan is attached. If not, the request will be rejected until the proper documentation is provided.
- Team audit- The program analyst will perform random audits of grant/contracts administrator folders to confirm documentation is complete for each grant/contract, including monitoring activities, reports, invoices, and grant compliance requirements.

Anticipated Completion Date: September 1, 2024

Finding 2023-021:	Oregon Health Authority <u>Implement controls to ensure earmarked expenditures are tracked and compliance achieved</u> 93.958 Block Grants for Community Mental Health Services Matching, Level of Effort, Earmarking Significant Deficiency
Initial year:	2022
Recommendation:	Department management implement controls to ensure applicable expenditures are adequately tracked and reviewed for compliance with federal Earmarking requirements.
Status:	Corrective action taken.

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Finding 2023-022:	Oregon Department of Human Services/Oregon Health Authority <u>Ensure compliance with federal Medicaid hospital audit requirements</u> 93.777 and 93.778 Medicaid Cluster Special Tests and Provisions – Inpatient Hospital and Long-Term Care Facility Audits Significant Deficiency; Material Noncompliance
Recommendation:	Management ensure compliance with federal program requirements by prioritizing the completion and documentation of hospital audits.
Status:	Partial corrective action was taken. The agency response is as follows: The authority agrees with this finding and has completed the work to reconstitute the required tools necessary to perform these audits. As of January 2024, the authority has sent cost statements to the hospitals for review and response and is working to collect other reports required for completing the audits from actuaries and intermediaries. The authority will begin processing full audits starting April 2024 for outstanding Fiscal Year 2016 forward. The authority anticipates that the audits through Fiscal year 2020 will be completed by Dec. 31, 2024. The authority also affirms that the corrective action for finding 2021-17 has been implemented and resolved. This can be validated as completed audits become available in 2024. Anticipated Completion Date: December 31, 2024
Finding 2023-023:	Oregon Department of Human Services/Oregon Health Authority <u>Improve documentation for provider eligibility determinations and revalidations</u> 93.777 and 93.778 Medicaid Cluster Special Tests and Provisions – Provider Eligibility Material Weakness; Noncompliance Questioned Costs: \$3,629 (known)
Initial Year:	2022
Recommendation:	Department and authority management strengthen controls over review to ensure documentation supporting a provider's eligibility determination and revalidation is complete. Additionally, we recommend the authority reimburse the federal agency for questioned costs related to ineligible providers including ineligible providers identified in prior year findings.
Status:	Partial corrective action was taken. The agency response is as follows: The authority provided two separate training modules to enrollment staff and staff responsible for the CCO enrollment and validation regarding complete ownership and disclosure documents. These trainings were held on April 18, 2024, during our monthly staff meeting and the separate ownership form training was held on May 30, 2024.

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The Office of Developmental Disability Services has implemented new contractual language for our fiscal intermediary to review I-9 for providers with stricter criteria. This was added earlier this year and is already in place in the contract and implemented. Further, upon enrollment, state staff are validating older I-9s for providers who have submitted their I-9 historically.

The Office of Aging and People with Disabilities released updated guidance and clarification on I-9 forms through an Information Memorandum transmittal on January 24, 2024 (APD-AR-23-099). During the February 19, 2024, at the Home Care Coordinators quarterly convening meeting the revisions from the prior transmittal were discussed along with the importance of ensuring timely renewals and accurate documentation and retention of PEA/I-9's. During the May 30, 2024, at Home Care Coordinators Quarterly convening, Laserfiche project team shared information on status of new system implementation and timing of transition from EDMS along with Q&A. Laserfiche implementation began on July 15, 2024. The DocuSign contract administrator has provided an update noting that the DocuSign contract to go from pilot to statewide is currently behind schedule due to the Office of contracts and Procurement backlog. During the July APD/AAA Local Line managers meeting, APD leadership discussed with line managers the results of the audit, reinforced the importance of accurate documentation and retention of records and discussed ways we are looking to strengthen the process such as leveraging new software and solicited ideas or best practices they have. We will continue to explore training options for onboarding front office staff, develop procedures for the Field Business procedures manual.

Systems have been updated with correct coding for questioned costs of \$1,786. OFS has included questioned cost in the CMS quarterly report to be submitted by September 30, 2024. Of note, the prior year finding with questioned costs of \$1,843 has since been found as the provider being eligible. No corrective action is needed.

Anticipated Completion Date: August 30, 2024

Finding 2023-024:

Oregon Department of Human Services/Oregon Health Authority
Strengthen review over direct costs charged to the program
93.777 and 93.778 Medicaid Cluster
Activities Allowed or Unallowed
Significant Deficiency; Noncompliance
Questioned Costs: \$3,849 (known)

Initial Year:

2023

Recommendation:

Department management strengthen controls over review to ensure transactions are adequately supported and reviewed. Additionally, we recommend the department reimburse the federal agency for unallowable costs.

Status:

Corrective action taken.

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Finding 2023-025:	Department of Human Services <u>Obtain accurate information from the ONE application</u> 93.558 Temporary Assistance for Needy Families (TANF) Matching, Level of Effort, Earmarking; Reporting; Special Tests and Provisions Material Weakness, Material Noncompliance
Initial Year:	2021
Recommendation:	Department management continue to review ACF-199 and ACF-209 reports prior to submission and monitor known compilation defects to ensure performance data reports submitted are complete and accurate. We also recommend department management obtain an annual SOC report over the service organization's internal controls for the ONE application. Additionally, we recommend department management consider contractual and/or legal remedies if the contractor is unable to provide accurate and reliable information from the ONE system within a reasonable time frame necessary for the business needs of the department.
Status:	Partial corrective action was taken. The agency response is as follows: The department continues to monitor and review ACF-199 and ACF-209 reports prior to submission. Defects identified through the monitoring and review process are logged into TFS and follow the defect management process. ONE/ODHS began SOC audit with an outside vendor at the end of 2023. The department is continuing to work through the items and anticipate completion with this audit by June 30, 2024. The department will share the findings once received if there are any. SOC audits will be done annually from here forward. The Agency provided a cure notice to Deloitte Consulting as the vendor related to the reports in December 2022 and considered the actions cured and removed the notice in July 2023. Quarterly reports sent through the contract have been provided and accepted by ACF. Defect triaging continues to be worked separately, and regular reports to verify changes, additional validations that were put into place, achieve expected quality in correct submission of data on behalf of Oregon from the ONE System. Anticipated Completion Date: December 31, 2024

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Finding 2023-026:	Department of Human Services <u>Improve controls relating to client not cooperating with child support requirements</u> 93.558 Temporary Assistance for Needy Families (TANF) Special Tests and Provisions Significant Deficiency, Noncompliance \$790 (known)
Initial Year:	2022
Recommendation:	Management ensure department employees are adequately trained on applicable procedures and requirements relating to child support cooperation with DCS.
Status:	Partial corrective action was taken. The agency response is as follows: The department previously identified the need for more training and has been taking steps to address the issue. Based on feedback from staff, the Child Support Quick Reference Guide has been updated to make it more user friendly and easier to follow. Training on processing child support tasks has been provided both statewide alongside Department of Child Support in November 2023 and with individual districts. In addition to materials and training, department policy is working reports of both outstanding child support tasks and tasks cleared without processing. The department continues to monitor the reports and provide follow up guidance to individual branches. The department has developed a take time for training (TT4T) that was delivered to staff on May 4, 2022, which is now outdated. The current TT4T will be removed, a new one will be created, and delivered to staff within the next 120 days. The department will also consider adding this material to the regional accuracy and timeliness training during the summer of 2024. The Oregon Eligibility Partnership (OEP) -Learning and Engagement Team (LET) reviewed the eligibility guide and will be revising materials within the next 120 days. OEP will review and revise the current lesson plan delivered to staff within the next 90 days. Anticipated Completion Date: September 30, 2024
Finding 2023-027:	Department of Human Services <u>Improve controls to ensure eligibility criteria are met</u> 93.558 Temporary Assistance for Needy Families (TANF) Eligibility; Special Tests and Provisions Significant Deficiency, Noncompliance \$3,491 (known), \$1,281,622 (likely)
Initial Year:	2021
Recommendation:	Department management ensure caseworkers are adequately trained on TANF enrollment procedures to ensure all applicable requirements are completed.

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Status:	Partial corrective action was taken. The agency response is as follows: The department previously submitted a work item (WI) to have a question in ONE that asks 'yes/no' if IEVS has been checked. The WI was approved and deployed into the system on April 17, 2024. The IEVS question will trigger and be required for TANF at certification, re-certification, and adding a person. The Quick Reference Guide for staff was updated April 18, 2024, to reflect the new system functionality and communication was sent to staff. The department previously submitted a change request (CR) to have the employability screening questions put into ONE as part of the TANF application/intake process. The CR has been approved and in final stages of design with the ONE system contractor, Deloitte. Once the WI is implemented into the system, the quick reference guide will be updated to reflect new system functionality. Communication regarding the new system functionality will be provided to staff. Anticipated Completion Date: December 31, 2024
Finding 2023-028:	Department of Human Services <u>Strengthen controls to ensure adequate supporting documentation and accuracy over reporting</u> 84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States Reporting Material Weakness; Material Noncompliance
Initial Year:	2023
Recommendation:	Department management strengthen internal controls to ensure adequate supporting documentation is maintained to support information reported in the RSA-911 client case information report. We also recommend department management strengthen internal controls to ensure the reviews of the RSA-17 financial report are documented and the report contains accurate information.
Status:	Partial corrective action was taken. The agency response is as follows: We agree with the first recommendation and will ensure adequate supporting documentation is maintained and readily available to support information reported in the RSA-911. We have drafted an internal control for the RSA-911 and have submitted the internal control to RSA for review. We disagree with the second recommendation. The RSA-17 is currently reviewed by both Program Leadership as well as the ODHS Grant Accounting Manager. Certification is evidenced by the signed RSA-17. This level of review meets federal requirements. Additional review and discussion may be had as a form of best practice but should not be considered a control mechanism. The Grant Accounting Unit will highlight the certification process in the RSA-17 desk manual

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to delineate between control functions and best practices. No further action will be taken.

Anticipated Completion Date: June 30, 2024

Finding 2023-029:	Department of Human Services <u>Strengthen controls over program expenditures</u> 84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States Activities Allowed or Unallowed; Allowable Costs/Cost Principles Material Weakness; Noncompliance \$149 (known); \$871,943 (likely)
Initial Year:	2023
Recommendation:	Department management strengthen internal controls to ensure supporting documentation is maintained, reviews are documented, and transactions agree to supporting documentation.
Status:	Partial corrective action was taken. The agency response is as follows: Questioned costs consist of facility payments totaling \$139 and a separate payment which exceeded costs of client services by \$10. The agency agrees with the finding and will refund those questioned costs. The agency will review the specific circumstances for each of the invoices paid to ensure staff receive the appropriate training as well as reiterate the need to review invoices carefully according to current policies and practices to avoid coding errors. Supporting documentation was identified for the \$139 portion and was determined to be allowable. The \$10 portion will be moved to non-reportable. Anticipated Completion Date: August 31, 2024
Finding 2023-030:	Department of Human Services <u>Strengthen controls over payroll expenditures</u> 84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States Activities Allowed or Unallowed; Allowable Costs/Cost Principles Significant Deficiency; Noncompliance \$3,521 (known)
Initial Year:	2023
Recommendation:	Department management implement and document additional internal controls to ensure only VR employees are paid with VR funding.
Status:	No action was taken. The agency response is as follows: This finding pertained to two State Independent Living Council (SILC) board members paid with VR Innovation & Expansion funding. Upon review of the

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Rehabilitation Act and 34 CFR 361.35 section (a) part (2), funding may be used “To support the funding of the State Rehabilitation Council, if the State has a Council, consistent with the resource plan identified in § 361.17(i) “ The SILC State Plan cover 2021-2023 references Innovation and Expansion funding on pages 5 and 6. Based on the department’s review we believe the VR funding used is appropriate and that no further corrective action is required.

Anticipated Completion Date: N/A

Finding 2023-031: **Oregon Commission for the Blind**
Improve controls over compliance reporting
84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States Reporting
Significant Deficiency; Noncompliance

Initial Year: 2023

Recommendation: Commission management strengthen internal controls to ensure the RSA-911 client case information report contains accurate information and is supported.

Status: Partial corrective action was taken. The agency response is as follows:

The agency has created a new case note category within our case management system for documenting client employment start date and wages at exit. In addition, processes have been implemented or strengthened to ensure the case note is properly utilized and supporting documentation maintained. This includes; training of counselors at time of on-boarding, a recent reminder to all counselors on the proper use of the case-note, and inclusion in the pre-closure case review process to ensure the information is captured and supporting documentation maintained.

Anticipated completion date: August 31, 2024

Finding 2023-032: **Oregon Commission for the Blind**
Seek clarification from federal awarding agency on appropriateness of legal fees
84.126 Rehabilitation Services-Vocational Rehabilitation Grants to States Activities Allowed or Unallowed; Allowable Costs/Cost Principles Noncompliance
\$10,289 (known)

Initial Year: 2023

Recommendation: Commission management request clarification from the federal awarding agency regarding the appropriateness of using VR funds for legal fees.

Status: Corrective action taken.

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Finding 2023-033:	Oregon Department of Emergency Management <u>Implement controls over FFATA reporting</u> 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) (COVID-19) Reporting Material Weakness; Noncompliance
Initial Year:	2023
Recommendation:	Department management implement controls to ensure all subawards are appropriately tracked and reported. The department should also work with the federal awarding agency to determine what actions it should take for older reports not submitted.
Status:	Partial corrective action was taken. The agency response is as follows: OEM has implemented a FFATA Policy and Procedure for capturing necessary information and ensuring FFATA reports are filed in compliance with federal criteria going forward. Going forward, OEM's Compliance Division will periodically review FFATA reporting to measure effectiveness of established processes and provide feedback for continuous improvement.
Finding 2023-034:	Oregon Department of Emergency Management <u>Fully implement subrecipient risk assessments</u> 97.036 Disaster Grants – Public Assistance (Presidentially Declared) 97.036 Disaster Grants – Public Assistance (Presidentially Declared Disasters) (COVID-19) Subrecipient Monitoring Significant Deficiency; Noncompliance
Initial Year:	2020
Recommendation:	Department management fully develop and implement its policies and procedures to ensure risk assessments are performed and documented for each subrecipient.
Status:	Corrective action taken.

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Finding 2023-035:	Department of Early Learning and Care <u>Use restricted indirect cost rate when required</u> 93.575, 93.596 Child Care and Development Fund Cluster 93.575, 93.596 Child Care and Development Fund Cluster (COVID-19) Allowable Costs/Cost Principles Significant Deficiency; Noncompliance \$400,369 (known)
Initial Year:	2023
Recommendation:	Department management ensure the appropriate indirect cost rate is used in fiscal year 2024. We also recommend the department work with ODE to determine if there are any additional questioned costs from prior fiscal years and work with the federal awarding agency to reimburse the federal agency for any unallowable costs.
Status:	Partial corrective action was taken. The agency response is as follows: As of 6/30/24, the funds had not been returned. The action to return the \$400,369.30 to HHS was taken by ODE on 12/19/24. Ongoing, DELC will only have one indirect cost rate unlike ODE. This issue will not occur again because DELC will not have a restricted and unrestricted rate.
Finding 2023-036:	Department of Early Learning and Care <u>Improve controls over family copay and child care hour calculations</u> 93.575, 93.596 Child Care and Development Fund Cluster 93.575, 93.596 Child Care and Development Fund Cluster (COVID-19) Allowable Costs/Cost Principles Significant Deficiency; Noncompliance \$6,310 (known); \$18,291 (likely)
Initial Year:	2020
Recommendation:	Department management ensure a client's monthly copay and child care hours are correctly calculated and identify any potential system issues. In addition, when a change in provider occurs, the department should verify the accuracy of payments to the prior provider. We also recommend department management reimburse the federal agency for unallowable costs.
Status:	No action was taken. The agency response is as follows:. DELC does not concur with the finding regarding the overpayment for the months of January, February, and March when the parent changed providers. An overpayment referral was made to the Overpayment Writing Unit in the Oregon Department of Human Services when the new provider was set up. The provider in question did submit billing forms for payment for January, February, and March 2024. When the parent called in late March to end the previous provider, she gave the end date of 1/16/23. The provider was allowed to bill for absent days for the

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rest of January and the full month of February as absent days. The provider was unable to bill for March since it doesn't not fall within OAR 414-175-0075 and is considered abandonment of care. DPU made an overpayment referral to the Overpayment Writing Unit when the new provider was set up. The provider was written up for an overpayment for March in the amount of \$1,395.00.

DELC concurs with all other findings in this area.

DELC agrees with stated recommendations and will take the following corrective action steps:

- The Child Care Assistance Program team will develop a training partially focused on error trends found in this report to educate staff on findings and preventative measures.
- The Child Care Assistance Program team will provide case finding information to OPAR for recoupment purposes.
- DELC will reimburse the federal agency for unallowable costs.

Anticipated Completion Date: March 31, 2025

Finding 2023-037:

Department of Early Learning and Care
Improve controls over payroll
93.575, 93.596 Child Care and Development Fund Cluster
93.575, 93.596 Child Care and Development Fund Cluster (COVID-19)
Allowable Costs/Cost Principles
Significant Deficiency; Noncompliance
\$297 (known); \$18,975 (likely)

Initial Year:

2020

Recommendation:

Department management improve its review of timesheets and ensure position descriptions are retained. We also recommend department management develop a report to identify when payroll system incorrectly charges time to a federal program. Finally, we recommend department management reimburse the federal agency for any unallowable costs.

Status:

Partial corrective action was taken. The agency response is as follows:

Budget is currently monitoring payroll to ensure compliance DELC is in the process of completing the following action steps.

- Human Resources will audit all DELC employee records to ensure that positions descriptions are signed, and in the employee's Workday personnel file.
- Human Resources will reiterate expectations to managers to ensure that timesheets are reviewed and approved by managers before the deadline each month.

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- DELC will reimburse the federal agency for the known unallowable costs.

Anticipated Completion Date: March 31, 2025

Finding 2023-038:	Department of Early Learning and Care <u>Retain support and improve controls over reporting</u> 93.575, 93.596 Child Care and Development Fund Cluster 93.575, 93.596 Child Care and Development Fund Cluster (COVID-19) Reporting Significant Deficiency; Noncompliance
Initial Year:	2023
Recommendation:	Department management further develop its procedures for claiming the tax credit in the ACF-696 reports. We also recommend the department ensure documentation is maintained with the reports in future years.
Status:	Partial corrective action was taken. The agency response is as follows: DELC has received the necessary documentation from the Department of Revenue, and we are updating our procedures for the future. DELC will update processes and procedures to ensure that tax credit amounts used in future reports are properly documented and substantiated by the Department of Revenue. Anticipated Completion Date: March 31, 2025
Finding 2023-039:	Oregon Health Authority <u>Ensure program payroll costs are incurred only for program staff</u> 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Allowable Costs/Cost Principles Significant Deficiency; Noncompliance \$18,002 (known)
Initial Year:	2023
Recommendation:	Program management implement additional internal controls over payroll related costs to ensure all costs charged to the program are related to employees who work directly on the award.
Status:	Corrective action taken.

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Finding 2023-040:	Oregon Department of Education <u>State did not meet maintenance of effort requirement</u> 84.425U Education Stabilization Fund (COVID-19) Matching, Level of Effort, Earmarking Material Weakness; Noncompliance
Initial Year:	2022
Recommendation:	Department management continue to actively track whether it will meet the maintenance of effort requirement and communicate with the federal awarding agency.
Status:	Corrective action taken.
Finding 2023-041:	Oregon Department of Education <u>Improve FFATA reporting controls</u> 84.425C, 84.425D, 84.425R, 84.425U, 84.425V & 84.425W Education Stabilization Fund (COVID-19) Reporting Significant Deficiency; Noncompliance
Initial Year:	2021
Recommendation:	Department management implement controls to ensure the monthly FFATA reports are independently reviewed to ensure accurate and complete reporting of required subaward information.
Status:	Corrective action taken.
Finding 2023-042:	Oregon Department of Education <u>Retain support for pre-approval of equipment purchases</u> 84.425C, 84.425D, 84.425U & 84.425W Education Stabilization Fund (COVID-19) Equipment Significant Deficiency: Noncompliance
Initial Year:	2023
Recommendation:	The department retain documentation regarding every equipment approval.
Status:	Corrective action taken.

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Finding 2023-043:	Oregon Business Development Department <u>Management should implement accounting review of quarterly reports before submitting to DAS</u> 21.027 Coronavirus State and Local Fiscal Recovery Fund (COVID-19) Reporting Significant Deficiency; Noncompliance
Initial Year:	2023
Recommendation:	The department include an accounting review of SLFRF reports prior to submitting to DAS.
Status:	Partial corrective action was taken. The agency response is as follows: Going forward, management will make corrective actions: 1. OBDD accountant prepares the financial data of the report and sends to program staff. 2. OBDD program staff fills their programmatic descriptions and performance information on the report and sends to OBDD program manager. 3. OBDD program manager reviews and signs / approves the document by signing or email approval and sends to OBDD accounting manager. 4. OBDD accounting manager performs final review/approves of the quarterly report and return the report to OBDD program staff/manager. 5. OBDD program staff submits the final quarterly report to DAS ARPA program staff. Anticipated Completion Date: April 30, 2025
Finding 2023-044:	Oregon Housing and Community Services <u>Ensure that the nature of program applicants' financial hardship is documented</u> 21.026 Homeowner's Assistance Fund (COVID-19) Eligibility Significant Deficiency; Noncompliance
Initial Year:	2023
Recommendation:	Management implement controls to ensure that the nature of HAF applicants' financial hardship is documented as required by federal guidance.
Status:	Corrective action taken.

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Finding 2023-045	Oregon Housing and Community Services <u>Obtain documentation to support expenditures or pursue cost recovery</u> 21.023 Emergency Rental Assistance (COVID-19) Activities Allowed or Unallowed, Eligibility, Period of Performance Noncompliance \$96,624 (known)
Initial Year:	2023
Recommendation:	Department management coordinate with their subrecipients and contractor to obtain additional documentation to ensure compliance with federal requirements or to recover amounts paid that are not in compliance with federal requirements.
Status:	Corrective action taken.
Finding 2022-018:	Oregon Housing and Community Services <u>Controls are needed to ensure program expenditures are allowable.</u> 14.231 Emergency Solutions Grants Program (COVID-19) Activities Allowed or Unallowed, Allowable Costs/Cost Principles Material Weakness; Material Noncompliance \$245,362 (known) (COVID-19)
Initial year:	2022
Recommendation:	Management implement internal controls to ensure subrecipient reimbursements are for allowable expenditures.
Status:	Corrective action taken.
Finding 2022-019:	Oregon Housing and Community Services <u>Controls are needed to ensure subrecipients' compliance with equipment and real property requirements.</u> 14.231 Emergency Solutions Grants Program (COVID-19) Equipment and Real Property Management Material Weakness; Material Noncompliance
Initial Year:	2022
Recommendation:	Department management develop internal controls to ensure compliance with federal requirements for equipment and real property.
Status:	Partial corrective action was taken. The agency response is as follows: Vehicle Purchase Request, Equipment Purchase Request, and Equipment/Vehicle Disposition Request Forms have been created. We are in the process of updating our guidance to enforce this requirement Anticipated Completion Date: December 24, 2024

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Finding 2022-020:	Oregon Housing and Community Services <u>Controls are needed to ensure buildings renovated for use as emergency homeless shelters are maintained as shelters for the period required.</u> 14.231 Emergency Solutions Grants Program (COVID-19) Special Tests and Provisions Material Weakness; Material Noncompliance
Initial Year:	2022
Recommendation:	Agency management develop internal controls to ensure buildings renovated for use as emergency homeless shelters are maintained as shelters for the period required.
Status:	Partial corrective action was taken. The agency response is as follows: Program Compliance Team has added questions to agency questionnaire to determine whether or not a property was purchased or renovated using program funds during the monitoring period. Agencies using program funds to operate a shelter or day center are expected to provide fire safety, security, and health inspection documentation as applicable. The Housing Stabilization Division engaged a contractor in April 2024 to improve divisional systems which included reviewing and improving program compliance structures, policies, and procedures. That work has resulted in a more comprehensive monitoring process manual which incorporates these questionnaire and documentation additions well as plans for staff training, grantee expectation communications, and effective documentation. The work with the contractor will conclude in March 2025 at which time they will provide final document deliverables that will then be fully operationalized by the program compliance team.
Finding 2022-021:	Oregon Housing and Community Services <u>Controls are needed to ensure compliance with level of effort requirements.</u> 14.231 Emergency Solutions Grants Program (COVID-19) Matching, Level of Effort, Earmarking Significant Deficiency; Noncompliance
Initial Year:	2022
Recommendation:	Department management develop procedures to ensure compliance with federal requirements for level of effort and maintain documentation.
Status:	Partial corrective action was taken. The agency response is as follows: Monitoring has added this to the Program Compliance Checklist to ensure adherence to self-certification. Self-certification form is entering final stages of review. Anticipated Completion Date: December 24, 2024

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Finding 2022-022:	Oregon Housing and Community Services <u>Documentation verifying subrecipients have not been suspended or debarred needs to be retained.</u> 14.231 Emergency Solutions Grants Program (COVID-19) Procurement and Suspension and Debarment Significant Deficiency; Noncompliance
Initial Year:	2022
Recommendation:	Department management maintain documentation demonstrating subrecipients have not been suspended or debarred.
Status:	Corrective action taken.
Finding 2022-024:	Oregon Housing and Community Services <u>Subrecipients need to be monitored to ensure compliance with procurement standards</u> 14.231 Emergency Solutions Grants Program (COVID-19) Procurement, and Suspension and Debarment Significant Deficiency; Noncompliance
Initial Year:	2022
Recommendation:	The department ensure subrecipients are monitored for compliance with procurement requirements.
Status:	Corrective action taken.
Finding 2022-028:	Oregon Housing and Community Services <u>Ensure Federal Funding Accountability and Transparency Act reporting is completed</u> 21.023 Emergency Rental Assistance Program (COVID-19) Reporting Material Weakness, Material Noncompliance
Initial Year:	2022
Recommendation:	Department management ensure FFATA reporting is completed.
Status:	Corrective action taken.
Finding 2022-031:	Oregon Housing and Community Services <u>Comply with subrecipient monitoring requirements</u> 21.027 Coronavirus State and Local Fiscal Recovery Fund (COVID-19) Subrecipient Monitoring Material Weakness, Material Noncompliance
Initial Year:	2022
Recommendation:	Department management reassess the department's contracting process to appropriately identify whether an organization is a vendor or a subrecipient. If a

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subrecipient, we recommend the department comply with subrecipient monitoring requirements, including developing related internal controls and processes to monitor the expenditures and activities of the organization.

Status: Corrective action taken.

Finding 2022-033: **Oregon Housing and Community Services**
Ensure financial reports are submitted
93.568 Low-Income Home Energy Assistance Program
93.568 Low-Income Home Energy Assistance Program (COVID-19)
Reporting
Material Weakness; Material Noncompliance

Initial Year: 2021

Recommendation: Department management work with their federal partners to determine if unsubmitted reports should be completed and to ensure reporting compliance in future fiscal periods.

Status: Corrective action taken.

Finding 2022-034: **Oregon Housing and Community Services**
Ensure review of subrecipient requests for funds verifies immediate cash needs are supported
93.568 Low-Income Home Energy Assistance Program
93.568 Low-Income Home Energy Assistance Program (COVID-19)
Cash Management
Significant Deficiency; Noncompliance

Initial Year: 2022

Recommendation: Department management strengthen internal controls to ensure support for subrecipient requests for funds adequately documents they are appropriate and for immediate cash needs.

Status: Corrective action taken.

Finding 2022-035: **Department of Human Services**
Improve controls over benefit time tracking and discontinuance of federal funding
93.558 Temporary Assistance for Needy Families
Allowable Costs/Cost Principles
Material Weakness; Noncompliance
\$1,866 known

Initial Year: 2022

Recommendation: Department management make timely corrections to federal/state coding splits in the financial subsystem and also make timely corrections in state accounting

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records. **We also recommend** the department reimburse the federal agency for unallowable costs.

Status: Partial corrective action was taken. The agency response is as follows:

The Department is analyzing and identifying the missing indicators sent from ONE to the financial subsystems to determine the correct funding stream. Policy analysts continue to work with Office of Financial Services to correct the funding matrix.

Anticipated Completion Date: December 31, 2024

Finding 2022-036: **Department of Human Services**
Ensure performance data reports are complete and accurate
93.558 Temporary Assistance for Needy Families
Reporting
Material Weakness; Material Noncompliance

Initial Year: 2019

Recommendation: Department management continue to review ACF-199 and ACF-209 reports prior to submission and monitor known compilation defects to ensure performance data reports submitted are complete and accurate. **We also recommend** department management obtain an annual SOC report over the service organization's internal controls for the ONE application.

Status: Partial corrective action was taken. The agency response is as follows:

The department continues to monitor and review ACF-199 and ACF-209 reports prior to submission. Defects identified through the monitoring and review process are logged into TFS and follow the defect management process.

ONE/ODHS began SOC audit with an outside vendor at the end of 2023. The department is continuing to work through the items and anticipate completion with this audit by June 30, 2024. The department will share the findings once received if there are any. SOC audits will be done annually from here forward.

The Agency provided a cure notice to Deloitte Consulting as the vendor related to the reports in December 2022 and considered the actions cured and removed the notice in July 2023. Quarterly reports sent through the contract have been provided and accepted by ACF. Defect triaging continues to be worked separately, and regular reports to verify changes, additional validations that were put into place, achieve expected quality in correct submission of data on behalf of Oregon from the ONE System.

Anticipated Completion Date: December 31, 2024

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Finding 2022-037:	Department of Human Services <u>Improve accuracy of cases reported as noncooperating with child support</u> 93.558 Temporary Assistance for Needy Families Special Tests and Provisions Material Weakness; Material Noncompliance
Initial Year:	2022
Recommendation:	Department management ensure noncooperative child support cases from ONE are completely and accurately reported in its performance data reports.
Status:	Corrective action taken.
Finding 2022-038:	Department of Human Services <u>Ensure work participation rate calculation uses verified and accurate data</u> 93.558 Temporary Assistance for Needy Families Special Test and Provisions Material Weakness; Material Noncompliance
Initial Year:	2019
Recommendation:	TANF program management ensure the work participation rate is calculated appropriately using verified and accurate participation data in adherence to the department's Work Verification Plan. We also recommend program management review the system of controls and identify where improvements are needed to ensure compliance with the work verification plan.
Status:	Partial corrective action was taken. The agency response is as follows: A JOBS program training based on error trends has been created. The training will be instructor-led, and the training has been uploaded into Workday. Staff can sign up for the first session which will take place on June 13, 2024. Also, the Department moved staff tools to a new platform in May 2024, which included removing obsoleted and outdated materials. The TRACS workgroup was put on hold. The TANF team is planning to submit recommendations to the developers in the interim. It is unknown when the workgroup will reconvene. Anticipated Completion Date: December 31, 2024
Finding 2022-039:	Department of Human Services <u>Improve documentation of required income and benefit verifications</u> 93.558 Temporary Assistance for Needy Families Special Tests and Provisions Material Weakness
Initial Year:	2021
Recommendation:	Department management ensure verification of income and benefits with IEVS screens is clearly documented in client case files when determining client eligibility.

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Status:	Partial corrective was action taken. The agency response is as follows: Deloitte and the State have agreed upon a solution in ONE to address documentation of IEVS being checked. ONE will display a 'yes/no' radio button for 'Has IEVS been checked?' on Determine Eligibility screen. When 'yes' is selected, a mandatory case note will be prompted. This question will be mandatory at intake and renewal modes, and optional for other case modes. The solution will be resolved via a work item, rather a change request. The Department implemented this work item on April 18, 2024, to document when IEVS has been checked during eligibility determination.
Finding 2022-040:	Department of Human Services <u>Improve controls to ensure eligibility criteria are met</u> 93.558 Temporary Assistance for Needy Families Eligibility Significant Deficiency, Noncompliance \$9,569 (known); \$931,750 (likely)
Initial Year:	2022
Recommendation:	Department management ensure federally-funded client benefits are paid on behalf of eligible individuals, and documentation is retained to support eligibility decisions. We also recommend department management correct the identified error cases and reimburse the federal agency for questioned costs.
Status:	Partial corrective was action taken. The agency response is as follows: The department sent communication to eligibility staff regarding the importance of reviewing information received from a third-party and direct staff to case note in the ONE system on how discrepancies were resolved. The Department also communicated the requirement to maintain eligibility records in both case notes and electronic files when applicable. This communication was sent to staff and uploaded to an internal website on December 11, 2023. Overpayment referrals were sent on April 12, 2024.
Finding 2022-042:	Oregon Health Authority <u>Ensure expenditures of federal funds are for allowed activities</u> 93.958 Block Grants for Community Mental Health Services Activities Allowed or Unallowed Material Weakness; Material Noncompliance \$525,272 (known)
Initial Year:	2022
Recommendation:	Department management ensure controls are properly designed and implemented to record only allowable expenditures to the MHBG. We further

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recommend department management seek SAMHSA approval for minor alterations and renovations.

Status: Corrective action taken.

Finding 2022-043: **Oregon Health Authority**
Implement controls to ensure subrecipients are appropriately identified and monitored
93.958 Block Grants for Community Mental Health Services
93.959 Block Grants for Prevention and Treatment of Substance Abuse
Subrecipient Monitoring
Material Weakness; Material Noncompliance

Initial Year: 2022

Recommendation: Department management ensure recipients of federal funds are appropriately identified as subrecipients or contractors and the corresponding disbursement of federal funds are appropriately reported as direct or pass-through expenditures.
We further recommend department 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 according to risk assessment results.

Status: Partial corrective action was taken. The agency response is as follows:

Contracts and program staff have piloted and implemented tools to help administrators determine if the NFP is a contractor or sub-recipient using the determination checklist. Department managers have communicated expectations related to the use of this tool and guidance to ensure that contract administrators understand how to determine if an agency is a contractor or sub-recipient. If determination identifies a subrecipient relationship, controls are in place to ensure the Federal Funding Accountability and Transparency Act (FFATA) form, self-assessment, and monitoring plan are completed. Further, mental health block grant planners will assess each new or amended contract for appropriate designation. OHA management plans to establish a single training for all staff to complete before developing a contract. This training will also include necessary messaging to all staff about terminology, location of resources, expectations as an administrator, and compliance/verification processes. OHA will provide this messaging and training through agency-wide emails, newsletters, and all staff meetings. OHA will continue refining its onboarding to incorporate these trainings and messaging. Additionally, the Office of Financial Services reviews each contract to determine the correct coding for each contracted service/deliverable and accurate code, such in State Financial Management Accounting (SFMA) system. Risk assessment survey has been developed that allows for self-assessment and documentation of the process. Administrators are requested to

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keep a copy of the assessment in their administrative file. Contract administrators create regularly scheduled meetings with the sub-awardee to monitor for compliance, depending on the risk of the sub-awardee. OHA-HSD has created a planning and implementation document to systematically identify the process of self-assessment and monitoring plan. In addition to the 11-module contract administration training required for all administrators. OHA plans to create an accessible folder for download to include the Contract Administration Plan (CAP), RACI Matrix, Monitoring, and closeout activities. Once all of the resources are socialized throughout the Program and Leadership staff, controls are still necessary to get as close to 100% compliance by the administrators. Controls that will be implemented are:

- DocuSign CLM- During the automated workflow for approvals, administrators must verify that the determination document and, if applicable, the self-assessment and monitoring plan is attached. If not, the request will be rejected until the proper documentation is provided.
- Team audit- The program analyst will perform random audits of grant/contracts administrator folders to confirm documentation is complete for each grant/contract, including monitoring activities, reports, invoices, and grant compliance requirements.

Finding 2022-044:

Oregon Health Authority

Implement a consistent methodology for calculation of maintenance of effort

93.958 Block Grants for Community Mental Health Services

93.959 Block Grants for Prevention and Treatment of Substance Abuse

Matching, Level of Effort, Earmarking

Material Weakness

Initial Year:

2022

Recommendation:

Department management implement controls to ensure applicable expenditures are adequately tracked and calculations applicable to the maintenance of effort requirements are consistently performed across fiscal years. **We further recommend** department management work with the federal awarding agency to submit corrected maintenance of effort totals to ensure appropriateness of future maintenance of effort determinations.

Status:

Corrective action taken.

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Finding 2022-045:	Oregon Health Authority <u>Submit required FFATA reports</u> 93.268 Immunization Cooperative Agreements; 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases; 93.958 Block Grants for Community Mental Health Services; 93.959 Block Grants for Prevention and Treatment of Substance Abuse Reporting Significant Deficiency; Noncompliance
Initial Year:	2022
Recommendation:	Department management resume FFATA reporting as soon as feasible and ensure all necessary subawards are reported. We further recommend department management implement controls to ensure all subawards are appropriately tracked and reported.
Status:	Partial corrective action was taken. The agency response is as follows: The FFATA Reporting Coordinator position has been vacant since July of 2024 and will be filled by March 31, 2025. During this lapse, very limited reporting to FSRS was conducted. Once the position is filled, and training has been shown, reporting will resume. The information required to submit reporting in the FSRS is obtained by OC&P in various formats and slows down the reporting process. The FFATA Reporting Coordinator relies on the programs to submit accurate information. OC&P management plans to have open discussions with the programs regarding the importance of providing timely and accurate information to be submitted into the FSRS in one document (or location) to the FFATA Reporting Coordinator. Anticipated Completion Date: September 30, 2026
Finding 2022-047:	Oregon Health Authority <u>Implement controls to comply with subrecipient monitoring requirements</u> 93.788 Opioid STR (Non-major program) Subrecipient Monitoring Significant Deficiency; Noncompliance
Initial Year:	2019
Recommendation:	Department management comply with subrecipient monitoring requirements by implementing and documenting a procedure that evaluates each subrecipient's risk of noncompliance for the purpose of determining and performing the appropriate monitoring for each subrecipient. We also recommend department management implement procedures to ensure federal subrecipient versus contractor determinations result in accurate reporting on the SEFA.

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Status:	Partial corrective action was taken. The agency response is as follows: Contracts and program staff have piloted and implemented tools to help administrators determine if the NFP is a contractor or sub-recipient using the determination checklist. Department managers have communicated expectations related to the use of this tool and guidance to ensure that contract administrators understand how to determine if an agency is a contractor or sub-recipient. If determination identifies a subrecipient relationship, controls are in place to ensure the Federal Funding Accountability and Transparency Act (FFATA) form, self-assessment, and monitoring plan are completed. Further, mental health block grant planners will assess each new or amended contract for appropriate designation. OHA management plans to establish a single training for all staff to complete before developing a contract. This training will also include necessary messaging to all staff about terminology, location of resources, expectations as an administrator, and compliance/verification processes. OHA will provide this messaging and training through agency-wide emails, newsletters, and all staff meetings. OHA will continue refining its onboarding to incorporate these trainings and messaging. Additionally, the Office of Financial Services reviews each contract to determine the correct coding for each contracted service/deliverable and accurate code, such in State Financial Management Accounting (SFMA) system. Risk assessment survey has been developed that allows for self-assessment and documentation of the process. Administrators are requested to keep a copy of the assessment in their administrative file. Contract administrators create regularly scheduled meetings with the sub-awardee to monitor for compliance, depending on the risk of the sub-awardee. OHA-HSD has created a planning and implementation document to systematically identify the process of self-assessment and monitoring plan. In addition to the 11-module contract administration training required for all administrators. OHA plans to create an accessible folder for download to include the Contract Administration Plan (CAP), RACI Matrix, Monitoring, and closeout activities. Once all of the resources are socialized throughout the Program and Leadership staff, controls are still necessary to get as close to 100% compliance by the administrators. Controls that will be implemented are: · DocuSign CLM- During the automated workflow for approvals, administrators must verify that the determination document and, if applicable, the self-assessment and monitoring plan is attached. If not, the request will be rejected until the proper documentation is provided. · Team audit- The program analyst will perform random audits of grant/contracts administrator folders to confirm documentation is complete for each grant/contract, including monitoring activities, reports, invoices, and grant compliance requirements. OHA BH began working with OSU to create trainings that will live in WorkDay for all contract administrators to take. These conversations are ongoing with a projected implementation date of October 1, 2024. Anticipated Completion Date: December 31, 2024
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Finding 2022-048:	Oregon Health Authority <u>Improve review of federal performance progress reports</u> 93.788 Opioid STR (Non-major program) Reporting Significant Deficiency
Initial Year:	2019
Recommendation:	Department management implement internal controls to ensure performance progress reports are complete and accurate prior to report submission.
Status:	Partial corrective action was taken. The agency response is as follows: The authority met weekly in the Summer and Fall of 2024 to decide on the report approval process. We agreed that the Project Director would be the final approver, yet OHA released an agency-wide report requirement in November 2024, which still has yet to be determined for the Behavioral Health Division. We should have more info by end of Spring 2025. Anticipated Completion Date: Spring 2025.
Finding 2022-050:	Oregon Health Authority <u>Improve review of expenditure transactions</u> 93.268 Immunization Cooperative Agreements (COVID-19) Activities Allowed or Unallowed, Allowable Costs/Cost Principles Significant Deficiency
Initial Year:	2022
Recommendation:	Management implement procedures to ensure that all employee payroll submissions are properly reviewed, and payroll is appropriately charged to the correct cost center or program.
Status:	Corrective action taken.
Finding 2022-054:	Department of Human Services/Oregon Health Authority <u>Improve controls over payments for Medicaid clients</u> 93.777 and 93.778 Medicaid Cluster Activities Allowed or Unallowed; Allowable Costs/Cost Principles Significant Deficiency; Noncompliance
Initial Year:	2022
Recommendation:	Department and authority management strengthen controls over the OR-PTC system to ensure transactions are adequately supported and reviewed.
Status:	Partial corrective action was taken. The agency response is as follows: The Provider Time Capture (PTC) Team initiated a series of webinar and learning labs in October of 2023. These will continue through November, December and January with topics that are intended to reinforce best practices and are reflective

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of issues that have been received or reviewed by PTC where authorizations or entries do not align with existing claims. The October webinar also contained an overview of the upcoming changes to the system "Phase 2A" in July 2024. This is on schedule and the first of 2 system updates that will create interfaces between the PTC-DCI system and the mainframe, automate payroll batch entry and eliminated the manual data entry, ideally reduce errors. In preparation of this, PTC has found great value in using the Regional Readiness Coaches (RRC's) in local offices and is expanding the recruitment of these positions in December to assist with UAT, Change management and even more training.

Anticipated Completion Date: July 31, 2024

Finding 2022-056:	Department of Human Services/Oregon Health Authority <u>Return questioned costs related to 2019-014 audit finding</u> 93.777 and 93.778 Medicaid Cluster Activities Allowed or Unallowed; Allowable Costs/Cost Principles Noncompliance \$348,080 (known)
Initial Year:	2019
Recommendation:	Authority management reimburse the federal agency for unallowable costs.
Status:	Corrective action taken.
Finding 2022-057:	Department of Human Services/Oregon Health Authority <u>Improve documentation for provider eligibility determinations and</u> <u>revalidations</u> 93.777 and 93.778 Medicaid Cluster Special Tests and Provisions Significant Deficiency
Initial Year:	2021
Recommendation:	Department management strengthen controls to ensure documentation supporting a provider's eligibility determination and revalidation is complete.
Status:	Corrective action taken.
Finding 2022-059:	Department of Human Services <u>Ensure issued benefits are accurate</u> 10.542 Pandemic EBT Food Benefits (COVID-19) Activities Allowed or Unallowed Significant Deficiency; Noncompliance \$3,692,215 (known); \$13,554,666 (likely) (COVID-19)
initial Year:	2022
Recommendation:	DHS perform review to identify any additional discrepancies between benefits paid and the institutions reported status, to determine if payments were

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appropriate, and communicate with the federal awarding agency to determine if repayment is necessary.

Status: No action was taken. The agency response is as follows:

FNS Child Nutrition and SNAP agencies responded to the Department. After their review of the documentation and audit information there is no corrective action that is needed for P-EBT issuances by ODHS and that FNS does not consider that the P-EBT payments were over issuances for the program. Two FNS agencies have reviewed our process and the finding and have supported the approach our agency took. They are not requiring that we perform any further work on this program and have closed everything out at the federal level.

Finding 2022-061: **Higher Education Coordinating Commission**
FFATA reports were not prepared or submitted
17.258 WIOA Adult Program
17.259 WIOA Youth Activities
17.278 WIOA Dislocated Worker Formula Grant
Reporting
Significant Deficiency; Noncompliance

Initial Year: 2022

Recommendation: Department management implement controls to timely prepare and submit the monthly FFATA reports as required by federal regulations. The department should also work with the federal awarding agency to determine what actions it should take for older reports not submitted.

Status: Partial corrective action was taken. The agency response is as follows:

The HECC completed and has implemented procedures to ensure timely entry into the FSRS of all awards that equal or exceed \$30,000. In addition, the HECC has implemented a current process as of January 01, 2024, to record in its activity log to document in the event when there are zero subawards to submit to FSRS. Furthermore, current accounting staff are working FSRS to switch the reports to have a shared login. This will allow the HECC to retain historical reporting documentation.

Due to the most recent single audit for the HECC performed by the Office of the Secretary of State, it has found the HECC had two subawards (23-133C and 23-133E) were reported incorrectly in May of 2024. After these findings, we at the HECC are updating the FFATA prior year finding status to “partial corrective action taken.”

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Finding 2022-062:	Higher Education Coordinating Commission <u>Improve controls over payroll</u> 17.258 WIOA Adult Program 17.259 WIOA Youth Activities 17.278 WIOA Dislocated Workers Formula Grant Allowable Costs/Cost Principles Significant Deficiency
Initial Year:	2022
Recommendation:	Department management ensure timesheets are timely reviewed and positions descriptions are completed and retained.
Status:	Partial corrective action was taken. The agency response is as follows: The HECC has partially completed and implemented its process to improve controls over payroll as of July 01, 2023. The HECC has since created reminder emails to all Management Staff to submit their respective employees' timesheets in a timely manner. The HECC previously believed that the new Workday Payroll system did not automatically lock all employee's timesheets for a mass auto-approval. We discovered the original intention to not have a mass approval feature was changed before implementation. We learned this was a particular concern of the unions and compliance with wage and hour laws to not pay employees as a consequence of employees or managers not submitting and approving time in a timely manner. This would have been a complete change from the previous ePayroll system, which mass approved time for all unapproved and unsubmitted timesheets. To further clarify, employers cannot delay an employee's pay if they don't submit their timesheets as required. The Fair Labor Standards Act (FLSA) requires employers to keep track of employee hours and pay them on time, regardless of whether they receive a signed timesheet. The Workday Payroll system mass approves all executive branch employees for all unsubmitted and unapproved timesheets, creating a systematic problem through the State of Oregon. The HECC is working with the Secretary of State's Office in finding an attainable percentage for payroll controls pertaining to the Workday Payroll system. The HECC continues to use its processes to improve controls over payroll as of July 01, 2023. Managers and employees are sent MS Outlook calendar reminders with payroll cutoff reminders for Payroll Run 1 and Run 2, and submission dates. Payroll audits monthly timesheet submittals to reach out to those directly, employees and/or managers, who are not in compliance before the final monthly deadline. The HECC also created reminder emails to all Management Staff to submit their respective employees' timesheets in a timely manner.

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The HECC is currently monitoring by reviewing timesheet approval reports on a quarterly basis to ensure the Workday System is not automatically approving timesheet. We will address any automatic system approval to the HECC's Executive Management Team as they occur to ensure its Management Team are properly authorizing timesheets. Therefore, the HECC is keeping the same status for payroll timesheet authorizing findings as "partial corrective action taken."

Finding 2022-063:

Oregon Department of Transportation
Consistency needed when providing required federal award information to subrecipients

20.205 Highway Planning and Construction
Subrecipient Monitoring
Significant Deficiency, Noncompliance

Initial Year:

2022

Recommendation:

The department adopt procedures for preparing subaward agreements that ensure all required information is provided to subrecipients at the time of the subaward.

Status:

Partial corrective action was taken. The agency response is as follows:

The Department implemented the following:

- 1) Communicated to Program Managers in May 2023 of the requirements of sending the FMIS document to the sub-recipient. The FMIS document includes the FAIN, Award Date and the UEI (1/2024).
- 2) Procurement will ensure the exhibit included with the agreement is completed and returned by the subrecipient. Agreement template was updated in March 2024.
- 3) All staff identified to enter data in the FFATA Subaward Reporting System (FSRS) in November 2023. Staff started entering the FFATA reports in January 2024 in FSRS and any time a project is touched a report is added to update.

Progress/Reported Status: Finding has been partially resolved. OSU is considered a vendor by ODOT, but in the SEFA it shows them as a sub-recipient. ODOT (Scott Smyth) has been trying to get this resolved for some time now with no avail as OSU wants to be considered a sub-recipient and their auditor said it was ok. We will continue to communicate with OSU and their auditors to resolve the finding.

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Finding 2022-064:	Oregon Department of Transportation <u>Management should ensure timely review of transfers is documented</u> 20.205 Highway Planning and Construction Activities Allowed or Unallowed; Allowable Costs/Cost Principles Significant Deficiency
Initial Year:	2022
Recommendation:	Management ensure procedures for review of transfer journal entries result in timely documented approvals.
Status:	Corrective action taken.
Finding 2022-065:	Oregon Department of Education <u>State did not meet maintenance of effort requirement</u> 84.425C, 84.425D, 84.425R, 84.425U & 84.425W Education Stabilization Fund (COVID-19) Matching, Level of Effort, Earmarking Material Weakness; Noncompliance
Initial Year:	2022
Recommendation:	Department management continue to actively track whether it will meet the maintenance of effort requirement and work with the federal awarding agency.
Status:	Corrective action taken.
Finding 2022-066:	Oregon Department of Education <u>Improve subrecipient monitoring procedures</u> 84.425C, 84.425D, 84.425U & 84.425W Education Stabilization Fund (COVID-19) Subrecipient Monitoring Significant Deficiency; Noncompliance
Initial Year:	2022
Recommendation:	Department management complete its risk assessment, consider the results of LEAs single audits and perform desk or on-site monitoring as necessary.
Status:	Corrective action taken.

About the Audit

Audit report team

Teresa Furnish, CISA, Deputy Director
Sarah Anderson, CPA, Audit Manager
Amy John, CPA, Audit Manager
Kelly Olson, CPA, Audit Manager
Michelle Searfus, CPA, Audit Manager
Tracey Gates, CPA, Principal Auditor

Audit team leads

Alan Bell, MBA, CFE
Shelly Cardenas, CPA
Hannah Creighton, MBA
Geoff Hill, CPA
Katie Hull
Janet Lowrey, CPA
Austin Moore
Kari Mott, MBA, CPA
Michelle Rock, CPA
Synthea Russell, CPA
Michael Yamamoto

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 Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The Secretary of State has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.



Secretary of State **Tobias Read**
Audits Director **Steve Bergmann**

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

Copies may be obtained from:

Oregon Audits Division

255 Capitol St NE, Suite 180
Salem OR 97310
(503) 986-2255

audits.sos@oregon.gov
sos.oregon.gov/audits