



2025-26 Audit Plan



Oregon Secretary of State
Audits Division

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

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New Performance and IT Audits

In this plan, the Audits Division selected new performance audits through a team-centric, independent risk assessment process ([see pg. 10](#)). Part of this process involved considering feedback from a wide range of stakeholders, including the Governor's Office, agency directors, and members of the Legislature. It is ultimately the decision of the Secretary of State which audits are selected for inclusion in the annual audit plan.

Adult Protective Services

Oregon Department of Human Services

The number of older Americans will more than double over the next 40 years, reaching 80 million in 2040. The number of adults ages 85 and older, the group most often needing help with basic personal care, will nearly quadruple between 2000 and 2040. This makes the topic of elder abuse an important one. Any senior can become a victim of elder abuse; most are women, adults that have no family or friends nearby, and people with disabilities and memory problems like dementia. Elder abuse can take several forms including physical abuse, emotional abuse, neglect, abandonment, sexual abuse, and financial abuse.

This audit may consider how ODHS responds to complaints against long-term care facilities and home care workers; the impact violations and fines have on reducing elder abuse in long-term care facilities; ODHS's oversight and monitoring of home care workers; leading practices other states are using to protect seniors from abuse; and other risks facing this population that could be addressed by existing state programs. The audit may also consider assessing time tax risks with APS programs and services. In 2023, ODHS internal auditors completed an audit report on this program; this audit will seek to leverage this work.

Cloud Security Strategy

Enterprise Information Services

In alignment with the Cloud Forward vision set by EIS, Oregon aims to transition 75% of its operations to cloud-based services and infrastructure by 2025. This shift is intended to modernize state IT systems and foster an environment where everyone in Oregon can thrive. However, if not properly implemented and managed, this cloud-first approach could expose millions of records to potential vulnerabilities. This audit will assess the security strategy employed by EIS to safeguard the cloud. Depending on the progress of various cloud initiatives by state agencies, the audit may extend to other agencies. Our goal is to address the 4th top threat identified by the Cloud Security Alliance's Top Threats Working Group: implementing a cloud strategy.

Fleet and Parking Services

Department of Administrative Services

The state owns and maintains a significant fleet of vehicles and administers the state's parking programs. This audit will focus on fleet assets and may consider questions such as: to what extent does DAS have processes in place to ensure the appropriate use of state-owned vehicles, including ensuring vehicles are only used for official state business? To what extent did the pandemic impact current and future fleet management operations and strategies? To what extent is DAS on target to reach federal and statewide goals for fleet electrification?

Key Performance Measures (KPMs) - State Budgeting Process

Multi-Agency

This audit would be the first of a possible series of audits examining the state budgeting process with a focus on KPMs. KPMs are statutorily required and considered by legislators for agency oversight and appropriations. This audit may assess whether KPMs developed and used by state agencies as part of the budget process are effective and supported by data; and how KPMs are used by agencies, legislators, and other key stakeholders in terms of performance, accountability, and transparency.

Medicaid Program Data Analytics Projects

Oregon Health Authority

The Audits Division has prioritized the use of our data analytics capabilities to execute a series of audits and special reports. Medicaid is the state's largest program that provides critical life services to millions of Oregonians. A Medicaid data analytic project could answer questions such as: Is OHA maximizing Medicaid drug rebates for physician-administered drugs? Is OHA ensuring Medicaid and Children's Health Insurance Program recipients have only one ID number assigned to them? Are non-emergent medical transportation providers complying with applicable rules and regulations? Are there improvements ODHS and OHA could make to identify or prevent personal care attendant fraud, waste, and abuse? Are there appropriate controls in place to identify potential provider fraud, waste, and abuse?

Office of Public Defense Services

Public Defense Services Commission

There have been consistent public reports of significant issues related to public defense in Oregon. The state has made significant efforts and investments to correct poor agency performance, but serious risks remain. The audit would assess risks related to the state's ability to provide timely and effective legal defense services and may include an objective examining public defense services provided to minority populations.

This audit may assess how well the Office of Public Defense Services is achieving its mission; whether the state's governance structure for public defense is able to successfully address chronic underperformance; if public defender caseloads are manageable and aligned with leading practices; whether public defenders are properly trained and credentialed; and if the use of third-party legal services is effective.

Oregon Parks and Recreation Governance

Oregon Parks and Recreation Department

This audit will examine OPRD governance and strategic objectives, goals, and cost centers. Key audit objectives may include: assessing the ability of OPRD to meet its mission considering its current funding challenges and condition of the state parks; identifying barriers to OPRD for meeting its long-term mission, vision, and goals; recommending ways to overcome these barriers; and identifying a funding model that might be suitable for Oregon. This audit may also identify approaches and practices from other states to alleviate the challenges that OPRD is facing, including rising public safety and security issues, as well as risks from climate change and increasing wildfire risks to state parks.

State Program and Service Language Accessibility

Multi-Agency

The Audits Division's audit strategy includes a focus on equity auditing objectives. The division has executed several high-impact equity audits addressing a wide range of topics and risks. This audit will examine how Oregon's state agencies facilitate and accommodate non-English speakers and ensure accessibility to state programs and services. Audit objectives could determine: to what extent do agencies' language access services meet requirements, such as Title IV of the Civil Rights Act and Executive Order 13166, to provide meaningful access to people with limited English proficiency? To what extent do state agencies address barriers to access and meet recipient needs?

Workday Application Controls Review

Department of Administrative Services

Workday is the statewide system for human resources and payroll, administered by DAS. The Audits Division evaluates this system each year due to its statewide applicability; but in 2023, financial auditors were unable to obtain complete information about this system. In addition, in January 2023, about 4,500 state employees were impacted by payroll system issues. While DAS has reported these issues have been largely resolved, there are ongoing risks with the system in ensuring appropriate payroll processing. An audit of this system in would provide support for our financial auditors as well as providing an evaluation to legislators and state workers regarding the accuracy and effectiveness of Workday payroll and personnel management. One risk of this project is ongoing litigation regarding the 2023 payroll issues, scheduled to go to trial in April 2025.

Young Adults in Custody Safety and Wellness

Oregon Youth Authority

OYA is responsible for protecting the public and reducing crime by holding youth accountable and providing opportunities for reformation in safe environments. OYA's facilities and services are designed to address offenders ages 12 through 24, and range from close-custody facilities to fully staffed living units. This audit will determine if OYA's system is effective in preventing, detecting, and addressing safety concerns.

Financial Audits

Statewide Single Audit

In two parts: Financial and federal

A single audit is required by the federal government for the federal financial assistance Oregon receives each year. These audits determine whether amounts reported in Oregon's financial statements are materially correct and adequately supported; evaluate the state's administration of major federal programs for compliance with applicable laws, rules, and regulations; conclude on whether the Schedule of Expenditures of Federal Awards is fairly presented in relation to the state's financial statements; and review accounting and compliance control procedures.

The Single Audit, which accounts for a significant portion of the division's financial work, has two main components. The first is a financial audit of the state's financial statements and reporting on the schedule of expenditures of federal awards (SEFA) in relation to those financial statements. The second is a compliance audit of major federal awards expended during the fiscal year. Most of Oregon's biggest agencies are included in this audit.

Financial statement audits

The objective of these audits is to review internal accounting and compliance control procedures and to obtain reasonable assurance about whether the amounts reported in the financial statements are materially correct and adequately supported.

We annually audit the following programs and agencies:

- Oregon State Treasury: Short-Term, Local Government Investment Fund, Intermediate Term Pool
- Oregon Business Development Department: Special Public Works Fund and Water Fund
- Oregon Department of Energy: Small Scale Energy Loan Program
- Department of Environmental Quality: Clean Water Revolving Fund
- Oregon Department of Higher Education: High School Graduation and College and Career Readiness Fund (biennial audit)
- Oregon Health Authority: Oregon Health Insurance Marketplace
 - This audit also seeks to verify compliance with programmatic requirements set forth by federal regulations, state statute, and the Centers for Medicare & Medicaid Services.
- Oregon Housing and Community Services
- Oregon State Lottery
- Oregon Department of Veterans' Affairs

Updates on Ongoing Audits

Bureau of Labor and Industries Governance

Oregon Bureau of Labor and Industries

Kicked off in May 2024.

BOLI's mission is to protect employment rights, advance employment opportunities, and protect access to housing and public accommodations free from discrimination. BOLI's Civil Rights Division investigates complaints and enforces state and federal laws prohibiting unlawful discrimination by investigating allegations of civil rights violations in workplaces, career schools, housing, and public accommodations. Its Wage and Hour Division investigates claims of law violations related to minimum wage, overtime, child labor, wage collection, labor contractors, sick time, work schedules, and prevailing wages. Finally, the Apprenticeship and Training Division registers and monitors apprenticeship programs, helps to develop and approve occupational standards, registers apprentices, monitors program completion, and promotes apprenticeship opportunities. To evaluate whether the agency is meeting its mission, the audit could review the agency's current governance model and statutory responsibilities. The audit could also examine the bureau's labor and civil rights investigation processes and as well as its oversight over Oregon's apprenticeship programs.

Department of Corrections Operations

Oregon Department of Corrections

Kicked off in February 2024.

Since the last performance audit conducted by the Secretary of State in 2013, numerous health and safety issues have been reported on for adults in custody and corrections staff across the state, in addition to lawsuits against agency staff. There have also been reports on risks regarding staffing, particularly around coverage, overtime, training, and oversight. These risks can impact the agency's ability to meet its mission. This audit will examine the root causes of these risks and DOC's efficacy in addressing these risks. The audit may include an objective examining the roles of the Corrections Ombudsman in the Governor's Office and the Department's Inspector General functions.

Statewide Contracting Practices

Multi-Agency

Kicked off in February 2024.

Poorly structured, managed, or executed contracts can severely impact the availability, quality, or value of services provided to Oregonians and can result in mismanagement of state resources. Agencies may not be following leading practices, leveraging available resources and tools, or ensuring personnel involved in the contracting process possess adequate and appropriate training. The Department of Administrative Services is required to create and provide procurement training offerings, resources, and tools; however, agencies and those involved in the contracting process may not be using them. This audit will assess whether state contracts are following leading practices, and if personnel involved with structuring, managing, and executing contracts possess required, adequate, and appropriate training and experience for their roles.

State Data Center and Cyber Security Services Operations and Controls

Enterprise Information Services

Kicked off in August 2024.

Data Center Services (DCS) provides centralized computer services such as networking, email, backup, and server services for more than 100 state agencies, boards, and commissions. In addition, Cyber Security Services (CSS) provides centralized security services to state agencies, including state-level security incident response, security information and event management from the perimeter firewalls and other data feeds, and network security monitoring and analysis. The Audits Division regularly conducts audits of these entities, approximately every three years. This audit will provide an objective external look at the operating and security controls to ensure those controls are appropriately designed, implemented, and effective in minimizing the risk to the availability and security of the state's data assets.

Boards and Commissions Governance

Multi-Agency

Kicked off in September 2023.

Oregon utilizes a variety of boards and commission to run aspects of state government. The size and scope of the boards and commissions vary greatly, with some serving an oversight or governance role while others operate like state agencies. However, they share similar risks. A comprehensive Audit Division performance audit issued in 2012 identified many of these risks, including: inadequate segregation of duties, lack of administrative and technical skills, lack of adequate staffing, insufficient training, unclear expectations, lack of performance assessment and outcome measurement, lack of oversight of directors and professional staff, fraud risks, lack of comprehensive state board listing, overlapping duties risks, weak complaint handling, and a lack of transparency. Since that time, the Division has executed multiple audits at individual boards and commissions and many audits have identified these same risks. This advisory risk report would include a systemic root cause assessment of boards and commissions with the goal of generating enterprise-wide recommendations to ensure state boards and commissions are fulfilling their statutory responsibilities in a transparent and effective manner. This is a rollover audit from the 2023-24 audit plan.

Cellphone Usage Analytics

Multi-Agency

Kicked off in December 2023.

This audit will examine the use of state-owned cellular phones by state employees. Project objectives may include an assessment of costs and a review of usage and utility. This audit will expand upon our 2009 audit of state-owned cell phones and look for opportunities for the state to save money. The increasing need for remote work considering the COVID pandemic has increased the risks related to state owned cell phones. This is one of the Division's specialized data analytic audit projects.

Cybersecurity Controls

Oregon Department of Justice and Oregon Judicial Department

Kicked off in August 2024.

The Division has executed nine cybersecurity audits of large state agencies. The purpose of these audits is to determine whether state agencies have effective and efficient IT security frameworks and control structures. The Oregon Department of Justice will be the next agency to undergo a cybersecurity audit.

Measure 110 Program Effectiveness

Oregon Health Authority, Oversight and Accountability Council

Kicked off in September 2024.

The last of three mandated audits of Measure 110 - the state's pioneering effort around drug decriminalization and funding expanded substance use disorder treatment. This audit will assess the effectiveness and outcomes of the new treatment system funded by grants from the Oversight and Accountability Council and administered by the Oregon Health Authority. Legislative requirements include an assessment of the functioning of law enforcement and the courts, the M110 telephone hotline, and outcomes such as whether access to care has increased, treatment service providers have increased, and overdoses decreased. It will also assess data on Behavioral Health Resource Networks and M110 grant recipients, including outcomes of each network or recipient, the numbers of individuals seeking treatment who are denied access and the reasons for any delays, the average wait time to access services, and demographic data on clients served.

About the Plan and Our Risk Assessment

The mission of the Oregon Audits Division is to protect the public interest and improve Oregon government. A key component of this mission is the division's annual audit plan, which lists the agencies, programs, and topics prioritized for audits in the coming year.

The annual audit plan demonstrates two key philosophies of the Audits Division: our commitment to building public trust and transparency, and our emphasis on being agile and responsive to critical issues facing the state.

Government audit standards require any audit initiated be completed unless circumstances arise that justify its termination. If an audit is terminated, work done to date and the reason for the decision must be documented. We follow professional standards and guidelines in both developing and executing this audit plan.

We select and prioritize audits using a risk-assessment approach

Audits are all about risk. There will always be inherent risks in state government owing to the size of budgets, the vulnerable populations served, and the important work state agencies do in service of Oregonians.

Beginning with the 2024-25 risk assessment, the division implemented an audit team-centric risk assessment process. With this approach, audit teams were responsible for identifying, ranking, and proposing audits for inclusion in the annual audit plan.

Along with the audit team, the Audits Director, Deputy Director, and the division's Communications Specialist played a key role in developing and editing the audit plan. In conjunction with our professional judgement, we considered some of the following factors when choosing audits:

- Emerging public policy, especially with regard to aspects of human health or safety;
- Opportunities to assess equity within state government, including agency efforts that specifically call out diversity, inclusion, and equity;
- Established priorities of state leadership, including the Governor, Legislature, and the Secretary of State;
- Known problem areas, often identified through other audit shops, agency leadership, or media coverage;
- And others.

In addition to risk assessment used to identify the limited number of discretionary audits included in the plan, several of the audits included in the plan are mandated by federal or state statute.



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

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