

Audits Division: Government Accountability Hotline, Municipal Audit Program, and “Keeping Oregon Accountable”

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Government Accountability Hotline

Summary of calendar year 2024

Calendar Year 2024

State Government Accountability Hotline Summary Report

April 2025
Report 2025-11

What is the Government Accountability Hotline?

- Established in 1995 under ORS 177.170
- Provides a 24/7 toll-free phone number and web portal for reporting suspected misuse of state funds or resources by:
 - State agencies
 - State employees
 - Contractors working with state agencies
- The hotline is administered by an audit manager and a principal auditor who reviews and responds to hotline reports
- As required by statute, the SOS shall prepare and submit an annual report to the Oregon Legislature



Have you spotted state resources being used the wrong way?

STATE GOVERNMENT **ACCOUNTABILITY** HOTLINE

CALL TOLL FREE 24/7

800-336-8218

REPORT ONLINE

accountability.oregon.gov

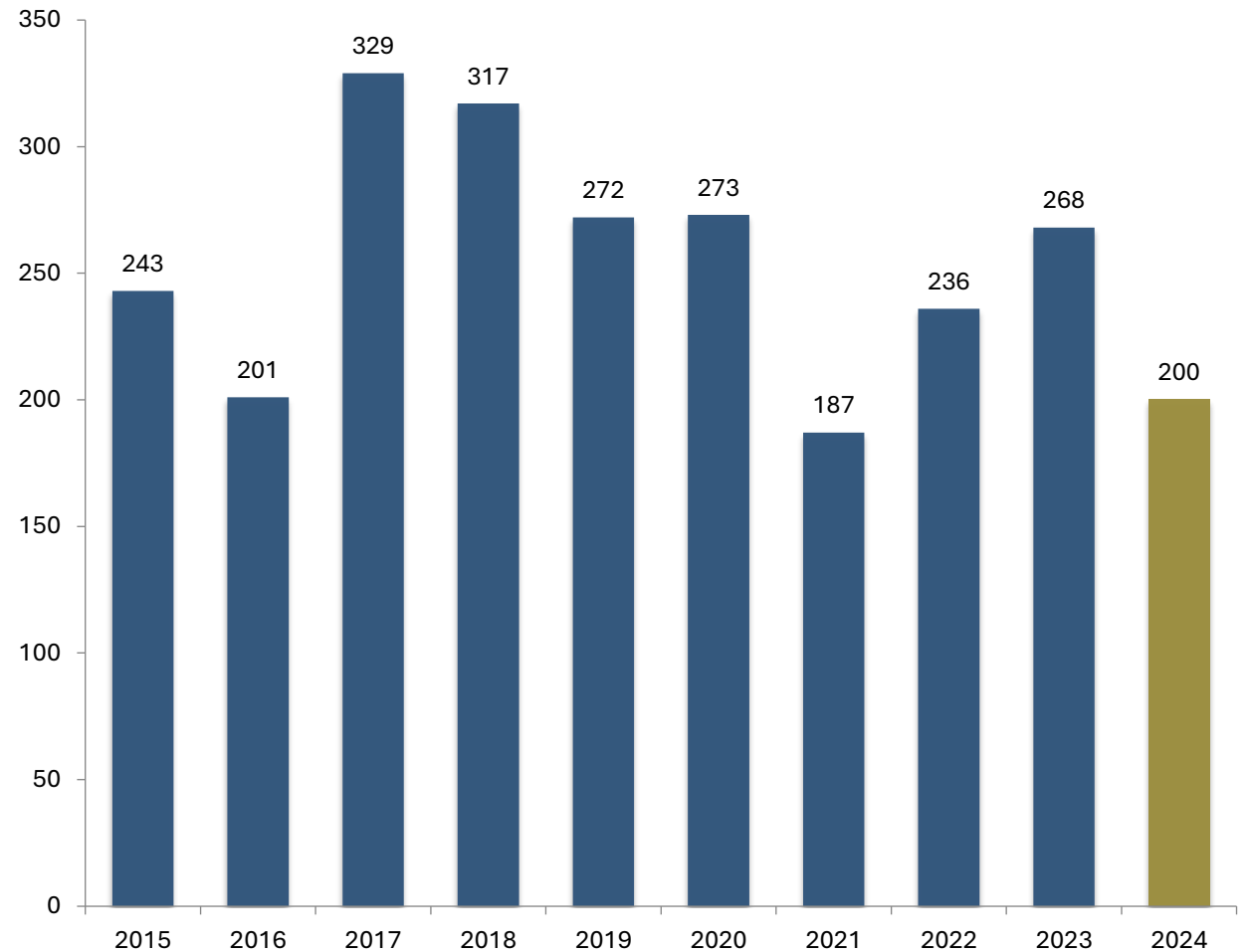
We investigate potential misuse of state resources by state agencies or other entities that receive funding from state agencies. We're looking out for fraud, waste, or abuse related to state money, equipment, or employees.

Your report can be anonymous.



Oregon
Secretary of State

Hotline reports
declined in 2024
after three years of
increasing reports



Most reports were related to fraud, theft, or ethics

Categories of Allegations	Description	Number of 2024 Reports	Percent of 2024 Reports
Fraud, Theft, or Ethics	Reports alleging fraud, falsification or destruction of information, embezzlement, theft, corrupt practices, conflict of interest, or kickbacks	76	38%
Business Practices	Reports concerning state business practices and public contracting, policies and procedures, and cost saving recommendations	45	22.5%
Unrelated/Insignificant	Reports determined unrelated or insignificant to state funds or resources	32	16%
Work Environment	Reports alleging improper behavior, discrimination, wrongful termination, time theft, overtime use, or employee performance	21	10.5%
Financial Management	Reports concerning accounting and state spending practices and documentation concerns	20	10%
Elections	Reports concerning election systems or voter fraud	6	3%
Total		200	100%

Most reports fall outside of our jurisdiction

Number of reports	Disposition
81	We provided the reporter with alternative contacts more appropriate to address their concerns, like a state agency's human resources department or a local government's board or commission.
66	Allegations lacked actionable evidence that state funds or resources were misused. Reports related matters outside of the hotline's purview.
16	Closed after the reporter did not respond to our requests for additional information needed to proceed with an investigation.
16	Warranted further investigation to determine whether misuse occurred (see next slide).
12	We shared the report with another public body that could more appropriately investigate.
4	Duplicative of other reports.
3	Reports lacked actionable evidence, but provided potential suggestions for improving efficiency and were added to our database of future audit ideas.
2	Remain open at this time.
200	Total cases

16 reports required further investigation

1

11 unsubstantiated

We were unable to find evidence supporting the allegation.

2

4 substantiated

Three of these resulted in **\$12,272 in questioned costs** pertaining to travel costs, parking, entertainment expenses, etc.

3

1 referred to Audit Team

Already auditing the agency in question.

Thank you! Questions? 🌲

Fiscal Year 2023

Oregon Municipal Corporations: Summary of Financial Reporting

February 2025
Report 2025-08



Oregon Secretary of State
Audits Division

Oregon Municipal Corporations

Summary of financial reporting for fiscal year 2023

Monday, May 19, 2025



Why this report matters

- Financial reporting is a way to **hold local governments accountable to the public.**
- The public should know when their local governments don't file, file late, or have received audit findings that require corrective action.

Oregon has 1,800 municipalities, all of which are subject to reporting requirements – but not all of them are required to be audited.

More than \$500,000 in expenditures = financial audit

Between \$150,000 and \$500,000 = may opt for financial statement review

Less than \$150,000 = report in lieu of audit

Purpose and Timeframe

- Satisfies the statutory requirement to prepare an annual summary report of municipal audit filings (ORS 297.471)
- Summarize trends, common findings, and reasons for requesting extensions
- Report on individual local government compliance with Municipal Audit Law
- This report covers fiscal year 2023 reporting
- Out of 1,800 local governments, about 1,200 were expected to file audit reports

What we found

There is a **growing number** of local governments that are not filing required audits or are filing late.

1

106 (9%) local governments **did not file their required audit reports at all**

2

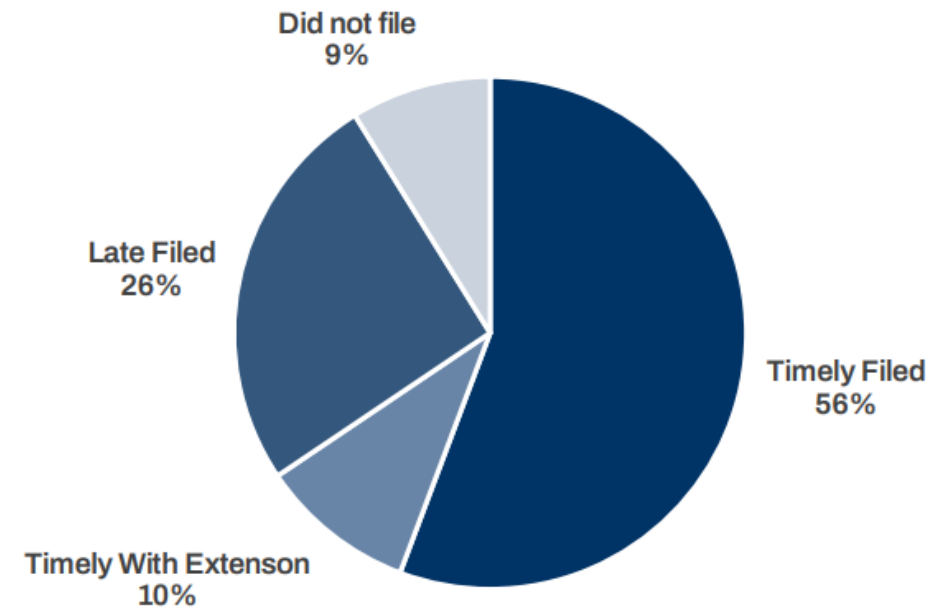
334 audit reports (27%) contained one or more reported deficiencies

3

253 entities (21%) requested extensions, compared to 175 (15%) in 2015

More governments are filing late ... or aren't filing at all

- 785 filed on time, with or without an approved extension
- 106 governments didn't file their 2023 audit
 - 2 counties
 - 39 cities
 - 57 special districts
 - 3 school districts and 5 charter schools
- 306 filed late



What happens if they don't file?

1

Potential dissolution

Special districts may be subject to dissolution if they don't file reports for three consecutive years.

2

Funding constraints

Challenges servicing or issuing debt, or obtaining grant funding.

3

Non-Compliance

Non-compliance with existing debt or grant requirements.



Requests for Extension of Time

- 1 Staffing is the most common reason given (turnover and vacancies at the entity and audit firm)
- 2 The report lists all audited entities and whether they filed on time, received an extension, had reportable findings, and filed the required plan of action.

Common deficiencies reported

1

Internal controls related to financial reporting

- Poor segregation of duties
- Inability to prepare financial statements (lack of adequate skills and experience)
- Absence of reconciliations or review and approval

2

Errors and misstatements

- Recording amounts in the wrong fund or account
- Not reporting transactions due to lack of records
- Incorrectly recognizing year-end accruals

3

Violation of laws, rules, or regulations

- Violations of Local Budget Law
- Contracting violations
- Failing to comply with federal or state grant requirements

Thank you! Questions? 🌲

Fiscal Year 2024

Keeping Oregon Accountable

May 2025

Report 2025-16

Keeping Oregon Accountable

Summary of financial audits for fiscal year 2024

Why the Single Audit is important

- We audit **billions of dollars in hundreds of accounts** at 25 state agencies and 21 federal programs
- The financial audit team performs this function for the State **just as a CPA firm would** for cities, counties, and nonprofits
- The Single Audit includes a **schedule of all federal monies spent** during the year
- Federal granting agencies **use our findings** to monitor program compliance at state agencies

Annual financial and compliance 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.



What we found

We issued an **unmodified (clean) opinion** on the state's financial statements for fiscal year 2024.

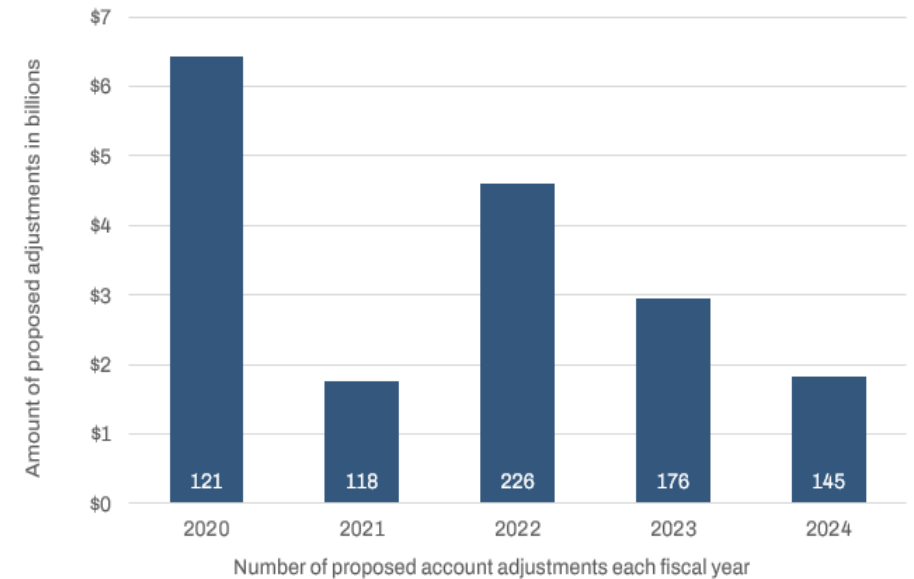
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During the course of our audit, we reviewed assets of \$50 billion, liabilities of \$25 billion, revenues of \$45 billion, and expenditures of \$43 billion.

2

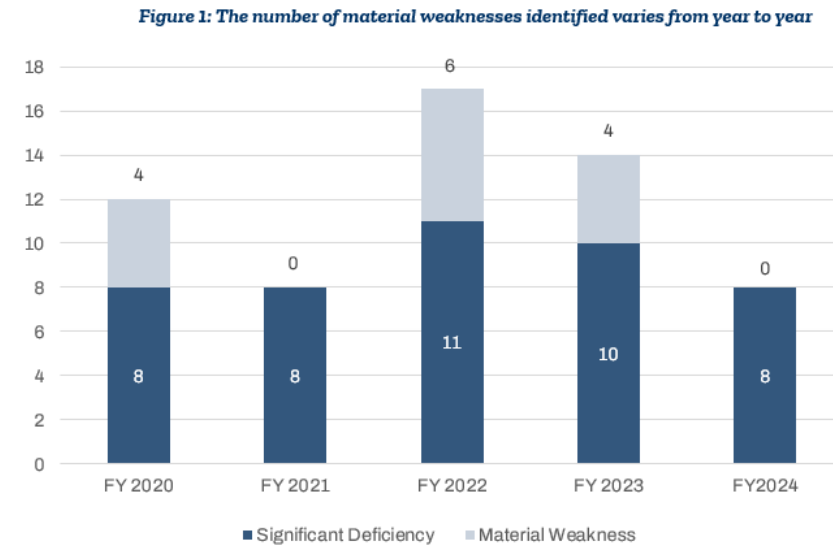
We identified **\$1.8 billion in accounting errors (unintentional mistakes)** and proposed adjustments to correct them in the financial statements.

Figure 2: The dollar amount of adjustments decreased in fiscal year 2024



What we found: Control weaknesses

We issued **eight significant deficiencies** and **no material weaknesses** in internal control with recommendations to improve standard controls used to ensure the accuracy of financial information.



Federal program compliance

1 Questioned costs: We questioned whether \$5.5 million (known and likely) in expenditures were appropriately paid with federal funds.

2 We issued qualified opinions on the Block Grants for Community Mental Health Services and the Block Grants for Prevention and Treatment of Substance Abuse programs.



Figure 6: We audited 21 programs expending \$17.1 billion in federal funds for fiscal year 2024

Federal Program	2024 Findings	Federal Program Expenditures
Medicaid Cluster	9	\$12,309,071,877
Supplemental Nutrition Assistance Program (SNAP)	0	1,839,862,204
Disaster Grants - Public Assistance	2	758,727,802
Education Stabilization Fund (ESF)	0	569,350,591
Coronavirus State and Local Fiscal Recovery Fund (SLFRF)	2	242,856,554
Child Nutrition Cluster	1	202,884,213
Special Education Cluster (IDEA)	1	166,587,321
Temporary Assistance for Needy Families (TANF)	5	175,052,567
Title I Grants to Local Educational Agencies	0	159,737,050
Foster Care Title IV-E	1	155,591,470
Child Support Enforcement	1	73,516,127
Rehabilitation Services Vocational Rehabilitation Grants to States	2	73,896,711
National Guard Military Operations and Maintenance (O&M) Projects	2	67,694,212
Low-Income Home Energy Assistance (LIHEAP)	1	56,120,806
Summer Electronic Benefit Transfer Program for Children	0	38,540,288
Community Development Block Grants (CDBG)	3	37,561,838
Veterans State Nursing Home Care	1	33,632,913
Block Grants for Community Mental Health Services (MHBG)	2	26,909,813
Block Grants for Prevention and Treatment of Substance Abuse (SABG)	3	25,027,490
Opioid STR	1	18,365,655
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	1	19,657,892
	38	\$ 17,050,645,394

One finding is shared with MHBG and SABG and was counted twice. One finding is shared with MHBG, SABG and Opioid and counted three times.



Modified opinions for the last 5 years

Figure 8: Modified Opinions issued fiscal years 2020 – 2024

Program	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Emergency Solutions Grant			Disclaimer	Disclaimer	
Temporary Assistance for Needy Families	Qualified	Qualified	Qualified	Qualified	
Low-Income Home Energy Assistance Program		Qualified	Qualified	Qualified	
Block Grants for Community Mental Health Services			Qualified	Qualified	Qualified
Block Grants for Prevention and Treatment of Substance Abuse			Qualified	Qualified	Qualified
Coronavirus State and Local Fiscal Recovery Fund			Qualified		
Medicaid Cluster				Qualified	
Rehabilitation Services – Vocational Rehabilitation Grants to States				Qualified	
Emergency Rental Assistance			Adverse		
Qualified Opinions	1	2	5	6	2
Adverse Opinions	0	0	1	0	0
Disclaimer of Opinion	0	0	1	1	0

Modified opinions include the following: 1) Qualified: internal controls are inadequate to prevent or detect significant noncompliance; 2) Adverse: pervasive weaknesses in a program's internal controls such that it will not prevent or detect significant noncompliance; 3) Disclaimer: lack of sufficient, appropriate audit evidence to support an opinion on program compliance.

Blank spaces indicate the program was either not required to be audited or received an unmodified opinion.

Questions?

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