

Oregon State Controller's Division

Report to Our Citizens

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Citizen Centric Mission: *To improve the quality of life for all Oregonians by making government work better.*

Overview

The Oregon State Controllers Division (SCD) provides services to the State of Oregon in the areas of accounting, systems, payroll, financial reporting, and internal control. Our Division manages the systems that produce payroll checks for state employees, makes vendor payments, and accumulates the financial data to prepare annual financial statements. We set accounting policies for the state, coordinate federal reporting, support accounts receivable management, internal controls, and e-commerce. Due to legislative service reductions, the e-commerce program has been eliminated from SCD as of the end of FY09. We also provide accounting and budget services to small state agencies.

Purpose

Our purpose is to serve the people of Oregon by:

- Providing continuous improvement of financial, technical support, and services to our customers and public stakeholders.
- Fulfilling assigned operational and oversight responsibilities with the highest possible degree of excellence, efficiency, and effectiveness.
- Contributing to the protection of the public's trust and promoting the public's interest.
- Enhancing effective public-policy decisions at all levels of government.

Programs & Services

Our statewide programs and services are:

- **Statewide Accounting & Reporting Services (SARS)** This group compiles the state's financial statement from all agencies which is reported to the federal government.
- **Statewide Financial Management Services (SFMS)** staff manage the state financial accounting system by providing operational control, improvements to system functionality and efficiencies, system policies, training, and support for approximately 1,700 accounting and purchasing system users. The systems feature a general ledger, accounts payable and receivable, and fiscal reporting.
- **Statewide Financial Services (SFS)** This group provides services to agencies for statewide accounts receivable management, financial, technical and service support for the statewide E-Commerce application and statewide internal controls. The SFS section operated as a part of SCD through the end of FY09. However, due to legislative service reductions the e-commerce program was eliminated from SCD and the remaining programs have been combined within the Administration section for FY10.
- **Oregon Statewide Payroll Services (OSPS)** staff manage the centralized payroll system for state agencies to pay the approximately 36,000 employees. The OSPS team ensures that the payroll system is functional according to federal and state payroll tax laws, forty-two collective bargaining agreements, the PEBB and other payroll related regulations.
- **Shared Client Services (SCS)** staff provide daily accounts payable, accounts receivable, budgeting documents and reports, receipts and disbursement services for selected small state agencies and the Governor's Office.

Employee Demographics

SCD has 48 employees who serve about 85 state agencies. These SCD employees have earned a wide range of degrees and certifications and are members of numerous professional organizations. SCD employees are valued for their years of service, education, certifications, and active professional associations.

Degrees	
Master's Degree	6
Bachelor's Degree	23
Associate's Degree	6
Total	35

Certifications	
Certified Government Financial Manager (CGFM)	1
Certified Public Accountant (CPA)	6
Certified Fraud Examiner	1
Other Professional Certifications	6
Total	14

SCD Performance FY 09

SCD Operating Statistics

Annual vendor transactions/payments	600,000
Annual payroll transactions/payments	600,000
Annual W2's prepared	44,500
Federal reports filed (1099-MISC reports)	6,500
Number of small agencies served	28
Annual state payroll paid	\$2.8 Billion
Program-to-date credit card rebates	\$492,000 in state revenues
Number of entities reported in FY08 CAFR	91
Total statewide accounts receivable under management	\$2 Billion
Total internal control related training hours provided	1,333 student hours

Accomplishments

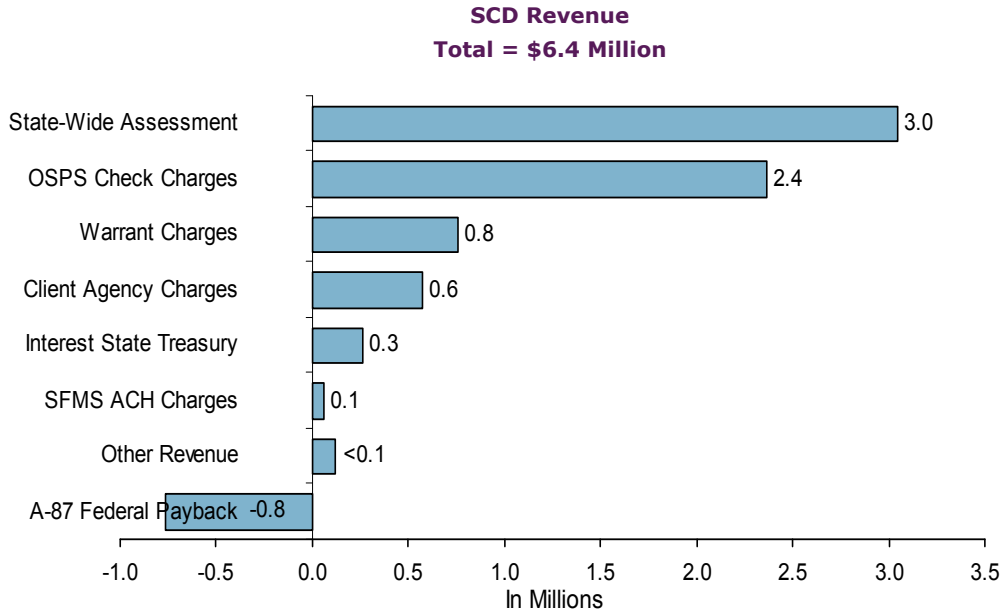
- Compiled the State of Oregon Comprehensive Annual Financial Report (CAFR). (SARS)
- Modified financial system processes and purged unnecessary information to reduce costs and increase efficiency. (SFMS)
- Established monthly fraud awareness newsletter that is published and distributed locally and nationally. (SFS)
- Provided various accounting system training labs which included multiple training modules and 1,649 student hours. (SFMS)
- Made several customer-suggested improvements to the payroll system and seven system enhancements to the accounting system including the SFMA facelift. (OSPS and SFMS)
- Tightened financial systems access to reduce visibility of sensitive information. (SFMS)
- Developed Hyperion training manuals and conducted several training sessions. Established and facilitated quarterly Datamart User Group meetings. (SARS)
- Created and published secured access policy and procedure as well as new recommended payroll practice for the review of bargaining agreements. (OSPS)
- Worked with 28 Client Agencies to ensure all received the annual Gold Star certificate awarded for providing accurate and complete fiscal year-end information in a timely manner. (SCS)
- Assisted up to 60 agencies aligning their accounting program structure with their budget structure. (SFMS)
- Converted paper reports to PDF format, all centrally-used payroll reports are now paperless. (OSPS)
- SCD offered numerous training classes to state employees to help maintain and implement current accounting procedures statewide, a total of 4,398 student hours were provided. (SFS, SARS, SCS, OSPS, SFMS)

Performance Measure Highlights

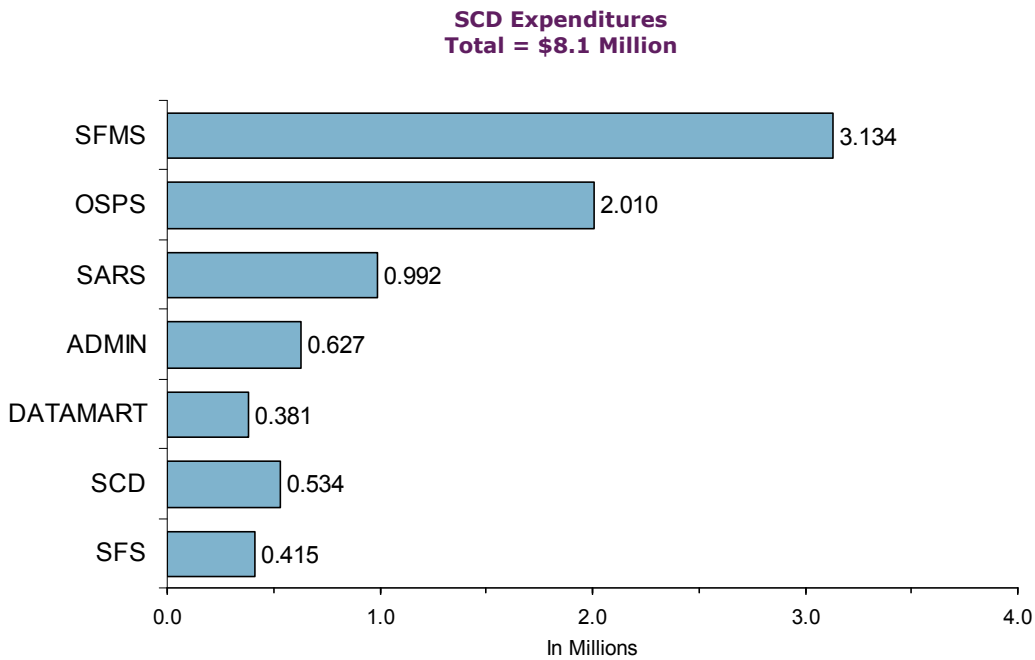
- 87% of SCD customers rated SCD services as good or excellent in the DAS Customer Survey.
- 76% of SCD employees rated SCD overall as good or excellent in the DAS Employee Survey.
- Costs to produce state payroll checks were reduced to \$3.84 per check. (OSPS PM)
- SCD received a clean Audit Opinion on the State's 2008 CAFR.
- SCD received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the state's 2008 CAFR—the 17th year in a row.
- 97% of agencies earned Gold Star Certificates for producing their accounting reports accurately and on time to complete the 2008 CAFR.
- 93% of federal reporting deadlines were met by agencies and by SARS.
- 88 inbound interfaces are currently populating production files in the statewide accounting system.
- Finalized 120 changes to the statewide financial system during FY09.
- The dollar collection rate on liquidated and delinquent accounts was 13.53% during FY09.

SCD Budget Fiscal Year 2009

Source of Funds FY 09



Expense of Funds FY 09



[Additional information is available on our website in the SCD Recap of Expenditures for FY09](#)

Information provided by DAS Operations as of December 8, 2009 (unaudited)

SCD Future Directions

Responding to Challenging and Changing Fiscal Conditions

Last year we wrote to you that “we anticipate a challenging economic environment in the near term due to unprecedented market, credit, and banking conditions.” We were not surprised at the fiscal impacts to both state agencies and our Division. Budget reductions to date have resulted in a weakening of core services. Economic pressures will likely result in further weakening and in some cases reductions in core SCD services.

Stretching Investment Gains in Older Systems

Older technology systems offer the state tremendous value in reliability, unit cost advantages, system stabilities, and employee productivity. At the same time, they present challenges in the maintenance of older systems and using out-dated technology. Our challenge here is to balance the advantages and disadvantages in ways that produce business requirements low in cost both in the short term and over the long run. Avoiding maintenance investment in the short run will accelerate the need for long run cost increases in the future.

Supporting New State and Federal Initiatives and Accounting Standards

When legislation or new accounting standards are implemented that affect SCD’s business programs, SCD must provide additional fiscal, IT, and support services to comply with these new statutes and standards. In FY 10 the SCD is preparing for new federal withholding for vendor payments, implementing changes to bargaining agreements, and implementing several new financial reporting standards issued by the Governmental Accounting Standards Board.

Managing Day to Day Operations

Managing change while continuing day-to-day work responsibilities is becoming an increasingly difficult challenge. New requirements imposed by legislative actions, new Department of Administrative Services initiatives; furloughs, cutbacks, layoffs, and new management and data requirements needed to respond to a changing economic environment are no doubt having an effect on staff. The SCD continues to maintain a focus on our highest priorities including effective business planning and control, fiduciary obligations, data integrity, and customer service.

Capacity and Human Capital

The current fiscal crisis has refocused extraordinary attention to the short term fiscal needs of society and the government. Delayed investments and maintenance in administrative infrastructure and personnel reductions taken in the areas of accounting, payroll, and financial management over the long term erode organizational capacity to efficiently and effectively respond to change. These reductions, coupled with anticipated demographic changes over the next 5 to 7 years may increase operational risks.



For more information about the State Controller’s Division, visit our website at:
<http://oregon.gov/DAS/SCD/index.shtml>

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