

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.
- **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 Public Accountant (CPA)	6
Certified Fraud Examiner	1
Other Professional Certifications	6
Total	14

SCD Performance FY 10

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)	7,500
Number of small agencies served	27
Annual state payroll paid	\$2.8 Billion
Percent of Auto Deposit payroll checks	88%
Program-to-date credit card rebates	\$492,000 in state revenues
Number of entities reported in FY08 CAFR	91

Accomplishments

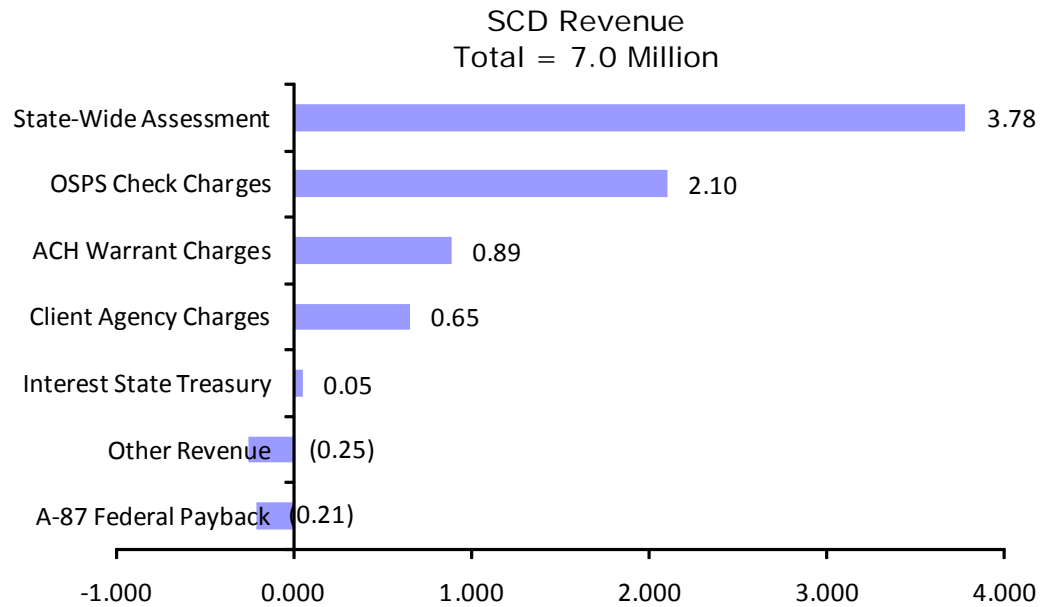
- Compiled the State of Oregon Comprehensive Annual Financial Report (CAFR). (*SARS*)
- Provided HB2500 checkbook data to the agencies to load to the state transparency website. (*SFMS*)
- Modified the format to accommodate display of expanded first, middle and last name and both State and Federal exemption selections for the employee paycheck/paystub. (*OSPS*)
- Provided technical assistance and test services for the mandated encrypted file transfer protocol interface process. (*SFMS*)
- Modified vendor activation process to verify vendors up front to ensure accurate information for IRS reporting. This allows for less mailings and telephone calls which reduces costs. (*SFMS*)
- Developed Hyperion training manuals and conducted several training sessions. (*SARS*)
- Added an electronic version of payroll W-2s to both agency and central web report menus reducing the time it takes to provide this W-2 information to for the employee. (*OSPS*)
- Performed archiving and purging of data on the accounting system to reduce costs and increase efficiency. (*SFMS*)
- Developed and began offering online payroll system training courses through iLearnOregon and remote access to user forums and training events via iLinkOregon. (*OSPS*)
- Worked with 27 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*)
- Modified vendor add/change process to tighten security on agency vendor requests. (*SFMS*)
- Converted agency-used payroll reports to electronic PDF versions reducing paper consumption and also print costs by approximately \$15,000 per month. (*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. (*All programs*)

Performance Measure Highlights

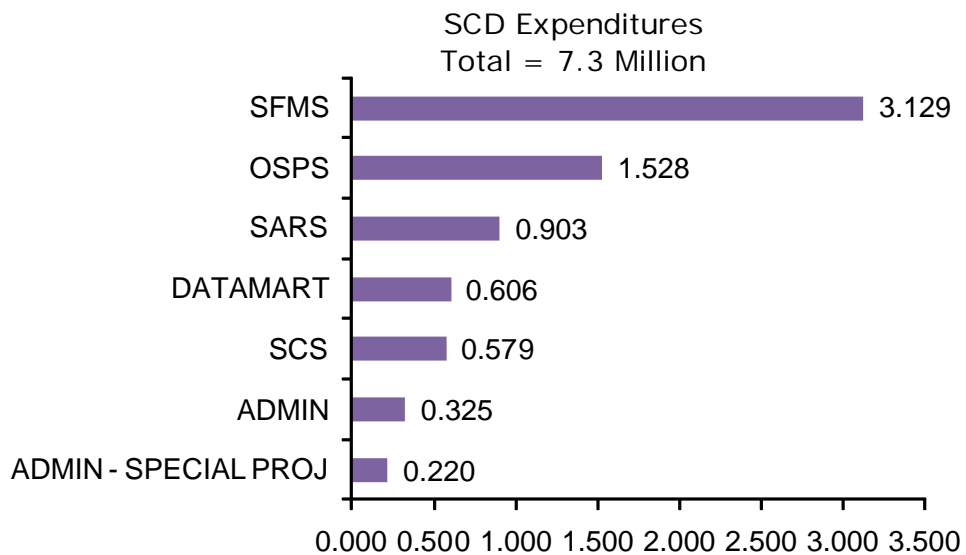
- 76% of SCD customers rated SCD services as good or excellent in the DAS Customer Survey.
- 76% of SCD employees rated SCD overall as good or excellent in the DAS Employee Survey.
- Costs to produce state payroll checks were reduced to \$3.54 per check. (*OSPS PM*)
- SCD received a clean Audit Opinion on the State's 2010 CAFR.
- SCD received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the state's 2009 CAFR—the 18th year in a row.
- 94% of agencies earned Gold Star Certificates for producing their accounting reports accurately and on time to complete the 2010 CAFR.
- 100% 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 FY10.

SCD Budget Fiscal Year 2010

Source of Funds FY 10



Expense of Funds FY 10



[Additional information is available on our website in the SCD Recap of Expenditures for FY10](#)

SCD Future Directions

Responding to Challenging and Changing Fiscal Conditions

We continue to anticipate a challenging economic environment in the near term due to national, regional, and economic trends. We were not surprised at the degree of fiscal impacts to the Oregon state budget and believe that continued reductions in the availability of resources to the State Controller's Division will be likely over the next several years.

Stretching Investment Gains in Older Systems

Older technology systems offer the state tremendous value in reliability, unit cost advantages, system stability, 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 and investments in system functionality 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 11 the SCD will implement new national accounting standards and continue preparing for new federal withholding for vendor payments.

Managing Day to Day Operations

Managing change while continuing day-to-day work responsibilities is becoming an increasingly difficult challenge with less and less resources. 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 and contract 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 government operations. 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 and new technologies. Continued budgetary reductions, reduced infrastructure capacity, and 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>

State Controller's Division
155 Cottage Street NE, U50
Salem, OR 97301