

Agenda Item No.:	G
Work Plan:	Administrative
Topic:	Macias, Gini & O'Connell (MGO) Recommendations
Presentation Title:	MGO Implementation Management Plan Progress
Date of Presentation:	September 6, 2023
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## **SUMMARY**

The department is providing an update on the progress towards implementation of Macias, Gini, and O'Connell (MGO) recommendations.

## **CONTEXT**

Previously, the department presented the results of an independent external review of the agency's financial management structure and processes related to wildfire costs as conducted by MGO and an accompanying Implementation Management Plan from the department developed to address the recommendations. Subsequent presentations have included progressive updates of the department's completion status, MGO's evaluation and assessment of the department's progress, and recognition of the direct technical assistance MGO is providing the department to support implementation.

## **BACKGROUND**

In late 2019, the former Governor, Kate Brown established the Forestry Financial Oversight Team to support the Department of Forestry in the financial management of increasingly complex and expensive wildfire season costs. The Team pursued two primary tasks: 1) hire an independent contractor to provide recommendations for structural changes to expedite and standardize the processing of financial transactions associated with wildfire costs, and 2) evaluate options for a financial structure and cash flow management system that recognizes the reality of seasonal borrowing to support wildfire response.

Macias, Gini, & O'Connell LLP (MGO), a CPA and advisory firm, was hired by the Department of Administrative Services to perform a review and assessment of the Department of Forestry's (ODF) fire finance operations, including accounts receivable, accounts payable, and district fire budgeting. Once this work was completed, MGO presented a final report to the Joint Committee on Ways & Means, Subcommittee on Natural Resources, on May 5, 2021. MGO's report highlighted 28 observations and recommendations in five areas of concern: budgeting, financial resources, information technology, oversight, and policies and procedures. Within this report were management responses from ODF executive leadership, developed through collaboration with leadership throughout the organization. These responses proposed plans of action to mitigate the risks identified by MGO and initiated efforts to define sequenced implementation to operationalize the recommendations.

From preliminary work with MGO, and further development upon receipt of the final report, ODF developed a comprehensive Implementation Management Plan consisting of key deliverables and actions necessary for the agency to mitigate risk, implement structural changes, and refine financial processes to reflect the reality of increasingly large wildfires. It is anticipated this plan will have multiple iterations as each recommendation progresses through a lifecycle of cascading refinement in planning, and milestone achievements are accomplished. The first version of this comprehensive plan was presented to the Board in June 2021, with updated versions shared in September, January 2022, April, and November. A final iteration of the plan is in development as the department works to close out the remaining recommendations.

### Legislative Funding

Additional funding was provided to ODF last biennium through its 2021-23 Legislatively Adopted Budget to support implementation of the recommendations. These investments were critical to the agency in establishing added permanent financial and technical capacity and providing the ability to contract with MGO for technical support, oversight, and reporting.

### Organizational Response to Investments

In response to these investments and others made across the organization by the Legislature, the department led an internal effort to realign strategic and operational structures to enable the department to be more strategic, proactive, efficient, and effective in its work. As State Forester Cal Mukumoto transitioned into his role as the agency director and continued to engage the department's executive team in this overarching realignment effort, additional structure changes, process improvement initiatives, and agency performance reviews have been incorporated into the department's cohesive management strategy.

### External Services and Support

The department secured an agreement with change management consultant, Olympic Performance, Inc., which positioned the agency to ensure appropriate support was available for staff during implementation of MGO Recommendation #20 where the fire finance positions were transferred from the Protection Division to Agency Administration. The transitioning process for that business unit is complete.

The department also secured a work order contract with Macias, Gini, and O'Connell (MGO) and MGO joined the department in formal presentations to the Board of Forestry and the Oregon Legislature, Joint Committee on Ways & Means. Further services provided under the contract have included ongoing assessments of ODF's implementation efforts, identification of improvements or gaps in desired outcomes of the MGO report and the implementation management plan, recommendations to adjust deliverables or timelines of the project in alignment with priorities identified by MGO, progress monitoring and reporting both internally and externally, collaborative consultation on the context of MGO recommendations, and direct technical assistance on implementation deliverables as requested by ODF. Most recently, MGO has been reviewing work products provided by ODF Financial Services to assist in improving cash flow projection tools and financial accounting practices. The contract with MGO was extended through the end of calendar year 2023 to ensure adequate evaluation of all 28 recommendations and timely opportunity to collaborate on post-implementation monitoring activities.

### Implementation Progress

Internally, work continues wrapping up our internal policy development and organization along with re-evaluating deliverables and potential alternatives in our approach to implementing the information technology recommendations originally defined in the department's [Implementation Management Plan v5](#). The technology recommendations are now being integrated into the department's emerging technology governance strategy and processes for steering technology systems and resource investments. In [MGO's last assessment review](#), MGO confirmed full implementation of nine recommendations with the risks lowered, substantial completion of six more recommendations with risk ratings lowered, another six recommendations that were deemed in progress, and seven that were not formally reviewed. Work has since been initiated or completed across all remaining recommendations.

## **RECOMMENDATION**

This is an informational item.

## **NEXT STEPS**

In the coming months, the department will collaborate with MGO on a final assessment of the department's implementation of all 28 recommendations and return to the board with a final report.