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Secretary of State

State of Oregon

**COMMISSION ON CHILDREN AND FAMILIES**

**Change of Director and Risk Assessment**



Audits Division

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Oregon*

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This report presents the results of our review of the Oregon Commission for Children and Families. We conducted this review in compliance with Oregon Revised Statute 297.210(2), which requires the Secretary of State to audit or review any state agency when the executive head leaves his or her position. Our objectives were to examine transactions and accounts directly under the former director's control for compliance with applicable laws and regulations. In addition, we conducted a preliminary risk assessment of the commission to determine whether there were any additional risk factors that management would want brought to their attention.

We found that the transition from the previous director to the current director was generally efficient. However, we identified some internal control weaknesses, as identified in this report. Based on the results of our risk assessment, we found that the state commission can improve the usefulness of the information it collects and can improve its oversight and monitoring of local commissions.

The state commission generally agrees with our recommendations. During the course of the audit the commission implemented a number of our recommendations and developed several new policies to immediately address certain issues noted in this report.

OREGON AUDITS DIVISION

John N. Lattimer  
Director

Fieldwork Completion Date:  
April 8, 1999



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# EXECUTIVE SUMMARY

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## State Commission on Children and Families

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### Background and Introduction

***The state commission was created in response to legislative concerns about fragmented and inaccessible services for children and families in Oregon.***

***Issues warranting the new director's attention. . .***

The Legislative Assembly established the State Commission on Children and Families (state commission) as a state agency in 1993.<sup>1</sup> The commission was created in response to legislative concerns about fragmented and inaccessible services for children and families in Oregon. The Legislative Assembly delegated to the state commission the responsibility to develop and implement an integrated system of statewide services related to Oregon's children and families. The commission's legislatively approved budget for the 1997-1999 biennium was \$61.9 million.

The state commission has undergone successive and significant change and reorganization during the last decade. Since 1990, turnover of directors at the state commission has occurred five times. The most recent turnover occurred in 1998. In addition, management is currently conducting a complete reorganization of staff positions, deleting some positions, and reassigning job responsibilities and duties.

The Audits Division is required by statute to audit state agencies when the executive head leaves his or her position. The purpose of this audit is to assist the new director by providing an independent assessment of management risks facing the organization and by examining transactions and accounts directly under the former director's control for compliance with applicable laws and regulations.

Our review of the State Commission on Children and Families identified the following areas that warrant the new director's attention:

- **The commission can take steps to improve the usefulness of the information it collects on services provided to children and families.**

One of the duties of the commission is to establish a uniform system of reporting and collecting statistical data from counties and other agencies serving children and families. It is also supposed to ensure that all services are integrated

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<sup>1</sup> Oregon Revised Statutes 417.705 through 417.710 and other chapters.

***The commission can improve the usefulness of information on services to children and families by identifying key outcome measures, establishing standards for reporting, and training local commission staff.***

***The commission can improve its monitoring by ensuring that reports are received before funds are released and by formalizing its monitoring system.***

and evaluated according to their outcomes. While the commission has taken steps to collect information from the local commissions, there are further steps it can take to collect information from the local commissions and other agencies and organizations that would make the information more useful to policy- and decision-makers. The commission should consider taking the following steps:

- Identify other agencies and organizations providing services to children and families and establish a method for collecting information from these agencies and organizations that can be integrated into the state commission's comprehensive system.
- Identify which of the more than 300 outcome measures identified are most useful to decision-makers and ensure that those outcome measures are reported on by all local commissions and are reliable. Currently, local commissions can choose which outcome measures to report on. The number of outcome measures reported by local commissions ranges from one to 133 outcomes. The result is that the state commission's information is not very useful for statewide analysis, evaluation, and planning or comparison between counties and regions.
- Train local commission staff how to collect and report the results of services provided so that the data is recorded consistently and according to standards. We found, in most cases, that local commissions were not reporting results using established standards.

- **The commission can improve its oversight and monitoring of the 36 local commissions.**

Most of the state commission's budget is distributed to the 36 local commissions. The state commission is responsible for reviewing and approving or denying local plans, monitoring the progress of local commissions in meeting the criteria of their local plans, and distributing funds. To improve the effectiveness of this oversight and monitoring function, the commission should consider taking the following steps:

- Ensure that fiscal and activity reports are received from the counties before releasing funds to local commissions. Fiscal and activity reports are important to the monitoring

***The commission can improve its internal business practices in the areas of agreement negotiation, travel claim review, temporary appointments, and position descriptions.***

function because they provide evidence that the local commissions are meeting the requirements of the approved comprehensive plans. For the period of July 1997 through September 1998, only 14 percent of the counties returned their reports in on time. While the state commission withheld funds in some cases until reports were submitted, it did not do so in all cases.

- Formalize its monitoring system, including establishing a schedule for on-site reviews, documenting the results of the reviews, and performing follow-up visits when findings are identified.

- **The state commission can improve its internal business practices.**

As part of our change-of-director review, we reviewed the transactions and accounts directly under the former director's control for compliance with applicable laws and regulations. These procedures did not disclose any material instances of noncompliance with laws and regulations; however, they did identify improvements that can be made to the commission's internal business practices. The commission should consider taking the following steps:

- Ensure that interagency agreements and personal service contracts meet all of the state's requirements for proper negotiation, including Department of Administrative Services approval for contracts over \$1,000,<sup>2</sup> inclusion of all of the necessary contract elements, and sign off by appropriate officials.
- Ensure that travel claims meet all of the state's travel requirements, including adequate supporting documentation, approval of the director's claims by a state commissioner, and appropriate meal reimbursement.
- Ensure that temporary employee appointments meet state requirements for both making original appointments and extending appointments.
- Ensure that employee position descriptions are signed and up to date.

<sup>2</sup> DAS policy changed in April 1998 to \$5,000.

## **Agency Response**

The State Commission on Children and Families generally agreed with the conclusions in this report and has implemented a number of our recommendations and has developed new policies to immediately address certain issues noted in this report.

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# Background and Introduction

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## Oregon Law Emphasizes Commitment to Children and Families

***Oregon's first priority is a commitment to the wellness of children and families and the establishment of a statewide system of services that is preventive, integrated in local communities and accessible.***

Oregon law states:

*It is the intent of the Legislative Assembly to enable families and communities to protect, nurture, and realize the full physical, social, emotional, cognitive and cultural developmental potential of children in Oregon. Toward this end, the Legislative Assembly shall develop and implement a statewide system of services that is preventative, integrated in local communities and accessible to children and families and that focuses on promoting the wellness of Oregon's children. The design and implementation of the system shall be guided by a commitment to children that ranks them as Oregon's first priority. (ORS 417.715(1) and (2))*

The legislation further states that the service system will emphasize a "comprehensive continuum of services" for children in all age groups and that funding of one age group or gender of children at the expense of another is destructive of the wellness of children. The Legislative Assembly identifies specific characteristics of the service system to include:

- Available and accessible when needed;
- Based on the perspective of children and families;
- Allows families to design their own service programs, based on assessment of their needs and their solutions and resources for change, when possible;
- Outcomes-oriented;
- Emphasizes local planning for children and families;
- Integrates local needs with statewide goals;
- Provides services locally in a process that encourages partnerships, alliances and efficient use of resources; and
- Collaborative in approach and fully coordinated and integrated.

## Commission Organization and Budget

***The Legislative Assembly is concerned about fragmented and inaccessible services for children and families.***

***Services for Oregon's children and families are provided by various state and local agencies and organizations, including 36 local county commissions that operate independently of one another.***

The Legislative Assembly established the State Commission on Children and Families (state commission) as a state agency in 1993.<sup>3</sup> This commission was created in response to legislative concerns about fragmented and inaccessible services for children and families in Oregon.

By law, the state commission is responsible for statewide planning, outcome standard setting, and policy development for the services to children and families provided by the 36 independent county-based local commissions on children and families (local commissions). In addition, the state commission is responsible for developing an equitable formula for the distribution of funds to counties or regions for services to children and families. Other duties assigned to the commission include:

- Identifying outcomes related to children and families for incorporation in the Oregon benchmarks;
- Ensuring that all services for children and families are integrated and evaluated according to their outcomes;
- Establishing a uniform system of reporting and collecting statistical data from counties and other agencies serving children and families;
- Reviewing and approving or denying local plans; and
- Distributing funds.

In coordination with the local commissions, the state commission is responsible for:

- Assisting the local commissions in the development and implementation of performance and outcome criteria for evaluating services at the local level; and
- Monitoring the progress of the local commissions in meeting criteria in the local plans.

The local commissions are responsible for planning for services, allocating state and local funds for programs run by service

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<sup>3</sup> Oregon Revised Statutes 417.705 through 417.710, and other chapters.

***The state commission has undergone successive and significant change and reorganization during the last decade.***

providers (providers), and ensuring accountability. The state commission provides no direct services to children and families.

The state commission has undergone successive and significant change and reorganization during the last decade. The Legislative Assembly created the state commission to replace the Oregon Community Children and Youth Services Commission that was itself started in 1989 to replace the state's Juvenile Services Commission. Among other changes, the state commission assumed responsibility for grant programs that were administered by the Oregon Community Children and Youth Services Commission. The grant programs are: Great Start, Juvenile Services, Student Retention Initiative, Child Care and Development Block Grant, Court Appointed Special Advocates (CASA), Oregon Youth Conservation Corps (OYCC), and Youth Investment. The commission is also responsible for the Healthy Start and Family Preservation and Support programs.

***Since 1990, turnover of state commission directors has occurred five times.***

Since 1990, turnover of state commission directors has occurred five times. The most recent turnover occurred in 1998. Management is now conducting a complete reorganization of staff positions, deleting some positions and reassigning job responsibilities and duties.

Membership of the state commission includes the Director of the Department of Human Resources, the Superintendent of Public Instruction, and 12 members appointed by the Governor and confirmed by the Senate. A majority of the members, including the chair, must be lay citizens. The members are to reflect the diverse populations and regions of the state and include requisite expertise regarding children and families issues. The state commission adopts goals, policies, and rules for serving children and families and the commissioners oversee operations of the state commission's administrative office.

The state commission distributes funds directly to counties (local commissions, other governments, and other organizations). The funding distribution is based on each county's proportionate share of the 0 to 17-age population and a minimum annual county or regional grant. (See Appendix A: Distribution of Funds for 1997-1999.) The commission's legislatively approved budget for the 1997-1999 biennium is \$61.9 million.

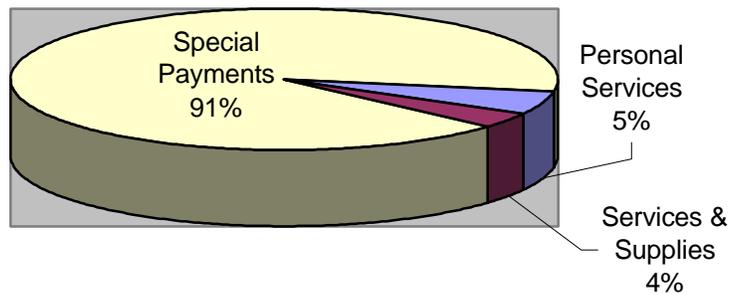
The commission receives most of its funding from the General Fund. Expenditures by fund for the past four biennia are:

**Expenditures (in thousands)**

	1991-93 (Actual)	1993-95 (Actual)	1995-97 (Actual)	1997-99 (Estimated)	8 Year TOTAL
General Fund	\$22,544	\$31,965	\$34,890	\$35,477	\$124,876
Other Funds	4,582	4,087	18,472	23,631	50,772
Federal Funds	1,388	1,964	1,856	2,851	8,059
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TOTAL	<u>\$28,514</u>	<u>\$38,016</u>	<u>\$55,218</u>	<u>\$61,959</u>	<u>\$183,707</u>

For the 1997-1999 biennium, budgeted expenditures include personal services (\$3.3 million), services and supplies (\$2.3 million), and special payments (\$56.4 million).

**State Commission Budgeted Expenditures - Biennium 1997-99**



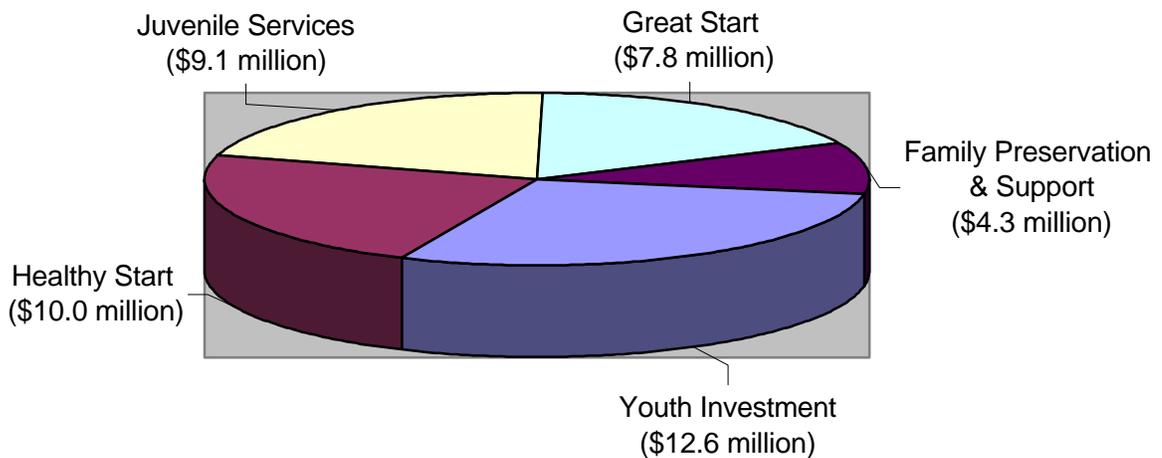
***Five grant programs account for 78 percent of all special payments.***

For the 1997-1999 biennium, five grant programs account for approximately 78 percent (\$43.8 million) of the special payment funds. The five programs and the amounts approved are:

- Youth Investment (\$12.6 million). Provides juvenile prevention and intervention services designed to improve self-concept, provide family crisis intervention, shelter care, family support service, community centers, and treatment of youth.

- Healthy Start (\$10.0 million). Provides support and information to families of firstborns to reduce child abuse and neglect.
- Juvenile Services (\$9.1 million). Provides programs designed to prevent delinquency, provide diversion, shelter care, restitution, family support, probation and centers for care and treatment of juveniles.
- Great Start (\$7.8 million). Provides children, prenatal to six years of age, with services that will help them reach the first grade with good physical, social, intellectual, and emotional development.
- Family Preservation and Support (\$4.3 million). Provides children, prenatal to 18 years, support and promotes the expansion of family support and family preservation services.

**State Commission Budgeted Special Payments: Major Grant Programs**



**Objectives, Scope and Methodology**

We reviewed the State Commission on Children and Families (state commission) in accordance with Oregon law<sup>4</sup> that requires the Secretary of State to review a state agency when the executive head leaves his or her position. In addition, we conducted a preliminary risk assessment of the commission to determine whether there are risk factors that should be communicated to the new director.

<sup>4</sup> Oregon Revised Statutes 297.210(2).

Our preliminary risk assessment was limited to a review of the duties and responsibilities of the state commission office. We did not conduct testing or interviews at the local commission offices. We reviewed transactions for the period July 1, 1997, through June 30, 1998, and performed the following procedures:

- Completed an evaluation of the internal controls during the preliminary risk assessment portion of the audit work. We used that information to determine whether controls were adequate and what additional work was required, if necessary.
- Evaluated compliance issues, including statutory requirements and federal requirements.

### Statutory Requirements

The state commission is established under ORS 417 and must comply with other statutes relating to investing<sup>5</sup> and depositing of public funds.<sup>6</sup>

### Federal Requirements

The state commission receives some federal funds from the Department of Human Resources to administer several grant programs. However, these funds have significantly decreased in the past biennium and would not be considered major. Federal dollars expended in the 1997/99 biennium totaled approximately \$2.8 million; for the 1999/2001 biennium, only \$102,000 are budgeted (Governor's Recommended Budget).

- Interviewed the agency fiscal manager and other fiscal staff responsible for recording transactions and evaluated procedures for processing receipts and expenditures. We determined that recent transactions authorized by the previous director were reasonable and in compliance with laws and regulations. Also, we reviewed these records to determine if any unusual transactions occurred. We performed tests in the following areas:
  1. Travel, payroll, and contract transactions either payable to or directly authorized by, the former director within the last six months of office.
  2. Analytical review of financial transactions and balances.
  3. Fixed assets returned, and computer access, credit cards, and similar items canceled.

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<sup>5</sup> Oregon Revised Statutes 293.

<sup>6</sup> Oregon Revised Statutes 295.

- Interviewed the chair of the state commission, the current director, and the deputy director to determine whether there were any unusual circumstances in the departure of the executive director and whether all equipment and keys were returned. We inquired about the leadership during the transition period before the current director was hired (approximately six months). We inquired whether the new director had any concerns or special areas she would like us to review.
- Interviewed the Information Technology manager to determine that procedures were followed to remove the former director's access to the computer systems.
- Reviewed state commission meeting minutes for information on the commission's activities.
- Interviewed a consultant who recently completed an organizational study of the state commission.
- Inquired at Legislative Fiscal Office to determine whether there were issues of concern related to this agency.
- Completed a risk assessment of those areas where management has control. For example, we reviewed laws, the agency's mission statement and goals, management directives, etc. for consistency and application. We reviewed reports received by the director for their usefulness in planning and monitoring. We reviewed how monitoring of local commissions is completed at the state level and what information is reported to management. We used this information to complete a management risk assessment, make recommendations for future audit work to be completed, and report to agency management areas that may require immediate attention.
- Assessed whether there are risk factors that should be communicated to the new director and communicated any that were identified.

We conducted our work from January to April 1999 in accordance with generally accepted government auditing standards. Our change of director audit procedures did not disclose any *material* noncompliance with laws and regulations. However, some weaknesses in internal controls were noted and are reported in Chapter 3 of this report.



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## Chapter 1: Usefulness of Collected Information Can Be Improved

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***The state commission can take steps to improve the usefulness of the information it collects and reports on services provided to children and families.***

The State Commission on Children and Families (state commission) can take steps to improve the usefulness of the information it collects and reports on services provided to children and families. First, the state commission could establish a method for collecting information from other state and local agencies and organizations that provide services to children and families in Oregon. In our review of the commission's comprehensive system, we found that while information is collected from the 36 local commissions on children and families (local commissions), no information is collected from the other state and local agencies and organizations that also provide services to children and families.

Second, the state commission could identify which of the more than 300 outcomes identified are most useful to decision-makers and ensure that those outcomes are reported on by all local commissions and are reliable. In our review, we found that the state commission has not identified which of the more than 300 outcomes identified are most useful to decision-makers and local commission staff have not received adequate training on reporting the results of outcome measures consistent with established standards.

And third, the state commission could improve the current reporting system by making it easier to extract information on the outcomes of services provided. In our review, we found that the state commission is not able to generate automated summary reports on outcome measures from the system. It is important that the state commission collect and report information that is complete, comparable, and reliable so that legislators, program managers, and other policy makers can make sound funding decisions.

## Collecting Information From Other State and Local Agencies and Organizations Serving Children and Families

***The state commission could improve its system by collecting data from other state and local agencies and organizations providing services.***

Oregon law requires that the Legislative Assembly develop and implement an integrated system of services related to Oregon's children and families.<sup>7</sup> The Legislative Assembly delegates to the state commission the responsibility for **ensuring** that all services for children and families are integrated. While integrating all services for children and families may be a daunting if not impossible task, the state commission can help to further integrate services by providing complete information on which services are currently provided.

We found that the state commission's system collects data from the 36 local commissions statewide. This data includes information on more than 700 service providers around the state. We were unable, however, to determine the number of other state and local agencies and organizations providing services that are not providing information to the commission. We did find that Oregon law specifically excludes services of the Department of Education,<sup>8</sup> as well as several other state agencies and programs.

At this point, it is not clear whether the cost of gathering information from other service providers is worth the additional benefits.

### Recommendation

**We recommend** that the state commission:

- Seek clarification from policy makers as to which information is needed to make informed decisions and whether the cost of gathering that information is worth the benefit.

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<sup>7</sup> Oregon Revised Statutes 417.735(3)(h).

<sup>8</sup> Oregon Revised Statutes 417.705.

## **A Large Number of Measurable Outcomes Exist, but Most Are Not Used By Counties**

***The state commission identified more than 300 measurable outcomes.***

Oregon Law requires that the state commission ensure that all services for children and families are evaluated according to their outcomes.<sup>9</sup> It is critical for management to have a system in place to evaluate the results of programs for children and families and to ensure accountability in the delivery of services. This is especially true since the state may be paying for programs that may not be effective or may not be used by children and families as intended. A well-conceived performance measurement system that provides a gauge of program effectiveness and includes diagnostic and evaluative tools can assist managers and state policy makers in making difficult resource allocation decisions. This pertinent information would also be of significant importance to legislators and assist them in their oversight responsibilities.

***The state commission's system illustrates the challenge to design and implement a manageable performance measurement system.***

According to agency management, the state commission has received much praise from others in developing an outcomes-based system. Considerable effort has been expended to gain consensus among the various players in the children and families service community about which outcomes to measure, how to assess results, and how to collect and track performance outcome information. The state commission's comprehensive system, in its present form, illustrates the challenge to design and implement a manageable performance measurement system. Specifically, a system should incorporate objective and reportable outcome measures that adequately assess program results, gather reliable data, and provide meaningful summary outcome measures and statistical information that is of potential value to state and local government managers, elected officials and public citizens.

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<sup>9</sup> Oregon Revised Statutes 417.735(3)(h)

***The state commission could improve the usefulness of the information that it collects by determining which of the more than 300 measurable outcomes identified are important for decision-makers and requiring the local commissions to report on those measures.***

***Measurable outcomes are defined in two ways. There are outcomes for participants and outcomes for communities.***

In our review of the commission's comprehensive system, we found that the state commission could improve the information it collects by determining which of the more than 300 measurable outcomes identified are most important to decision-makers, ensuring that the local commissions report on those measures, and taking steps to make sure that the information is reliable. We found that the number of measurable outcomes identified by the commission may be excessive, and are not used consistently from county to county. The result is that the state commission's collection of data is not readily applicable to statewide analysis, evaluation, and planning or comparison between counties.

The outcomes measurement system developed by the state commission recognizes multiple programs and organizations and attempts to measure both individual and aggregate program success and achievement of serving children and families. The system is based on the Legislative Assembly's philosophy that the service system must begin at the local level, through cooperation and integration of all local and state providers; treat the whole person; and be built on the strengths and natural supports of neighborhoods and communities. We found that there are more than 600 organizations providing services to children and families at the local level. In addition, we found more than 300 "measurable outcomes" for which the state commission is attempting to collect data on to measure both individual and aggregate program success and achievement.

The state commission, with the assistance the Oregon State University Family Study Center (University), developed the *Building Results* series of documents that identified more than 300 measurable outcomes. The documents define measurable outcomes in two ways: outcomes for participants and outcomes for communities. Outcomes for participants are the results or benefits, such as changes in knowledge, attitudes, skills, behaviors, or circumstances. Examples of specific outcomes for participants may include:

- Children enter school ready to learn;
- Age-appropriate social skills;
- Refusal skills;
- Nutritional knowledge and practices; and

- Knowledge of career and work options.

Outcomes for communities are the results or improvements such as greater collaboration, more resources, and integration of services. Examples of outcomes for communities may include:

- Child maltreatment is reduced;
- Teen pregnancy is reduced; and
- Match between needs and resources for school age and youth care activities.

In addition, the *Building Results* series identified suggested performance measures for evaluating the results of each outcome. We found that the number of suggested performance measures for an outcome ranged from at least one to more than ten. For example, one outcome is the “youth’s perceptions of community assets and opportunities.” For this outcome, the *Building Results* series suggests that there are 11 different surveys that could be used to measure the results. Three examples of the surveys include the youth’s perception of:

- The availability of drugs and handguns in the community;
- Community laws and norms favorable to drug use; and
- Community disorganization.

***Identifying the important outcomes for decision-makers by the state commission may differ from those identified as important by the local commissions.***

State commission management told us that they have not yet identified for the local commissions which of the more than 300 outcomes the state wants to track or the specific performance measures to use in evaluating the result of each outcome. The decision for selecting outcomes and performance measures has been left to each local commission. Using our example above, a local commission may select this outcome. The local commission would also choose one, some or all of the 11 surveys to measure results. Another local commission may choose not to select this outcome.

We found that the state commission tried to integrate all 300-plus outcomes identified in the *Building Results* series into their comprehensive system to enable analysis and reporting of program progress and success throughout Oregon. A state commission manager told us that, while it was not their intent to collect data on all the outcomes, this is how the system was originally set up.

***Most counties select fewer than 30 of the outcomes.***

Based on our analysis of the state commission “Outcome Report” dated January 13, 1999, we found that most counties select fewer than 30 of the 330 (9 percent) outcomes. The extreme examples are Tillamook County and Yamhill County, which each report only one specific outcome, and Columbia County, which reports 135 outcomes.

Total Outcomes Used	# of Counties Using Outcomes
More than 135	0
101 to 135	1
51 to 100	4
41 to 50	4
31 to 40	4
21 to 30	9
11 to 20	9
1 to 10	5
TOTAL	36

***No outcome is used by every county and 53 outcomes are not used at all.***

In addition, our analysis indicated that many outcomes are rarely used or not used at all. As noted in the figure below, 53 of the 330 (16 percent) outcomes are not reported by any county and none of the outcomes are reported by all counties:

Frequency of Use	# of Outcomes
Not used at all	53
Used by 1 to 5 counties	219
Used by 6 to 10 counties	43
Used by 11 to 21 counties	15
Used by all 36 counties	0

***After six years, the state commission is unable to electronically aggregate the measurable outcome information into a reportable format.***

At least six years of staff effort has been expended on this outcome-based data information and collection system. State commission staff told us that they are unable to electronically aggregate the measurable outcome information that is collected from the local commissions, and they are now working on implementing a new system. One employee told us that the current database system is referred to as a “work in progress.” While the commission collects data from the counties, state commission staff were not able to demonstrate to us how the information is used and stated that they are not able to evaluate

***State commission management should consider that a smaller amount of information that is measurable and meaningful is more conducive to analysis, evaluation and comparability.***

and utilize the reported measurable outcome data.

There is concern that the reported information is of uncertain value to children and families managers and workers, policy planners, or policy and appropriations personnel in the Department of Administrative Services or the Legislative Assembly. If it is the intent of the system to report on specific county activities, the information may be useful. If the intent of the system is to compare one county to another county or one region to another region, the information may not be useful or even comparable.

State commission management has tried to implement a system that would collect data for **all** outcomes identified by the University in the *Building Results* series. Regardless how much data is gathered, if it is not valid, reliable and measurable, then it has little meaning or application and may not be worth the cost and effort to collect. According to a consultant hired by the state commission, the state commission's data collection program illustrates that less may be more when it comes to measurable outcomes. A smaller amount of information that is measurable and meaningful would be more conducive to analysis, evaluation and comparability.

### **Recommendations**

**We recommend** that the state commission:

- Work with policymakers to determine which of the outcomes will best meet the requirements for compliance with state policies; and
- Focus on obtaining meaningful and measurable data on those outcomes that best offer an insightful gauge of program performance adequacy and serve as a basis for state and cross-county comparisons of value and interest to program managers, policy makers, the legislature, and the general public.

## Many Local Commission Staff Have Not Received Adequate Training on Reporting Outcome Results

***Most local commission staff do not report results of services provided in a manner consistent with established standards.***

According to state commission management, local commission staff have not received adequate training on how to report the results of services provided on the system so that the data is recorded in a manner consistent with standards established by the state commission. Our review of the centralized database confirmed this. We found that local commissions, with one exception, are not using the standards established by the state commission in reporting results on the comprehensive system centralized database. Because most local commission staff do not report results according to established standards, the state commission is unable to provide meaningful results on the effectiveness of services provided by local commissions.

In April 1999, the state commission hired a consultant to train the local commissions. We were told by one manager that two local commissions took the initiative to proceed on their own, one “successful” and the other “not doing it right.” Examples of the individual activity reports we reviewed confirmed the manager’s statements. We found that one local commission used the state commission’s established standards for reporting outcome results on the database system. The other county used a narrative format not prescribed by the state commission.

### Recommendations

**We recommend** that the state commission:

- Take steps to ensure that local commission staff are trained on how to use the measurement approaches and tools for assessing outcomes;
- Conduct periodic reviews to determine that the local commission staff are using the methods and tools as designed; and
- Complete an audit within two years of the issuance of this report to determine whether the evaluation process is occurring as prescribed.

## No Statewide Summary Reporting

***The state commission's system cannot generate statewide summary reports on outcomes of services provided.***

We found that the state commission is not able to generate automated summary reports on outcomes of services provided by the local commissions. Although a statewide report summarizing results information could be produced manually, it requires many hours to complete. To compile outcome results from the current system (on a statewide basis), each activity report must be downloaded to a separate file. This information must then be recompiled in a format that allows for summary analysis. Since we found approximately 700 activities reported on the system, it would take the commission a very long time to compile all of the information.

A report currently available on the system is called "Measurable Outcomes." However, the report is a list of activities by county from which to make a selection. A user must select a county and an activity to view the results for that activity. Again, this process is tedious and costly when attempting to compile information for statewide analysis. The commission could improve the current reporting system by making it easier to extract this information in summary format.

For the period February 1996 through March 1999, the state commission has spent \$1.7 million for professional services to design and develop this comprehensive system. The services include program evaluation, training and facilitation, interagency agreements, as well as system improvements.

### Recommendation

**We recommend** that the state commission:

- Improve the current reporting system by making it easier to extract information on the outcomes of services provided statewide.



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## Chapter 2: Management Oversight and Monitoring Can Be Improved

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***The state commission can improve the effectiveness of its oversight and monitoring of the local commissions.***

The State Commission on Children and Families (state commission) can improve the effectiveness of its oversight and monitoring of the local commissions. First, the state commission can ensure that fiscal and activity reports are received from the counties before releasing funds to local commissions. Second, the commission can formalize its monitoring system, including establishing a schedule for on-site reviews, documenting the results of the reviews, and performing follow-up visits when findings are identified.

It is important that the state commission has an effective oversight and monitoring system of local commissions to ensure that the local commissions are spending state dollars for approved services. The commission not only distributes approximately \$48 million of its \$62 million budget to the 36 local commissions, by law,<sup>10</sup> the commission also is charged with reviewing and approving or denying local plans and monitoring the progress of local commissions in meeting the criteria of their local plans.

### **State Funds Released to Local Commissions Without Required Documentation**

***Current management may not be aware that counties are receiving funds without submitting the required reports.***

In our review of the internal controls at the state commission, we found that funds for services to children and families are being released to local commissions by the state commission staff before receiving all of the required documentation. The state commission has a policy that no funds will be released to the counties until all fiscal and activity reports are current and received by the state commission. The policy further states that counties will submit their fiscal and activity reports to the state within 45 days of the end of each state fiscal quarter.

Each year of the biennium, a county may receive up to one year of its allocated general funds. It may also request 90 days of its allocated federal funds. Funds can be released at any time if the state commission has received all required interim reports. Interim reports include quarterly fiscal reports and activity reports.

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<sup>10</sup> Oregon Revised Statutes 417.735(3)(g) and 417.735(4)(b).

***In our review, we found that only 14 percent of counties submitted their reports on time.***

Fiscal reports are important because the regional coordinator reviews them for evidence that funds were expended as approved in the budget portion of the local commission's comprehensive plans. The state fiscal staff also records their receipt in the County Fiscal Report log.

In our review of the County Fiscal Report log for the period July 1997 through September 1998, we found, on average, that only 5 of the 36 (14 percent) counties submitted fiscal reports within 45 days of the end of each quarter. During the same reporting period, only one county submitted all fiscal reports within the 45 days and 23 counties submitted all reports after the 45-day period. The chart below shows the average number of counties submitting late fiscal reports to the state commission.

<b>Receipt of County Fiscal Reports for the Period July 1997 through September 1998</b>	
<b># of Days to Receive Fiscal Reports</b>	<b>Average Number of Counties</b>
45 days or less	5
46 to 75 days	16
76 to 105 days	6
106 to 135 days	2
136+ days	7

***In our review, we were unable to determine that the local commission's activity reports are current.***

We found that one county had not submitted a fiscal report to the state commission since November 1997, and yet the county requested funds, and the state commission released funds, in March, April, October, and December 1998 and February 1999 for a total amount of \$125,285. In other cases, funds were released to counties when late reports are received.

As for the activity reports, a regional coordinator reviews the local commission activity reports through the comprehensive planning system database (on-line computer system). Activity reports are used by the state commission to monitor the activities of the local commissions. The activities should match the approved county comprehensive plans. We found that the system does not record a date when the information is updated by the local commission, nor is there a place for the date and supervisory notation of approval in order to determine that the activity information is

current and release of funds is appropriate. As reported by one manager and revealed by our analysis of the fiscal information on the activity reports, the activity reports are not current.

Because management is releasing funds to counties even though reports were not received, the state commission is risking mismanagement of program funding. In addition, management may be signaling to the counties that state reporting rules and requirements are not important and can be ignored without consequence.

### Recommendations

**We recommend** that the state commission:

- Take corrective action with staff to ensure that funds are not released unless fiscal and activity reports are current and received when due;
- Withhold funds from counties not submitting reports on time and in accordance with state commission policy and guidelines; and
- Review policies and procedures with state and local commission staff to ensure compliance.

### Oversight Function Should Be Formalized

***The state commission does not have a formal monitoring process.***

We found that management has not implemented a formalized monitoring process that includes documenting the results of on-site reviews of local commission operations and follow-up visits when findings are identified. In addition, we received no evidence that the state commission has conducted on-site reviews at the other state and local agencies and organizations receiving funds directly from the commission. Management told us that they have a monitoring system in place, and we found evidence of internal policies describing a monitoring system and position descriptions where monitoring duties had been assigned, but management was unable to provide us with any documentation that would be considered evidence of on-site reviews.

The state commission's current oversight system is an informal process. Management told us that a regional coordinator visits the local commissions and, using a prepared list, asks questions

***Oregon laws and federal grant provisions require the state commission to monitor state and federal fund distributions.***

***The state commission distributes state and federal funds to many agencies and organizations other than local commissions.***

related to oversight, monitoring, conflict of interest, and on-site visits completed by local commission staff. Furthermore, there was no documentation of findings or corrections.

Management also told us that there is no established schedule for making on-site visits. Furthermore, when we raised a question about the communication process when problems are identified at the local level, management told us that the process is mostly verbal.

Several reasons exist for the state commission to conduct and document on-site reviews. First, state laws, rules and regulations require that the state commission ensure that its funds are used only for approved and authorized purposes. As an entrusted administrator of state and federal funds, the state commission must have adequate evidence to indicate how these funds were expended. Our 1996 audit report<sup>11</sup> recommended that the state commission improve its on-site reviews of local commissions. This report indicated that local commissions may not be completing on-site reviews of service providers, and that they do not include tests to determine that reports submitted to them are accurate. In addition, a 1996 Legislative Fiscal Office program evaluation<sup>12</sup> recommended that the state commission periodically review local commissions' practices to ensure that state funds are spent as approved and authorized.

The state commission distributes state and federal funding to agencies and organizations that support over 700 local children and families programs and services. Most of these funds are distributed directly by the state commission to the 36 local children and families commissions, which then make payments to service providers. The state commission also makes direct payments to other organizations such as the Confederated Tribes of Warm Springs, Burns Paiute Tribe, and Klamath Tribe, Looking Glass Youth and Family Services Inc., Mid-Willamette Jobs Council, Mid Columbia Council of Governments, and Multnomah Education Service District. We found that management relies principally on Federal OMB Circular A-133 and periodic state audits to identify and document program problems, discrepancies, or irregularities found at both local commissions and other state commission funded organizations.

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<sup>11</sup> Oregon Commission on Children and Families, Funding and Use of Local Services, report no. 96-54.

<sup>12</sup> Legislative Fiscal Office, A Program Evaluation of the Oregon Commission on Children and Families, dated November 20, 1996.

The LFO report recommended that the state commission, as part of its monitoring program, periodically review local commissions' practices regarding conflict of interest to ensure that state funds are being spent according to statewide policies and guidelines.

The state commission is entrusted with the responsibility to ensure that agencies and organizations receiving state funds have adequate program and fiscal controls in place. Performing on-site reviews is one way for management to ensure that state commission funds are used by agencies and organizations for approved and authorized purposes. Documenting the on-site review is management's best evidence to indicate to managers and supervisors that the management and program objectives have been met.

### **Recommendations**

**We recommend** that the state commission:

- Perform a review of its monitoring system to determine that procedures are in place that will ensure that state and federal funds are being used as approved and authorized;
- Consider including in its policy manual a procedure for documenting results of on-site visits; and
- Periodically review with staff monitoring responsibilities and duties to ensure that staff is keeping management informed and that the staff is documenting the work they complete.



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## Chapter 3: Internal Practices Can Be Improved

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We conducted a review of the State Commission on Children and Families (state commission) for the purpose of complying with Oregon Law that requires the Secretary of State to review a state agency when the executive head leaves his or her position. While we found that the transition from the previous director to the current director was generally efficient, this section of our report notes internal practices that can be improved.

### **Noncompliance With State Rules and Regulations**

***Management is responsible for providing adequate supervision of staff.***

Management is responsible for providing adequate supervision over the assigned work of staff to ensure that agency objectives are met. In the audit work completed at the state commission, we found that management may not be providing adequate supervision of staff. During our audit, management was made aware of the following areas of non-compliance and concurred with our findings.

### **Some Agreements Not Properly Negotiated**

***Twenty-four percent of the commission's agreements were not properly negotiated.***

Oregon law states that the Department of Administrative Services (department) may authorize any state agency to purchase directly supplies, materials, equipment, and services, including personal services. The state agency must follow rules as prescribed by the department.

Of the 26 interagency and personal service contract agreements examined, we found that ten (38 percent) agreements did not meet the state's requirements for proper negotiation. When agreements are not properly negotiated, management risks the ability to enforce the contract elements. These ten agreements totaled approximately \$207,000.

Examples during the period of our review in which the state commission did not follow state rules for contracting include:

- A state agency may enter into personal service contracts for as much as \$1,000 without the department's approval. In April 1998, the department raised the \$1,000 threshold to \$5,000. We found three of the ten personal service contracts examined did not have the department's approval. In addition, we found three other contracts that may have required the

department's approval. These other contracts were not dated. When contracts are not dated, it is difficult to determine the rule that should be applied. Management told us that they have always used a \$5,000 threshold.

- An official with appropriate signature authority must sign agreements on behalf of each party. We found five of the 26 agreements examined did not have a state commission official's signature. In addition, three of these five agreements were not signed by the contractor.

### **Policies and Procedures Not Always Followed When Reimbursing Travel Claims**

***Thirty percent of the reimbursement of travel claims occurred without appropriate documentation.***

We examined 23 travel reimbursement claims. Twelve of the 23 claims were submitted to the commission for payment by the former director, and 11 were submitted for payment by other state and local commission personnel. We found that seven (30 percent) of the 23 reimbursed travel claims did not comply with state rules or agency policies for reimbursement of the claim. These seven claims total \$676. Although the total dollar amount may not be material, the rate of occurrence or type of error is significant.

The state commission is a relatively small agency and had only 33 employees during the time of our review. In addition to the travel claims paid for employees, the state commission pays travel expenses for many local commission staff and others attending state conferences and committee meetings. The state commission management has established policies and procedures for reimbursing travel expenditures used in addition to the state travel rules.

We found the following examples in which policies and procedures were not consistently followed:

- State rules require that the reason for travel be stated on the travel reimbursement claim form and that receipts be submitted for any and all authorized travel expenses that individually exceed \$25. We found that one of the 23 reimbursed claims examined did not state the reason for travel on any documentation, including the travel reimbursement claim form, and another reimbursed claim did not have the required receipts as supporting documentation. One claim was submitted by a state employee, the other by a non-state employee. The total paid on these two claims was \$434.

- State rules require that, for agency heads, a state commissioner, board member, or another approving authority in the agency should make the approval of travel claims. We found that for three of the 12 claim forms submitted by the former director, the former director also signed as the approval signature. The claims appear reasonable. The claims are for parking and mileage and do not require supporting documentation. The total amount paid to the former director was \$121.
- The commission's policy states that reimbursement of meal expenditures for authorized non-state individuals will be for actual expenses. Further, the policy requires that detailed receipts be submitted with the claim form. We found one instance in which a non-state employee was reimbursed for meals at the state rate instead of actual expenses; however, the commission did not require the non-state employee to submit receipts for the meals.
- For this same claim, the state commission reimbursed the non-state employee for mileage from Portland to Pendleton and Pendleton to LaGrande and back for the same days the employee was eating lunch and dinners in Ashland. No receipts are required for mileage. The total amount paid to the non-state employee was \$116.
- State rules require that travel reimbursements, lunch for example, are made for authorized periods of travel time away from the official workstation. However, internal policies at the state commission allow for employee's lunches to be paid if the agency director approves it. We found that in one instance an employee's lunch was paid for by the agency even though the employee was working within the employee's official workstation and the agency director had not approved the expenditure.

It is important for management to consistently follow state policies and procedures for reimbursement of travel claims to ensure public trust and accountability. When policies and procedures are not followed, management is placed in a position of having to explain (1) why the policies and procedures are not followed, and (2) what the additional cost to the state is because policies and procedures are not followed.

## Procedures Not Followed in Making a Temporary Appointment

### ***A temporary employee was hired without obtaining proper documentation.***

In 1996, management hired an employee as a temporary appointment to work approximately 20 hours a week. The employee continued to work at the state commission until March 31, 1999, when his job was terminated due to a reorganization of the agency by management. In reviewing the personnel file for this employee, we found only a letter requesting that the person be hired. We found no evidence to indicate that the state commission followed state rules in making the temporary appointment.

The Department of Administrative Services (department), Human Resource Services Division policy regarding temporary appointments states:

*A temporary non-status, noncompetitive appointment may be made to meet short-term or unexpected workload demands in situations where the establishment of a permanently funded position is not appropriate or feasible.*

The policy further states:

*The agency may make a temporary appointment when (a) an emergency, nonrecurring, or short-term program or workload need exists, **and** (b) an existing budgeted part-time permanent, seasonal, or limited duration position is not appropriate. However, the agency **must** first offer the appointment to persons on applicable agency layoff lists who meet minimum qualifications for the job. And if no qualified person is on the layoff list(s), the agency may proceed by using other recruitment sources determined to be appropriate and consistent with affirmative action practices. [emphasis added]*

The department identifies conditions that must exist to extend a temporary appointment. Those conditions are:

- The work to be performed continues and is the same work performed as at the time of initial appointment; **and**
- No other reasonable means exist to meet the situation; **and**
- A process is in place to report extensions to the Human Resource Services Division within 10 calendar days from date of approval.

Also, the state commission is required to provide a written notice to the employee at the time of appointment. The notice must include conditions of appointment, duration of appointment, and notification that the appointment may end at any time at the discretion of the state commission.

Although state policy for temporary appointments allows agencies authority to extend a temporary appointment when certain conditions are met, the state commission did not follow state policy when making the original appointment and did not follow state policy when extending the appointment.

It is important that management follow state rules in making temporary appointments. Management is responsible for ensuring that employment related decisions are non-discriminatory and employment practices are consistent with the state's Affirmative Action Plan and state and federal laws.

### **Position Descriptions Not Always Signed or Updated**

***Most position descriptions we reviewed at the state commission were not complete or current. Eighty-six percent of these documents did not show the current employee's name.***

We found that position descriptions were not complete. To be complete, all official position descriptions should contain the signatures of the incumbent employee, the supervisor, and the appointing authority as evidence that the employee has been informed of the duties assigned to the position. The supervisor certifies that the position description describes the duties that agency management wants performed, and the appointing authority certifies that the information provided is correct. We found that five (83 percent) of the six position descriptions examined were incomplete because one or more signatures were not in place.

We also found that the position descriptions are not current. According to the state's classification guide, an existing position description should be reviewed yearly with the incumbent (a good opportunity exists at the time of a performance appraisal) to ensure that it remains accurate and complete. With the passage of time, the accuracy of the position description becomes questionable and the position description needs a more thorough review. We found that five (83 percent) of the six position descriptions reviewed did not contain the current employee's name and the job duties have not been reviewed since 1993 in one instance, 1996 in three instances, and 1997 in one instance.

When management does not follow state policies related to completing position descriptions, the agency is at risk that employees may not know or understand the duties and

responsibilities for which they are hired. It is important that management ensure that the position descriptions are complete and current when an employee is hired because it is management's best evidence that the employee has been made aware of his or her job duties and responsibilities.

### **Recommendations**

**We recommend** that the state commission:

- Review policies and procedures with employees to ensure that employees are aware of the policies and procedures and they know management expects everyone to follow the policies and procedures.
- Review and follow the state's hiring regulations. When specific hiring policies and procedures are not available, management should look for best practices and other prudent ways to fill positions that will not result in questionable activity.
- Complete and update position descriptions to accurately reflect current jobs and duties.

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## Chapter 4: Other Matters

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### Follow Up on Prior Audit Recommendations

***Many of the prior audit recommendations require testing at the local commission level, which is outside the scope of this audit.***

In 1996, we conducted a joint audit and program evaluation of the state commission with the Legislative Fiscal Office. The goal of our audit was to provide the Legislative Assembly with information about state and local commission's use of funds, including their efforts to ensure compliance with legal requirements for local financial participation in programs and the efficient use of state funds.

In this review, we found that the state commission has taken steps to address prior audit findings and recommendations. The following is a list of the prior audit recommendations and our conclusions based on state commission documentation.

1. Work with the Legislative Assembly to clarify, in statute or rule, the state's expectation for local financial participation in state commission-funded programs.

*Not resolved. Proposed legislation (HB 2268) this session would delete the local "leveraging" requirement.*

2. Work with local commissions to develop incentives or requirements to increase local public and private support for programs, such as allocating state commission funds on a matching basis by requiring non-state funds to comprise a minimum portion of program revenues.

*Not resolved. Related to No. 1 above. We found no incentives or requirements for minimum local funding or matching of state funds.*

3. Amend the state's rules to require local commissions to conduct regular on-site monitoring of provider programs. Require program monitors to review documents supporting financial and service information and to verify the accuracy of reported information.

*Not resolved. Local commission monitoring of service providers is not required by Oregon Administrative Rules. However, monitoring checklists and procedures are found in the state commission's Training Manual and "Comprehensive Planning Guidelines."*

4. Develop standards for local commissions and providers to follow in valuing and reporting in-kind contributions.

*Not Resolved. Although the state commission uses federal in-kind reporting standards and requirements and has an internal policy, we did not find evidence that the state commission has shared the policy with the local commissions. Additional testing is required at the local commissions to determine whether standards have been developed for the local commissions and providers.*

5. Amend the state's rules to require providers to provide annually an unduplicated count of the number of persons who received services.

*Not Resolved. The state commission determined that the state rules will not be used as a vehicle for instructing providers. Instruction was provided to the local commissions using a memorandum. Additional testing is required at the local commissions to determine whether the instruction given to the local commissions corrected the finding of duplicated counts.*

6. Withhold funds from local commissions that chronically submit untimely or inaccurate reports.

*Not resolved. See Chapter 2, page 9-12. The state commission has not withheld funds from local commissions that chronically submit untimely reports. Additional testing is required at the local commission to determine whether the reports submitted are accurate.*

7. Attempt to collect, where appropriate, state General Funds from local commissions that have not received approval to carry over funds or have not spent funds within the time allowed. Consider administrative remedies in those cases for which collection is inappropriate, such as withholding funds from subsequent year's allocation.

*Questionable. The state commission has policies and procedures in place to collect state General Funds from the local commissions that have not received approval to carry over funds or have not spent funds within the time allowed. Management told us that they do not always know if local commissions are reporting funds not spent within the time allowed. Additional testing is required at the local level to determine whether local commissions are reporting unspent funds.*

8. Evaluate all state commission administrative expenses for savings potential, including the need for two offices.

*Resolved. The state commission completed an analysis of administrative expenses. The Portland office was closed in January 1997.*

9. Amend the rules to clearly define allowable and unallowable kinds of administrative charges against state commission grants.

*Resolved. The state commission established policies and procedures, and revised the administrative rules related to allowable and unallowable administrative charges. However, additional testing is required at the local level to determine whether only allowable administrative charges are made.*

10. Amend the rules for state commission grants to limit total local commission administrative expenses to a percentage of the amount awarded. Consider establishing a limit consistent with federal grant programs. If the state commission believes that extraordinary administration expenses are warranted for the implementation stages of House Bill 2004, it should consider giving a separate planning and coordination grant to the local commissions.

*Resolved. Revised administrative rules do define administrative cost limits for local commissions. No separate planning and coordination grants to the local commissions were established.*

11. Amend the rules for state commission grant programs to limit provider administrative expenses to a percentage of the amount awarded.

*Not Resolved. According to state commission documentation, limiting provider administrative expenses to 10 percent was not formalized by administrative rule. The state commission determined that this should be an internal "best practices" policy. Additional testing is required at the provider level to determine whether the administrative expenses are being held to 10 percent.*

## **Commendation**

The courtesies and cooperation extended by officials and staff of the State Commission on Children and Families were commendable and sincerely appreciated.

## **Audit Team**

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**APPENDIX A:**  
**STATE COMMISSION ON CHILDREN AND FAMILIES**  
**DISTRIBUTION OF FUNDS**  
**1997 – 1999**

**State Commission on Children and Families**  
**Distribution of Funds**  
**1997 – 1999**

County	General Funds							
	1996		Juvenile		Great		Student	
	0-17 Pop.		Services		Start		Retention Initiative	
Minimum Grant			\$70,000		\$55,000		\$21,200	
	Dollars	% of Total Pop.	Dollars	Per Capita	Dollars	Per Capita	Dollars	Per Capita
Multnomah	160,850	19.65%	1,686,790	10.49	1,450,917	9.02	226,537	1.41
Washington	105,390	12.88%	1,105,196	10.49	950,651	9.02	148,428	1.41
Clackamas	80,193	9.80%	840,962	10.49	723,366	9.02	112,942	1.41
Lane	72,854	8.90%	764,000	10.49	657,166	9.02	102,606	1.41
Marion	72,373	8.84%	758,956	10.49	652,827	9.02	101,928	1.41
Jackson	41,377	5.06%	433,909	10.49	373,233	9.02	58,274	1.41
Linn	25,861	3.16%	271,197	10.49	233,274	9.02	36,422	1.41
Deschutes	25,816	3.15%	270,725	10.49	232,868	9.02	36,359	1.41
Douglas	24,383	2.98%	255,698	10.49	219,942	9.02	34,340	1.41
Yamhill	21,385	2.61%	224,259	10.49	192,899	9.02	30,118	1.41
Umatilla	18,623	2.28%	195,294	10.49	167,985	9.02	26,228	1.41
Josephine	17,435	2.13%	182,836	10.49	157,269	9.02	24,555	1.41
Benton	16,290	1.99%	170,829	10.49	146,941	9.02	22,942	1.41
Klamath	16,174	1.98%	169,612	10.49	145,895	9.02	22,779	1.41
Coos	14,518	1.77%	152,246	10.49	130,957	9.02	21,200	1.46
Polk	13,960	1.71%	146,395	10.49	125,924	9.02	21,200	1.52
Columbia	10,477	1.28%	109,869	10.49	94,506	9.02	21,200	2.02
Lincoln	9,842	1.20%	103,210	10.49	88,778	9.02	21,200	2.15
Malheur	8,833	1.08%	92,629	10.49	79,676	9.02	21,200	2.40
Clatsop	8,812	1.08%	92,409	10.49	79,487	9.02	21,200	2.41
Union	6,149	0.75%	70,000	11.38	55,466	9.02	21,200	3.45
Wasco	5,714	0.70%	70,000	12.25	55,000	9.63	21,200	3.71
Tillamook	5,648	0.69%	70,000	12.39	55,000	9.74	21,200	3.75
Hood River	5,391	0.66%	70,000	12.98	55,000	10.20	21,200	3.93
Jefferson	5,269	0.64%	70,000	13.29	55,000	10.44	21,200	4.02
Curry	4,618	0.56%	70,000	15.16	55,000	11.91	21,200	4.59
Crook	4,223	0.52%	70,000	16.58	55,000	13.02	21,200	5.02
Baker	4,105	0.50%	70,000	17.05	55,000	13.40	21,200	5.16
Morrow	2,722	0.33%	70,000	25.72	55,000	20.21	21,200	7.79
Grant	2,091	0.26%	70,000	33.48	55,000	26.30	21,200	10.14
Lake	2,048	0.25%	70,000	34.18	55,000	26.86	21,200	10.35
Harney	1,919	0.23%	70,000	36.48	55,000	28.66	21,200	11.05
Wallowa	1,791	0.22%	70,000	39.08	55,000	30.71	21,200	11.84
Gilliam	485	0.06%	70,000	144.33	55,000	113.40	21,200	43.71
Sherman	417	0.05%	70,000	167.87	55,000	131.89	21,200	50.84
Wheeler	347	0.04%	70,000	201.73	55,000	158.50	21,200	61.10
Totals	818,383	100%	9,147,021	11.18	7,785,027	9.51	1,450,858	1.77

General Funds (continued)									
CASA		Healthy Start G/F		Local Staffing		Youth Investment G/F		Relief Nurseries	
\$3,000		NA		\$109,808		\$10,676		NA	
Dollars	Per Capita	Dollars	Per Capita	Dollars	Per Capita	Dollars	Per Capita	Dollars	Per Capita
83,619	0.52	0		109,808	0.68	321,153	2.00	45,515	0.28
54,788	0.52	0		109,808	1.04	210,421	2.00	0	
41,689	0.52	1,095,942	13.67	109,808	1.37	160,113	2.00	0	
37,874	0.52	972,781	13.35	109,808	1.51	145,460	2.00	47,858	0.66
37,624	0.52	1,051,731		109,808	1.52	144,500	2.00	0	
21,510	0.52	680,429	16.44	109,808	2.65	82,613	2.00	0	
13,444	0.52	391,762	15.15	109,808	4.25	51,634	2.00	0	
13,421	0.52	669,071	25.92	109,808	4.25	51,544	2.00	0	
12,676	0.52	0		109,808	4.50	48,683	2.00	0	
11,117	0.52	0		109,808	5.13	42,697	2.00	0	
9,681	0.52	0		109,808	5.90	37,183	2.00	0	
9,064	0.52	320,440	18.38	109,808	6.30	34,811	2.00	0	
8,468	0.52	0		109,808	6.74	32,525	2.00	0	
8,408	0.52	0		109,808	6.79	32,293	2.00	0	
7,547	0.52	0		109,808	7.56	28,987	2.00	0	
7,257	0.52	202,868	14.53	109,808	7.87	27,873	2.00	0	
5,447	0.52	0	0.00	109,808	10.48	20,918	2.00	0	
5,116	0.52	0		109,808	11.16	19,651	2.00	0	
4,592	0.52	0		109,808	12.43	17,636	2.00	0	
4,581	0.52	214,442	24.34	109,808	12.46	17,594	2.00	0	
3,197	0.52	197,754	32.16	109,808	17.86	12,277	2.00	0	
3,000	0.53	0		109,808	19.22	11,409	2.00	0	
3,000	0.53	214,442	37.97	109,808	19.44	11,277	2.00	0	
3,000	0.56	197,754	36.68	109,808	20.37	10,764	2.00	0	
3,000	0.57	0		109,808	20.84	10,676	2.03	0	
3,000	0.65	0		109,808	23.78	10,676	2.31	0	
3,000	0.71	0		109,808	26.00	10,676	2.53	0	
3,000	0.73	0		109,808	26.75	10,676	2.60	0	
3,000	1.10	0		109,808	40.34	10,676	3.92	0	
3,000	1.43	0		109,808	52.51	10,676	5.11	0	
3,000	1.46	0		109,808	53.62	10,676	5.21	0	
3,000	1.56	0		109,808	57.22	10,676	5.56	0	
3,000	1.68	0		109,808	61.31	10,676	5.96	0	
3,000	6.19	0		109,808	226.41	10,676	22.01	0	
3,000	7.19	0		109,808	263.33	10,676	25.60	0	
3,000	8.65	0		109,808	316.45	10,676	30.77	0	
446,120	0.55	6,209,416	7.59	3,953,088	4.83	1,702,128	2.08	93,373	0.11

**State Commission on Children and Families**  
**Distribution of Funds**  
**1997 – 1999**

County	1996		Other Funds							
	0-17 Pop.		Family Resources		Court		OYCC		Youth Inv. FF	
	Minimum Grant		Centers		Services		Summer		10/1/97-6/30/99	
	Dollars	% of Total Pop.	Dollars	Per Capita	Dollars	Per Capita	Dollars	Per Capita	Dollars	Per Capita
			NA		Pop. Dis.		\$22,222		\$64,324	
Multnomah	160,850	19.65%	0		151,010	0.94	22,222	0.14	1,854,647	11.53
Washington	105,390	12.88%	0		98,943	0.94	22,222	0.21	1,215,177	11.53
Clackamas	80,193	9.80%	0		75,287	0.94	22,222	0.28	924,649	11.53
Lane	72,854	8.90%	0		68,397	0.94	22,222	0.31	840,028	11.53
Marion	72,373	8.84%	0		67,946	0.94	22,222	0.31	834,482	11.53
Jackson	41,377	5.06%	0		38,846	0.94	22,222	0.54	477,089	11.53
Linn	25,861	3.16%	91,333	3.53	24,279	0.94	22,222	0.86	298,185	11.53
Deschutes	25,816	3.15%	0		24,237	0.94	22,222	0.86	297,666	11.53
Douglas	24,383	2.98%	0		22,891	0.94	22,222	0.91	281,143	11.53
Yamhill	21,385	2.61%	0		20,077	0.94	22,222	1.04	246,575	11.53
Umatilla	18,623	2.28%	0		17,484	0.94	22,222	1.19	214,729	11.53
Josephine	17,435	2.13%	91,333	5.24	16,368	0.94	22,222	1.27	201,031	11.53
Benton	16,290	1.99%	0		15,293	0.94	22,222	1.36	187,828	11.53
Klamath	16,174	1.98%	0		15,185	0.94	22,222	1.37	186,491	11.53
Coos	14,518	1.77%	0		13,630	0.94	22,222	1.53	167,397	11.53
Polk	13,960	1.71%	0		13,106	0.94	22,222	1.59	160,963	11.53
Columbia	10,477	1.28%	0		9,836	0.94	22,222	2.12	120,803	11.53
Lincoln	9,842	1.20%	0		9,240	0.94	22,222	2.26	113,481	11.53
Malheur	8,833	1.08%	0		8,293	0.94	22,222	2.52	101,847	11.53
Clatsop	8,812	1.08%	0		8,273	0.94	22,222	2.52	101,605	11.53
Union	6,149	0.75%	0		5,773	0.94	22,222	3.61	70,900	11.53
Wasco	5,714	0.70%	0		5,364	0.94	22,222	3.89	65,884	11.53
Tillamook	5,648	0.69%	0		5,302	0.94	22,222	3.93	65,123	11.53
Hood River	5,391	0.66%	0		5,061	0.94	22,222	4.12	64,324	11.93
Jefferson	5,269	0.64%	0		4,947	0.94	22,222	4.22	64,324	12.21
Curry	4,618	0.56%	0		4,335	0.94	22,222	4.81	64,324	13.93
Crook	4,223	0.52%	0		3,965	0.94	22,222	5.26	64,324	15.23
Baker	4,105	0.50%	0		3,854	0.94	22,222	5.41	64,324	15.67
Morrow	2,722	0.33%	0		2,555	0.94	22,222	8.16	64,324	23.63
Grant	2,091	0.26%	0		1,963	0.94	22,222	10.63	64,324	30.76
Lake	2,048	0.25%	91,333	44.60	1,923	0.94	22,222	10.85	64,324	31.41
Harney	1,919	0.23%	0		1,802	0.94	22,222	11.58	64,324	33.52
Wallowa	1,791	0.22%	0		1,681	0.94	22,222	12.41	64,324	35.92
Gilliam	485	0.06%	0		455	0.94	22,222	45.82	64,324	132.63
Sherman	417	0.05%	0		391	0.94	22,222	53.29	64,324	154.25
Wheeler	347	0.04%	0		326	0.94	22,222	64.04	64,324	185.37
Totals	818,383	100%	273,999	0.33	768,318	0.94	799,992	0.98	9,863,935	12.05

Other Funds (continued)									
CCDHG		Relief Nurseries		FPS		FPS		Total	
10/1/97-6/30/99		10/1/97-6/30/99		Healthy Start		10/1/97-6/30/99		All Funds	
\$12,000/year		NA				\$7,500 or \$12,000			
Dollars	Per Capita	Dollars	Per Capita	Dollars	Per Capita	Dollars	Per Capita	Dollars	Per Capita
468,729	2.91	263,766	1.64	0		470,332		7,155,045	44.48
307,114	2.91	0		0		308,165		4,530,914	42.99
233,689	2.91	0		131,602	1.64	234,488		4,706,758	58.69
212,302	2.91	277,338	3.81	116,812	1.60	213,028		4,587,680	62.97
210,900	2.91	0		126,292		211,622		4,330,837	59.84
120,576	2.91	0		81,706	1.97	120,988		2,621,204	63.35
75,361	2.91	0		47,043	1.82	75,619		1,741,583	67.34
75,230	2.91	0		80,343	3.11	75,487		1,958,981	75.88
71,054	2.91	0		0		71,297		1,149,755	47.15
62,318	2.91	0		0		62,531		1,024,621	47.91
54,269	2.91	0		0		54,454		909,337	48.83
50,807	2.91	0		38,479	2.21	50,981		1,310,003	75.14
47,470	2.91	0		0		47,633		811,960	49.84
47,132	2.91	0		0		47,293		807,118	49.90
42,307	2.91	0		0		42,451		738,752	50.89
40,681	2.91	0		24,361	1.75	40,820		943,476	67.58
30,531	2.91	0		0		30,635		575,775	54.96
28,680	2.91	0		0		28,778		550,165	55.90
25,740	2.91	0		0		25,828		509,471	57.68
25,679	2.91	0		25,750	2.92	25,767		748,816	84.98
24,000	3.90	0		23,746	3.86	17,980		634,322	103.16
24,000	4.20	0		0		16,708		404,595	70.81
24,000	4.25	0		25,750	4.56	16,515		643,639	113.96
24,000	4.45	0		23,746	4.40	15,764		622,642	115.50
24,000	4.55	0		0		15,407		400,584	76.03
24,000	5.20	0		0		13,503		398,069	86.20
24,000	5.68	0		0		12,348		396,543	93.90
24,000	5.85	0		0		12,003		396,087	96.49
24,000	8.82	0		0		12,000		394,786	145.04
24,000	11.48	0		0		12,000		394,193	188.52
24,000	11.72	0		0		12,000		485,486	237.05
24,000	12.51	0		0		12,000		394,032	205.33
24,000	13.40	0		0		12,000		393,912	219.94
24,000	49.48	0		0		7,500		388,186	800.38
24,000	57.55	0		0		7,500		388,122	930.75
24,000	69.16	0		0		7,500		388,056	1,118.32
2,614,569	3.19	541,104	0.06	745,630	0.10	2,440,925		48,835,505	59.67



## **Agency's Response to the Audit Report**



August 30, 1999

John N. Lattimer, Director  
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John A. Kitzhaber  
Governor



Dear Mr. Lattimer:

Thank you for the opportunity to respond to the Change of Director and Risk Assessment audit of the Oregon Commission on Children and Families. Overall, we found the recommendations to be very helpful and we will use them to continue to improve our practices as a state agency. We would like to present the following information as part of the audit document to clarify some of the contents of the report.

#### **Chapter 1: Usefulness of Collected Information Can Be Improved**

The Oregon Commission on Children and Families (OCCF) agrees with the recommendations included in this section. Both Commission improvements already underway and action by the legislature in adopting Senate Bill 555, copies provided, will address the issues raised in the audit and result in improved information collection from state agencies, as well as from local commissions.

OCCF is currently making significant improvements to the statewide database that will allow for the efficient and timely generation of electronic reports on Commission expenditures, activity and program categories and outcomes. As this report points out, much of this information already is being collected, but until the database improvements are completed in September 1999, analysis and reports often must be done manually, rather than electronically. With the conversion to the improved database, the state commission will provide extensive training on data input standards to local commission staff.

Senate Bill 555 is the first comprehensive modification to the Commission system since House Bill 2004 was adopted in 1993. SB 555 directs that all state and local planning processes be connected into a single coordinated comprehensive plan for children and families in each county. Information collected by OCCF in the plans will be made available to other state agencies for their use in budget and service planning. State agencies included in the planning will be required to evaluate their services using common evaluation elements, including specific interim indicators.



OCCF is nearly finished with work to refine and reduce the list of outcome measures which local commissions use to select the most appropriate measure for the funded activity. In order to present findings in the report to the Governor and legislature required in SB 555, OCCF will specify that local commissions must monitor selected common outcomes measures to allow for analysis. Local commissions still may choose additional outcome measures, which will continue to be reported in the database.

There are specific statements in the body of the audit report which warrant additional elaboration:

1. A recommendation is made that the state commission complete an audit within two years of this report to determine whether the evaluation process is occurring as prescribed. We believe this recommendation is referencing the need for a Secretary of State Audits Division follow-up audit, not the state commission. OCCF does not have an internal auditor nor funding for a contracted auditor to do this work.

## **Chapter 2: Management Oversight and Monitoring Can Be Improved**

We agree with this recommendation and have taken steps to ensure that fiscal and activity reports have been received before funds are released to local commissions. Historically, the monitoring and fiscal information have been stored in two different systems. As discussed above, the state commission is in the process of developing a revised database. This database will combine the fiscal and monitoring reports, which will allow easy verification of reports received before releasing of funds to local commissions.

There are specific statements in the body of the audit report which warrant additional elaboration:

1. The audit report recommends that OCCF formalize its monitoring system of local commissions. OCCF is working to improve the documentation of its monitoring process to better demonstrate that a formal process was carried out. OCCF now has in place a procedure to conduct biennial reviews of internal controls at local commission offices and has a tracking form covering on-site reviews. A copy of that procedure has been provided. The state commission also uses a Local Systems Development Evaluation Worksheet that is to be completed during on-site reviews, and done at least once each biennium. A copy of that worksheet has been provided.
2. The report states that the state commission's system cannot generate statewide summary reports on outcomes of services provided. As described above, the commission during the audit period was able to provide these reports manually, but not electronically. That situation will be resolved next month.

## **Chapter 3: Internal Practices Can Be Improved**

We agree with this recommendation. During this audit period the Financial Services division of the agency had almost 100 percent staff turnover, including the Fiscal Manager position. These positions have now been filled and internal controls have been re-established. The following items have been specifically addressed:

- Ensured that all interagency agreements and personal services contracts meet the Department of Administrative Services' (DAS) requirements and have the proper signatures;
- Instituted new policies and procedures and updated signature authorization forms;
- Hired a Personnel Officer to ensure compliance with personnel rules;
- Ensured that all Position Descriptions have been signed and are up to date with current duties;
- Trained new fiscal staff on DAS policies including reimbursement of travel claims;
- Trained all agency staff, including those who review volunteer travel reimbursement claims, on state policies regarding travel reimbursements.

#### **Chapter 4: Follow up to Prior Audit Recommendations**

The follow up comments provided in the audit report were from a response given by the state commission two years ago. The following are our updated comments:

1. Work with the Legislative Assembly to clarify, in statute or rule, the state's expectation for local financial participation in state commission-funded programs.

*Resolved. The state commission's roles and responsibilities have been clarified with the adoption of SB 555.*

2. Work with local commissions to develop incentives or requirements to increase local public support for programs, such as allocating state commission funds on a matching basis by requiring non-state funds to comprise a minimum portion of program revenues.

*Do not concur. The role of local commissions is to identify local needs, identify program approaches based on proven practices, and identify how to bundle funds from private, public and volunteer sources to support those programs. The state commission's role in connection with local commissions is not to act as a foundation in providing support for local programs, or by mandating program requirements that are unrelated to outcomes or state fiscal responsibilities.*

3. Amend the state's rules to require local commissions to conduct regular on-site monitoring of provider programs. Require program monitors to review documents supporting financial and service information and to verify the accuracy of reported information.

*Resolved. As shown in the attachments and discussed earlier, the state commission staff conduct biennial on-site visits to each local commission, including reviews of internal controls.*

4. Develop standards for local commissions and providers to follow in valuing and reporting in-kind contributions.

- Ensured that all interagency agreements and personal services contracts meet the Department of Administrative Services' (DAS) requirements and have the proper signatures;
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- Hired a Personnel Officer to ensure compliance with personnel rules;
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3. Amend the state's rules to require local commissions to conduct regular on-site monitoring of provider programs. Require program monitors to review documents supporting financial and service information and to verify the accuracy of reported information.

*Resolved. As shown in the attachments and discussed earlier, the state commission staff conduct biennial on-site visits to each local commission, including reviews of internal controls.*

4. Develop standards for local commissions and providers to follow in valuing and reporting in-kind contributions.

*Resolved. The state commission has developed a system for reporting on in-kind contributions on its existing fiscal, monitoring and reporting database system.*

5. Amend the state's rules to require providers to provide annually an unduplicated count of the number of persons who receive services.

*Resolved. The current database provides information both on an unduplicated case count basis and for average daily population served. This information is updated quarterly.*

6. Withhold funds from local commissions that chronically submit untimely or inaccurate reports.

*Resolved. The state commission is in the process of developing a new database that will combine the fiscal and monitoring reports allowing easy verification of reports received before releasing of funds to local commissions.*

7. Attempt to collect, where appropriate, state General Funds from local commissions that have not received approval to carry over funds or have not spent funds within the time allowed. Consider administrative remedies in those cases for which collection is inappropriate, such as withholding funds from subsequent allocations.

*Resolved. The state commission has policies and procedures in place to collect state General Funds from the local commissions that have not received approval to carry over funds or have not spent funds within the time allowed. Reports will be submitted by local commissions in December 1999 to determine what funds need to revert to the state.*

8. Evaluate all state commission administrative expenses for savings potential, including the need for two offices.

*Resolved. The state commission completed an analysis of administrative expenses and closed the Portland office in January 1997. The state commission has gone through a staff reorganization and has reduced administrative expenses to four percent of the budget.*

9. Amend the rules to clearly define allowable and unallowable kinds of administrative charges against state commission grants.

*Resolved. The state commission established policies and procedures and revised administrative rules related to allowable and unallowable administrative charges.*

10. Amend the rules for state commission grants to limit total local commission administrative expenses to a percentage of the amount awarded. Consider establishing a limit consistent with federal grant programs.

*Resolved. Revised administrative rules to define administrative cost limits by percentage of awarded amount to local commissions.*

11. Amend rules for state commission grant programs to limit provider administrative expenses to a percentage of the amount awarded.

*Do not concur. While we strongly agree with the need to maximize the amount of funding that directly benefits children and families, the selection of providers and programs is the responsibility of local commissions. The commission structure is based on outcomes, not process measures such as the ratio of administrative to direct service expenditures. Local commission programs are based on research and best practices. Program success is measured by positive outcomes.*

We appreciate the professionalism and courtesy extended to us by the auditors. If you have any questions, please contact me at 373-1570x267.

Sincerely,



Donna Middleton  
Executive Director

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## AUDITING TO PROTECT THE PUBLIC INTEREST AND IMPROVE OREGON GOVERNMENT

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### DIRECTORY OF KEY OFFICIALS

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<i>Deputy Director</i>	Catherine E. Pollino, CGFM
<i>Deputy Director</i>	Sharron E. Walker, CPA, CFE

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