



# **Oregon**

## **Secretary of State Audits Division**

### **Boards and Commissions: Common Risks, Needed Oversight, and Steps to Manage Them**

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# Why this audit?

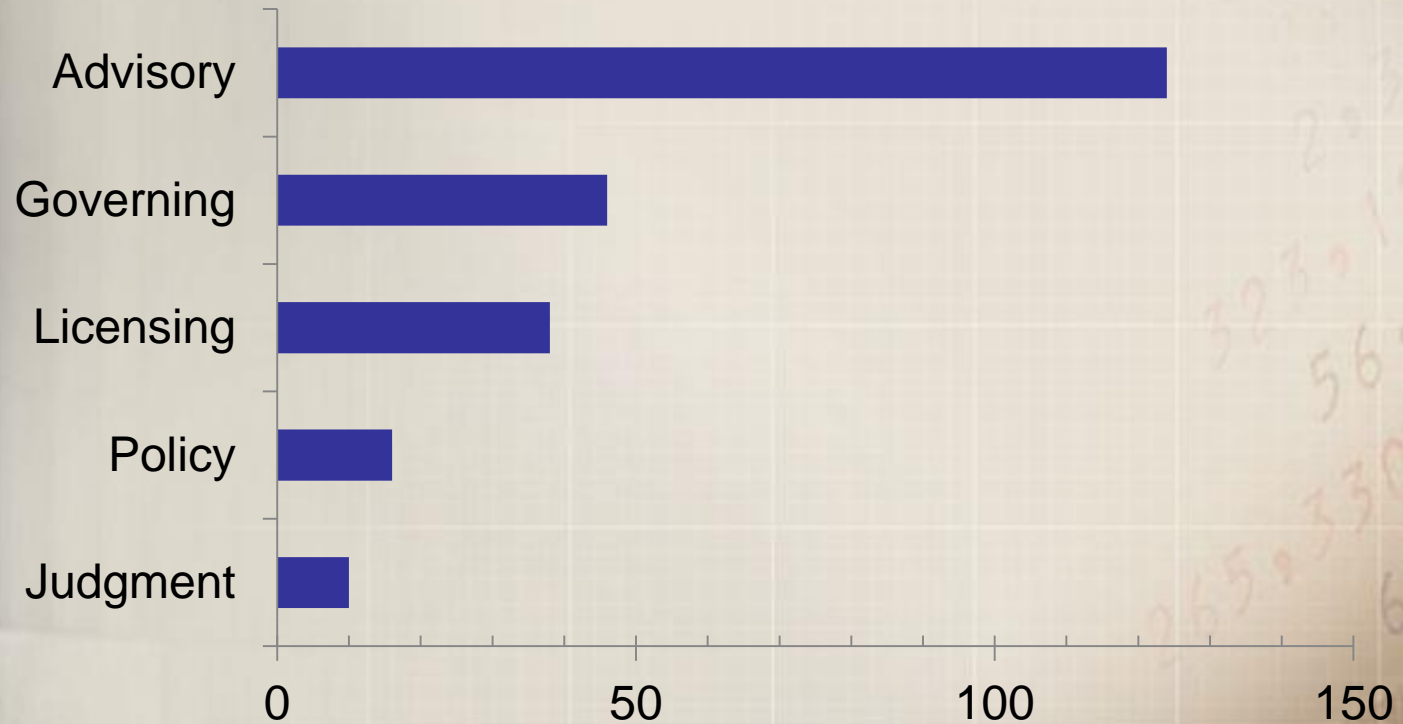
Past audits of Oregon boards prompted concerns about risk

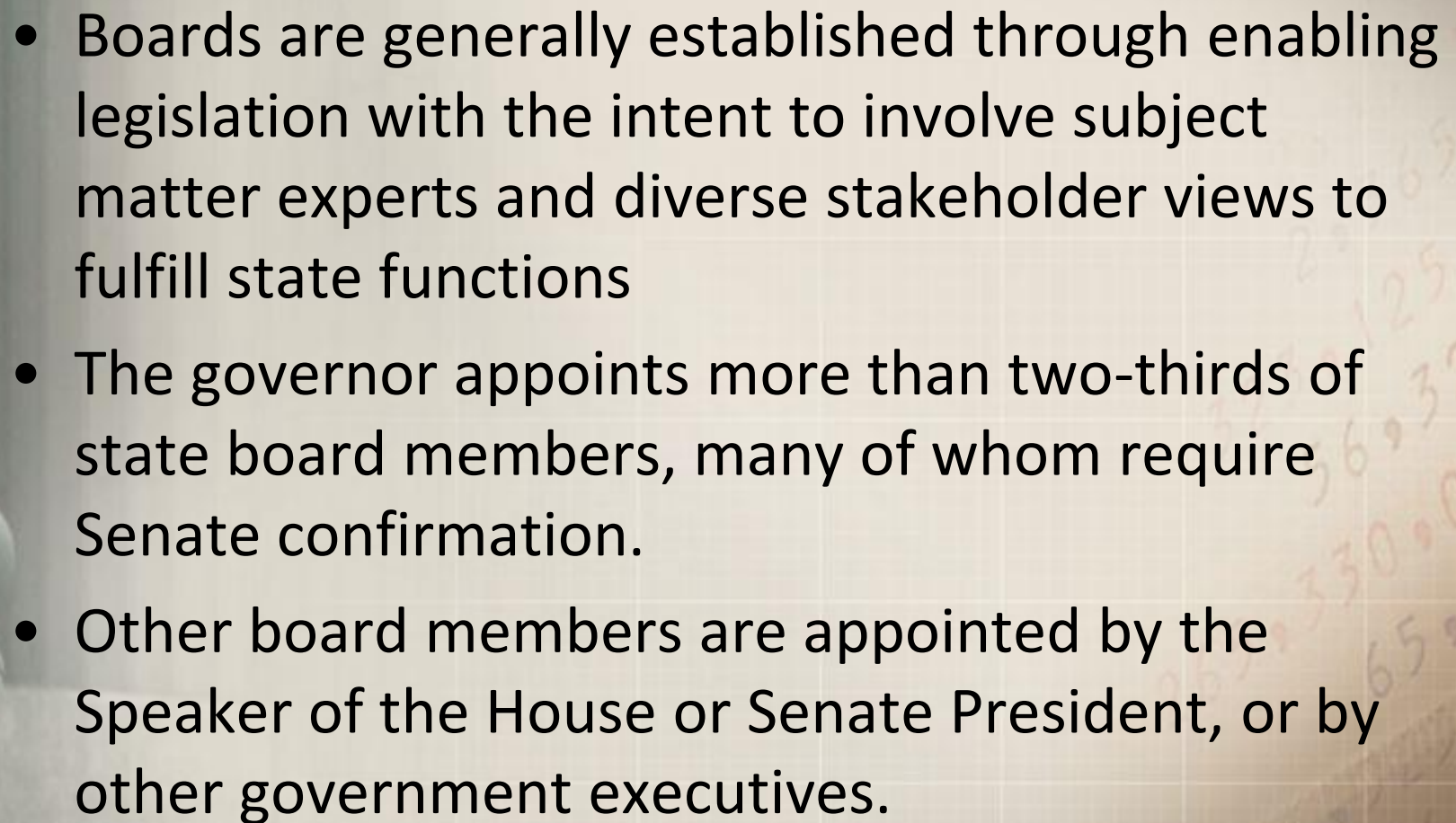
- Commission for the Blind
- State Marine Board
- Landscape Architecture Board
- Tourism Commission

I asked the auditors to step back and look at the issue more broadly

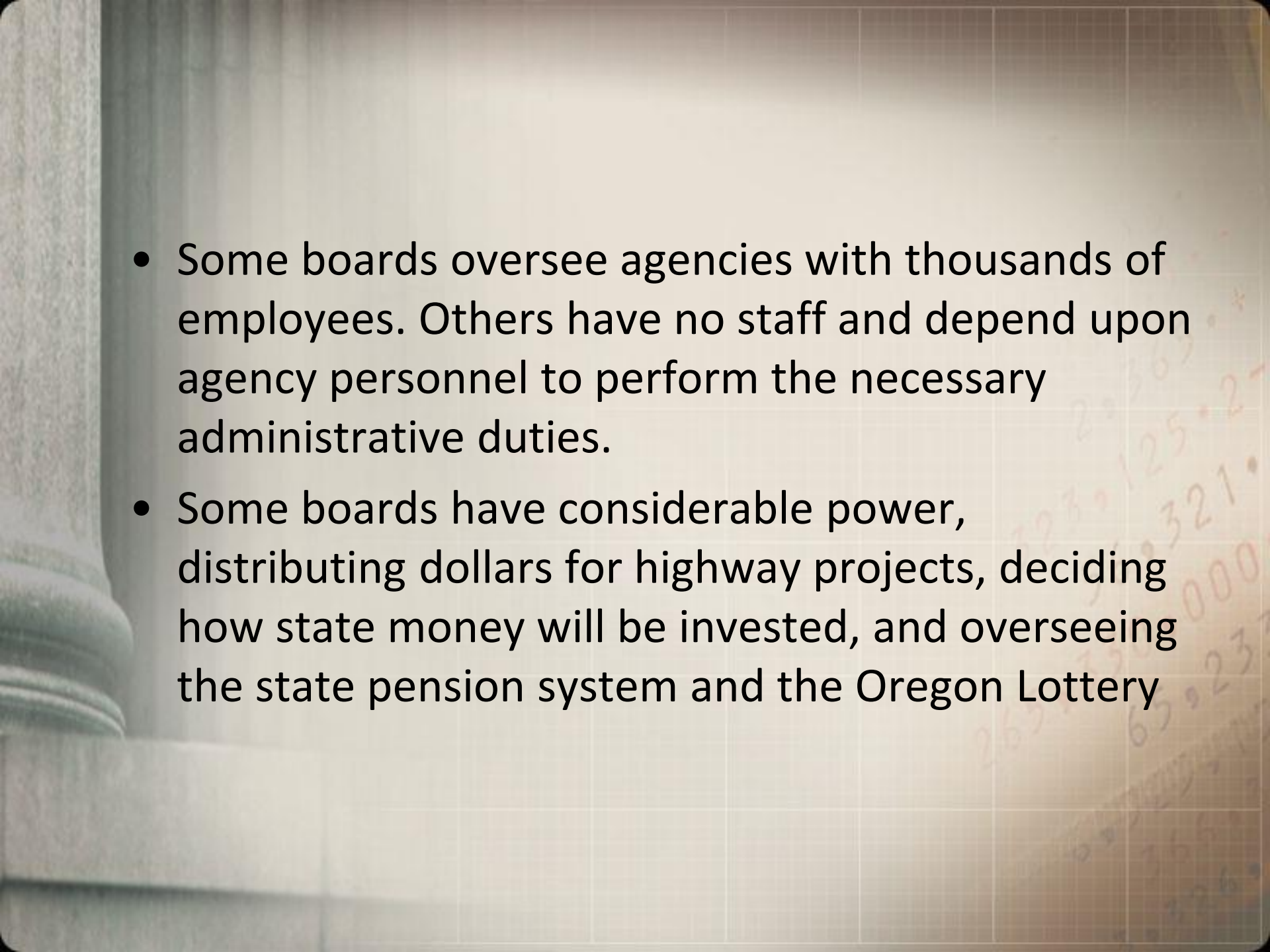
# Boards serve a variety of needs

Number of Each Board Type



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- Boards are generally established through enabling legislation with the intent to involve subject matter experts and diverse stakeholder views to fulfill state functions
  - The governor appoints more than two-thirds of state board members, many of whom require Senate confirmation.
  - Other board members are appointed by the Speaker of the House or Senate President, or by other government executives.



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- Some boards oversee agencies with thousands of employees. Others have no staff and depend upon agency personnel to perform the necessary administrative duties.
  - Some boards have considerable power, distributing dollars for highway projects, deciding how state money will be invested, and overseeing the state pension system and the Oregon Lottery

- Past governors and legislatures have made efforts to reduce the number of boards

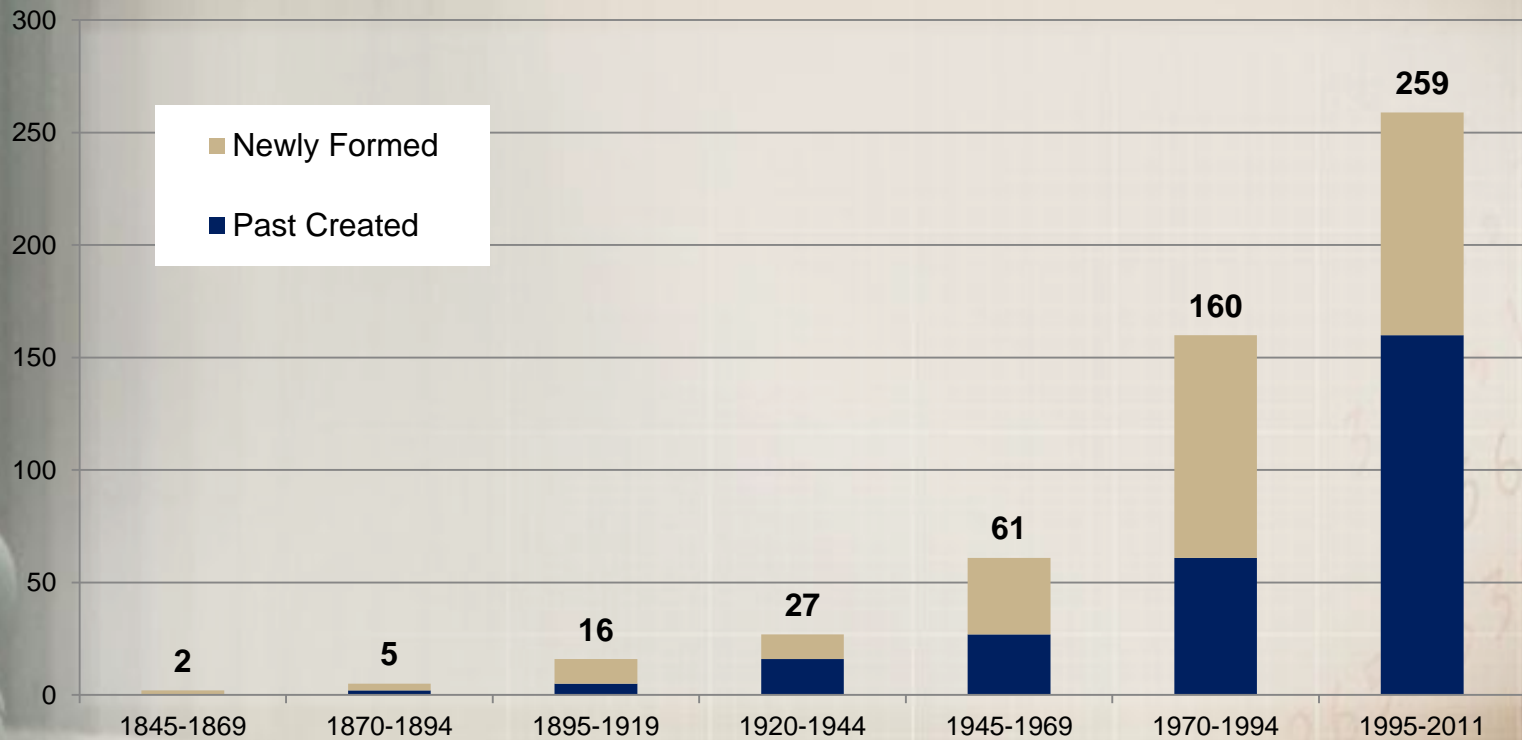
*A board is a mischievous administrative instrumentality, because its effect is to divide responsibility, destroy the symmetry of our governmental system, trench on the prerogatives of the executive, and injuriously affect the management of the institutions.*

*To avoid further enumeration in detail, I earnestly recommend that you abolish all boards, commissions, and offices that do not serve a useful public purpose, and thus cut off the unnecessary expense of their longer continuance.*

Oregon Governor William Lord, 1897

# Without much success...

## Oregon Boards and Commissions 1845-2011



# Administrative burdens and risks

- Agency cost to staff boards
- Financial, legal, and operational risks of the governing and licensing boards with their own staff



# Agency cost

- Over half of the boards created by the 2011 Legislature were created with the expectation of fiscal impact, but in most cases, the costs of these new boards were expected to be absorbed by an existing agency

# Boards are susceptible to certain problems

- Small staff numbers make it difficult to safeguard financial tasks, and they may lack needed administrative and technical skills. As a consequence, errors, fraud, waste or violations of statute may occur.
- Board members may not be aware of their role in establishing expectations and ensuring staff compliance with rules, procedures, and practices.
- Board members may not adequately oversee the Director or the general effectiveness of the organization.

# **Information about boards is not always complete or readily available**

- An incomplete list of all boards
- Missing member contact information
- Chair information missing or outdated
- Meeting information
- Performance data
- Financial information
- Websites non-existent or difficult to find

# Accountability of boards needs to be strengthened

- Uncertainty about whether personnel rules apply to volunteer board members
- Board members sometimes maintain they are not accountable to the appointing authority
- Steps for removal are not always clear



# Strategies to reduce board numbers

- Sunrise requirements – Colorado
  - Is it a significant health, safety or welfare need?
  - Can a board meet that need?
  - Is there no other cost-effective solution?

# Sunset reviews

- Washington's 10 questions, such as:
  - Has the mission of the board or commission been completed or ceased to be critical to effective state government?
  - Will termination of the board or commission have a significant adverse impact on state revenue because of loss of federal funds?
  - Could the work of the board or commission be done by an ad hoc committee?

# Consolidation of Board functions

- Oregon 1999 Legislature created the Health Licensing Office, merging 9 boards.
- In 2009, 13 more boards were suggested for consolidation, however this did not occur.

# ***Replacing boards with ad hoc committees***

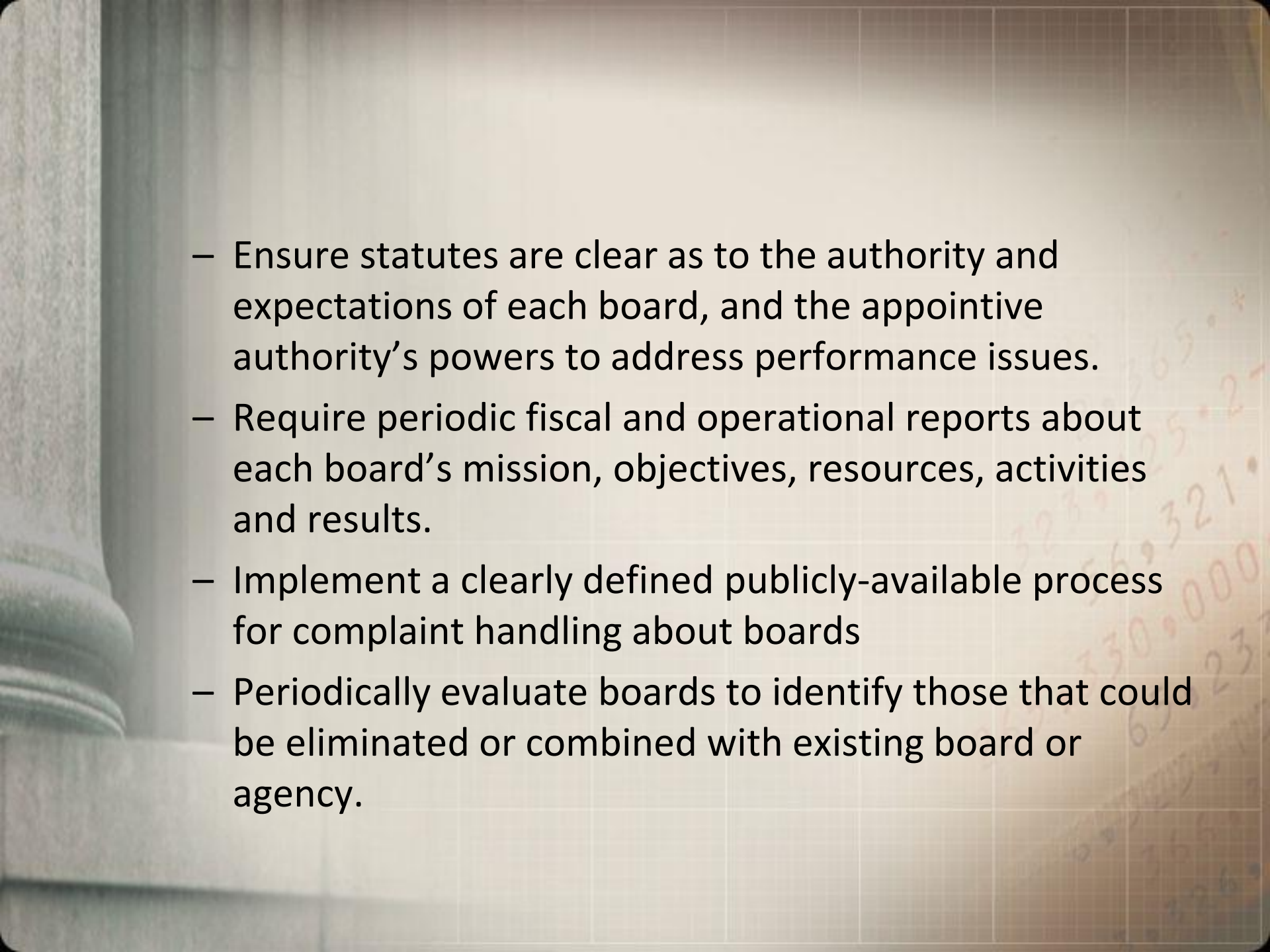
- California proposed that the Credit Union Advisory Committee be eliminated because the Secretary of the Department of Commerce could appoint ad hoc advisory committees when the need arises.



# **Our audit recommends:**

The Governor, Legislature, and Department of Administrative Services work together to:

- Compile and maintain a comprehensive listing of all Oregon boards and members.
- Implement sunrise requirements to ensure a public need for a new entity.
- Ensure all board members receive adequate training on administrative, legal, and operational requirements.

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- Ensure statutes are clear as to the authority and expectations of each board, and the appointive authority's powers to address performance issues.
  - Require periodic fiscal and operational reports about each board's mission, objectives, resources, activities and results.
  - Implement a clearly defined publicly-available process for complaint handling about boards
  - Periodically evaluate boards to identify those that could be eliminated or combined with existing board or agency.

*Much lip-service has been given to the unwieldiness of Oregon's 100 plus boards and commissions. I propose that the hydroelectric Commission be abolished and its duties absorbed by the Water Resources Board;*

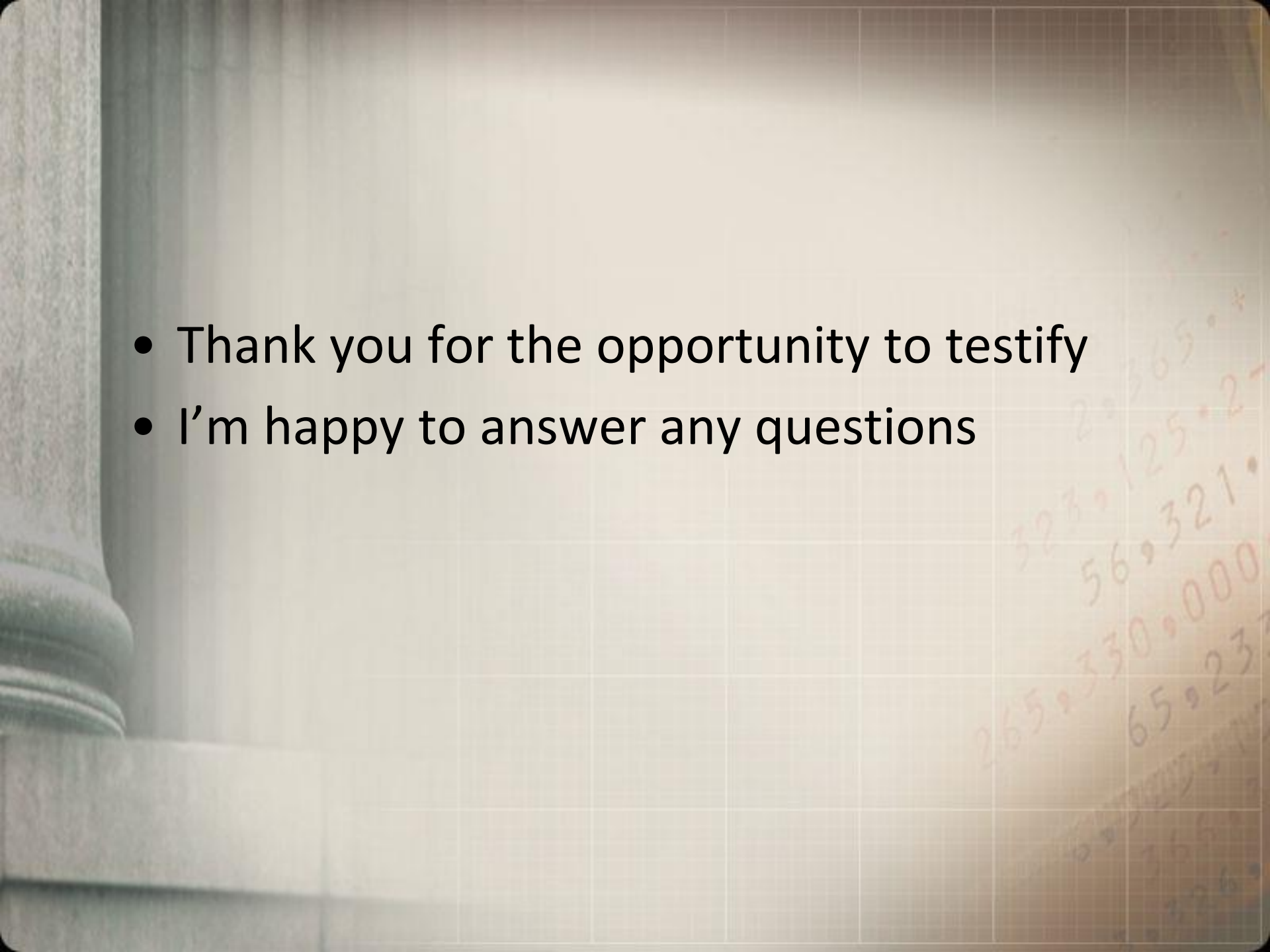
*that the State Engineer's office be amalgamated with the Water Resources Board; that the Governor no longer be chairman or a member of the State board of Forestry but that the Board instead select its own chairman from those especially suited for the position; that the State Forester be empowered to proclaim emergency closure of forests for the deer hunting season; that the State Board of Forestry assume the duties of the Forest Protection and Conservation Committee and the forest Products Research Advisory Committee; that the Inheritance Tax and Gift Tax administration be transferred from the Treasurer to the Tax commission; that the administration of the weight mile tax be transferred from the Public Utility Commissioner to the Department of Motor Vehicles; that the duties of the State Boxing Commission be transferred from the Governor and the Secretary of State And vested solely in the Attorney General; that regulations for parking in the Capitol area be drawn up and administered by the State Police department rather than the Secretary of State; that Capitol guide functions, now under the Secretary of State, be assumed by the Travel Information Division of the State Highway Department; that the position of State Fire Marshal be made separate from and independent of the State Insurance Commissioner; that the Livestock Auction Markets Committee and the Livestock Advisory Committee be combined; that the Sanitary Authority, Air Pollution Authority and Radiation Advisory Committee be combined into a single agency and given broader powers; that the Commission on Uniform State Laws be combined with the Legislative Counsel Committee; that the Labor Elections Division be abolished; that the collection Agency Advisory Board be abolished and its duties transferred to the Corporation Commissioner; that the Rogue River Coordination Board be abolished; that the McLaughlin Home Board of Trustees be abolished and duties transferred to the Oregon Historical Society; that the Flax and linen Board be abolished; that the Americanization Commission be abolished; and that a complete review be conducted on the remuneration of all boards and commissions to bring about equity in per diem payment among those citizens who lend their time and talent to state service.*

**-Governor Mark Hatfield, 1959**

# More details in the audit

- Our audit includes example strategies used by other states for managing boards
- We also include about 60 pages of tables describing the 250+ boards – mission, type, members, appointing authority, year created, enabling statute, and website
- [www.sos.state.or.us/audits](http://www.sos.state.or.us/audits)



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- Thank you for the opportunity to testify
  - I'm happy to answer any questions