
MEMORANDUM

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To: General Government Subcommittee of the Joint Committee on Ways and Means

From: John Terpening, Legislative Fiscal Office, 503-986-1824
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Date: Wednesday, February 8, 2017

Subject: Review of the Semi-Independent Agency Reports
Work Session Recommendation

The 2005 Legislature passed legislation requiring this review of semi-independent agencies. The first review was in 2006. This is the 6th review LFO has presented to the Legislature.

The Legislature first started granting agencies semi-independent status in 1991. The intent of this status was to allow these agencies to deliver services in a more business-like manner. Currently, 15 agencies have semi-independent status. Only 12 of the 15 are subject to ORS 182.456 to 182.472 which require them to submit reports for this review.

All semi-independent agencies are self-funded and fully supported by income such as license, application and examination fees; federal funds; grants; and other program revenue. A semi-independent agency's budget is not subject to Executive Branch review, or approval or modification by the Legislative Assembly.

Starting in 2006, every April of even-numbered years 12 state semi-independent agencies are required by statutes to submit information regarding licensing, complaints, investigations, and consumer protection activities as well as financial review and budget information. LFO reviews this information for completeness and compliance with statutory requirements. As part of the review, LFO corresponded via email, by telephone and met in person with agencies as needed to collect missing information, provide feedback on report content, and to discuss proposed recommendations for future reporting. In all cases, agencies were responsive to requests for information. LFO compiled the information gathered into the attached review.

The review covers agency performance for the 2013-15 biennium and the adopted budget for the 2015-17 biennium. Included in the LFO summary review of these reports are budget analyses for each of the twelve agencies, tables and charts summarizing budget to actual numbers, as well as staffing, and licensing information. In short, all twelve agencies submitted information that generally complied with statutes.

LFO continues to work with these agencies to ensure that information regarding licensing activities, complaints, investigations, resolutions, and sanctions are reported in a way that will be reliable.

Included in the LFO review are updated instructions to help these semi-independent agencies prepare future reporting, and the following recommendations for improving the semi-independent review process:

- I. For future reports, LFO recommends that all 12 agencies:
 1. Submit the required financial statements as final documents to both the agency conducting the financial review and to LFO, in order to ensure that the agency report and financial review figures match.
 2. Include a periodic review of third party contracts as part of the agency financial review's Agreed Upon Procedures, if the agency relies on third party vendors to carry out work.
 3. Follow the updated reporting guidelines prepared by LFO (Appendix D).
 4. Include an organizational chart and a description of any personnel or FTE changes during the reporting period.
 5. Fine-tune and document a formal procedure for licensing and enforcement data collection, in order to ensure data integrity.
 6. Work with the Department of Administrative Services' Enterprise Risk Management Office to undergo periodic review and risk assessment of the agency's information technology system.
- II. For the Oregon Wine Board, LFO recommends that the Board include in its biennial report to the Legislative Fiscal Officer: (1) an inventory review; and (2) written documentation from the Oregon Liquor Control Commission (OLCC) to support the Board's revenue deposits.
- III. LFO recommends that the Joint Committee on Legislative Audits consider a review to: (1) identify all statutorily-established entities that receive support from the General Fund, Lottery Funds, state-levied tax revenues, or court fees, but whose budgets currently are not subject to Legislative review; and (2) determine whether any of those entities should be included in this report, or whether alternative criteria for those entities to provide financial reporting to the Legislature are appropriate.

Recommendation

LFO recommends acknowledging receipt of LFO's review of Semi-Independent Agency Reports.

Motion

Senator/Representative _____:

I move LFO's review of Semi-Independent Agency Reports to the Full Committee with a recommendation to acknowledge receipt of this report and approve the LFO recommendations.

Assignment of Carriers

Full: _____