MGO
CPAs & ADVISORS

OREGON DEPARTMENT OF FORESTRY ASSESSMENT

May 5, 2021

Overview

TASKS AND DELIVERABLES

- Accounts receivable (including invoicing) and payable (including procurement) evaluation and operations
- Federal Emergency Management Agency (FEMA) claims
- Past and current practices and procedures
- Recommendations for future policies/ practices/ procedures
- Final report

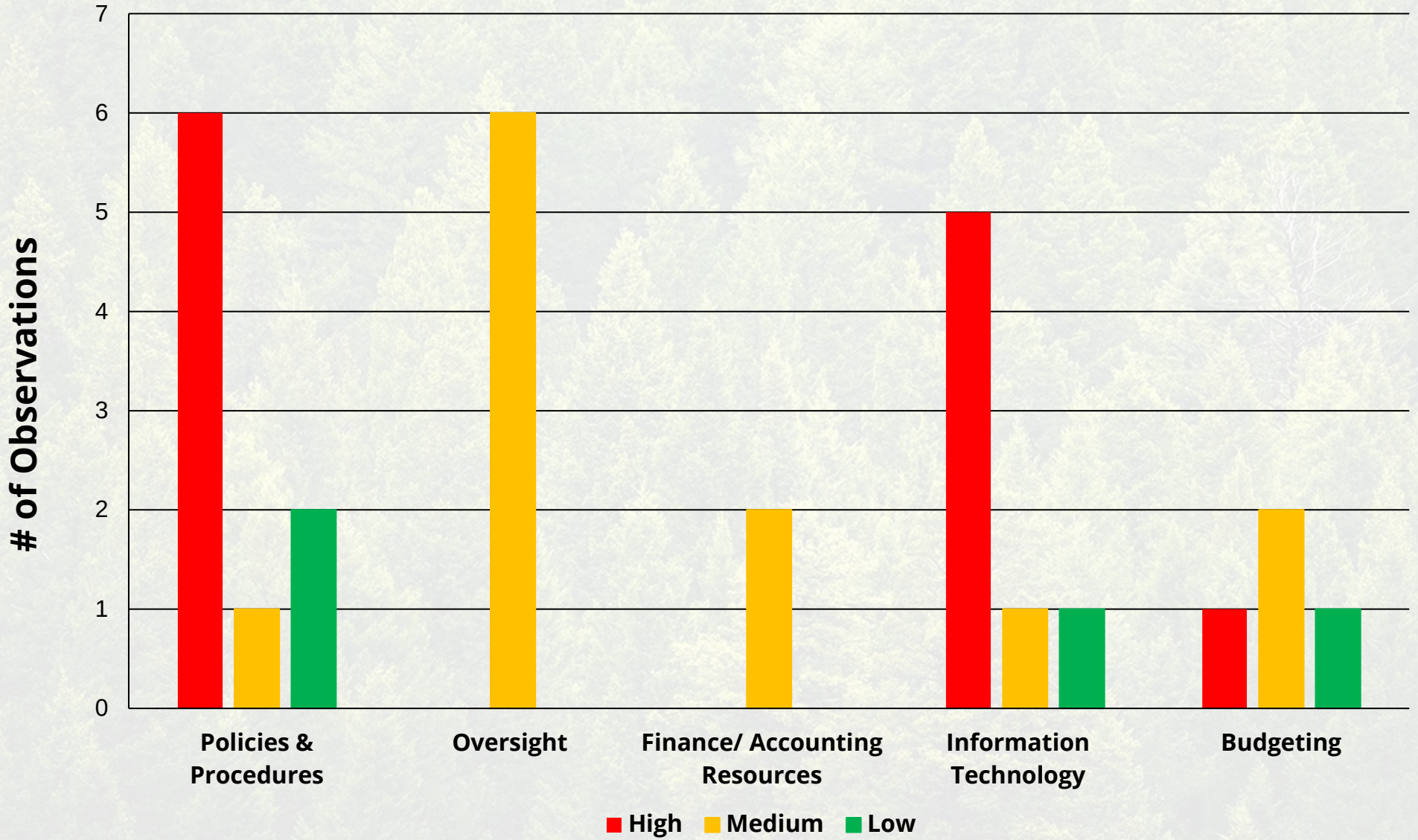
PROJECT OVERVIEW

APPROACH

Risk Ratings

Rating	Definitions
High	• Design of controls is ineffective in addressing key risks or no process exists to manage the risk. • Controls/policies/procedures documentation is incomplete, unclear or outdated, not monitored and/ or does not exist. • Controls are not in operation or have not yet been implemented. • There is non-compliance with laws/regulations/policies/procedures and there are opportunities to develop new controls to provide a more appropriate level of assurance. • Immediate need for corrective and/or improvement actions to be undertaken.
Medium	• Design of controls only partially addresses key risks and does not provide adequate assurance that all objectives will be achieved. • Controls/policies/procedures are documented, up-to-date, and monitored, but there are some gaps in the documentation relied upon to provide evidence that the key controls are operating effectively. • Controls are not operating consistently and/or effectively or have not been fully implemented. Identified general compliance with laws/regulations/policies/procedures with a few minor exceptions. • There are some opportunities to improve existing controls, strengthen compensating controls and/or awareness of the controls. • There is a cost/benefit advantage to implement improvement opportunities.
Low	• Design of controls is adequate in addressing key risks, providing a reasonable level of assurance that objectives are being achieved. • Controls/policies/procedures are documented, up-to-date, and monitored. • Controls are fully implemented and operating effectively and efficiently. • Identified high level of compliance with laws/regulations/policies/procedures. • Some improvement opportunities have been identified but not yet actioned.

SUMMARY OF OBSERVATIONS



POLICIES AND PROCEDURES

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HIGH

- Inconsistent on-going monitoring and interdepartmental communication as related to cost share agreements
- Lack of formalized cost share settlement procedures and authority limits
- Lack of formalized cost share collections procedures and roles and responsibilities
- Lack of formalized cash flow projection procedures and use of inaccurate payable and receivable data
- Lack of accounts receivable collections procedures and roles and responsibilities
- Cash basis recording of expenditures

MEDIUM

- Use of a manual invoicing process

LOW

- Areas of improvement identified related to operating associations advances
- Areas of improvement identified related to FEMA claim status reporting

OVERSIGHT

MEDIUM

- Use of ad-hoc oversight reports
- Lack of standard ODF specific finance/ accounting personnel training
- Lack of oversight/ standardized processes related to Filed Protection Districts
- Lack of consistent reporting of finance activities to the BOF
- Organizational structure limitations related to Field Protection District reporting
- Lack of timely review of incident financial data and change management processes

FINANCE/ ACCOUNTING RESOURCES

MEDIUM

- Reporting of certain finance/ accounting functions to ODF operations branch
- Skillset mismatch of certain personnel with finance/ accounting responsibilities

INFORMATION TECHNOLOGY

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HIGH

- Decentralized policy and procedure storage
- Use of multiple cost estimate systems
- Lack of real-time BRIO report access for Field Protection Districts
- Hard copy supporting document retention
- Use of information technology systems

MEDIUM

- Unreliable, inaccurate or incomplete source data for OFRS

LOW

- Use of predecessor purchasing system

BUDGETING

HIGH

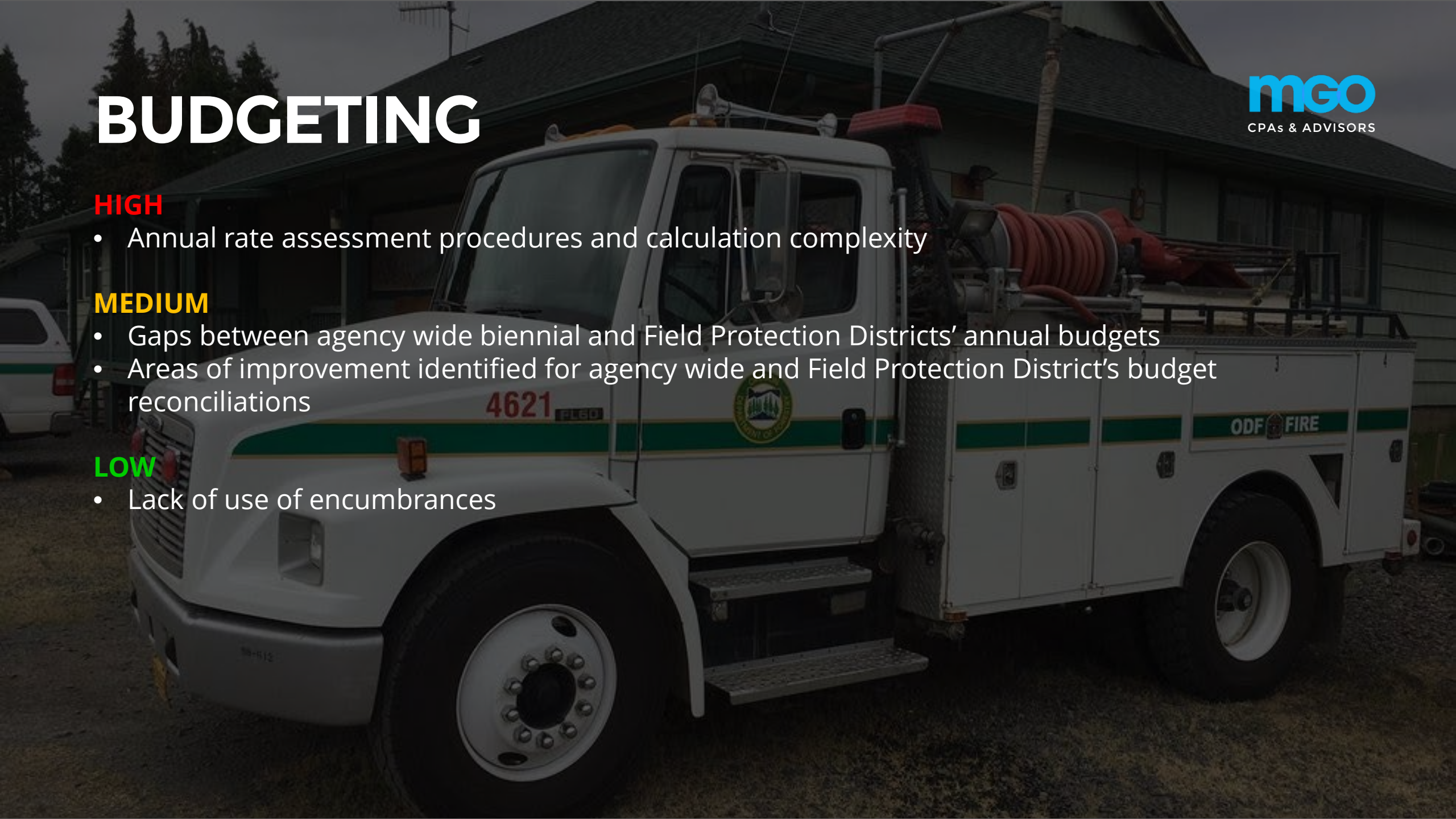
- Annual rate assessment procedures and calculation complexity

MEDIUM

- Gaps between agency wide biennial and Field Protection Districts' annual budgets
- Areas of improvement identified for agency wide and Field Protection District's budget reconciliations

LOW

- Lack of use of encumbrances



QUESTIONS?

Let's Talk.