

OREGON DEPARTMENT OF FORESTRY

Implementation Management Plan Review
Close Out Report

February 2024

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review

Table of Contents

	Page
EXECUTIVE SUMMARY	2
SCOPE AND OBJECTIVES	6
METHODOLOGY FOR IMPLEMENTATION MANAGEMENT PLAN REVIEW.....	6
DISCLAIMER.....	8
RECOMMENDATION STATUS	9
IMPLEMENTED	14
SUBSTANTIALLY COMPLETED.....	29
IN PROGRESS AS OF FEBRUARY 2024.....	34

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

EXECUTIVE SUMMARY

Macias Gini & O'Connell LLP (MGO) was engaged by the Oregon Department of Administrative Services (DAS) to provide an independent third-party assessment of the Oregon Department of Forestry's (ODF) Accounts Receivable (AR) and Accounts Payable (AP) practices. MGO performed the work in accordance with the Statements on Standards for Consulting Services issued by the American Institute of Certified Public Accountants. The objective of the engagement was to review, reconcile, evaluate, and make recommendations on ODF's:

- AR and AP functions as a whole.
- AR and AP policies and procedures.
- Policy and procedures involving the Federal requirements for submission of claims and reimbursement, focusing on the Federal Emergency Management Agency (FEMA) Fire Management Assistance Grant (FMAG) Program.
- AR and AP statutory and policy structure.

The final report was published on April 22, 2021 and contained 28 recommendations in the thematic areas of budgeting, financial resources, information technology, oversight, and policies and procedures. The report also categorized recommendations into the three risk categories of high, medium, and low. In October 2021, MGO was engaged by ODF to assess the status of the Implementation Management Plan (IMP).

MGO Review Cycles

Since October 2021, MGO has conducted four review cycles – April 2022, June 2022, November 2022, and February 2024 – to evaluate ODF's progress in implementing the recommendations. As of February 2024, we have monitored the progress of all 28 recommendations. In **Exhibit 1**, we provide a status overview and have deemed 21 recommendations as implemented, three (3) as substantially completed, and four (4) as in progress.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Exhibit 1: Status of All Recommendations as of February 2024

Rec	Category	Theme	Recommendation Status		
			I	SC	IP
1	Policies & Procedures	Cost Share Agreements	X		
2	Policies & Procedures	Cost Share Settlements	X		
3	Policies and Procedures	Cost Share Collections	X		
4	Policies & Procedures	Cash Flow Projections		X	
5	Policies & Procedures	Accounts Receivable Collections	X		
6	Information Technology	Policy and Procedure Storage	X		
7	Information Technology	Cost Estimates	X		
8	Information Technology	BRIO Report Access			X
9	Policies & Procedures	Accounts Payable	X		
10	Information Technology	Electronic Records	X		
11	Information Technology	Information Technology Systems	X		
12	Budget	Annual Rate Assessment	X		
13	Oversight	Oversight Reports	X		
14	Training	Training	X		
15	Oversight	Field Protection Districts Oversight	X		
16	Oversight	Board of Forestry Oversight	X		
17	Oversight	District Finance/Accounting Oversight	X		
18	Oversight	Change Management	X		
19	Policies & Procedures	Invoicing	X		
20	Finance/Accounting Resources	Finance/Accounting Resources	X		
21	Finance/Accounting Resources	Finance/Accounting Skillsets		X	
22	Information Technology	ODF Online Financial Reporting System			X
23	Budgeting	Budgeting Requirements	X		
24	Budgeting	Budgeting Reconciliation	X		
25	Policies & Procedures	Operating Associations Advances			X
26	Policies & Procedures	FEMA Claim Status Reporting		X	
27	Information Technology	OregonBuys	X		
28	Budgeting	Encumbrances			X

I = Implemented SC = Substantially Completed IP = In Progress NR = Not Reviewed

Source: MGO based on review of documentation associated with each recommendation.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Development and/or Enhancement of Internal Controls

During each of the review cycles, we focused on a subset of recommendations that were based on factors such as board member requests, ODF indicating they have made progress, recommendation risk ratings, internal control areas, etc. Internal controls are essential to ensuring that organizations: 1) operate efficiently and effectively; 2) comply with relevant regulations, policies, and guidance; and 3) obtain, generate, and disseminate reliable financial information. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework (COSO Framework), internal controls focus on the following five areas:

- The *control environment* sets the parameters for governance and oversight responsibilities, which includes setting the tone at the top, the assignment of authority and responsibilities, setting clear staff expectations, and creating processes for developing and retaining competent individuals, including ongoing staff trainings and professional development opportunities.
- *Risk Assessment* being an iterative process of identifying and assessing risks that will keep an organization from achieving its objectives. The assessment includes considering threats that could significantly impact operations and determining how much risk the organization is willing to accept. Based on its risk appetite, an organization may choose to accept, avoid, limit, or transfer the risks.
- *Control activities* help ensure that management's directives for mitigating risks that may prevent the achievement of organizational goals are executed. Control activities include the establishment of policies and procedures that address actions such as authorizations and approvals, verifications, reconciliations, and business performance reviews.
- *Information and communication* entails obtaining or generating and using relevant and quality information from both internal and external sources. This includes ensuring that data systems produce accurate, complete, and timely information. COSO also states that obtaining or generating relevant and quality information is essential for successfully executing organizational objectives. Moreover, communicating this information internally and externally provides transparency, clear messaging regarding organizational performance, and supplements decision-making.
- *Monitoring* includes ongoing and periodic evaluations to ascertain whether established practices are functioning as intended. These monitoring activities include internal reviews and external audits and assessments. Moreover, the results of monitoring activities and corrective actions are communicated timely to staff, senior management, and boards as appropriate.

In **Exhibit 2**, we provide a high-level overview of the internal control areas relevant to each recommendation. We should note that multiple internal control categories may be relevant to a recommendation, but we are highlighting the main areas of interest that led to the recommendations listed in the April 2021 report.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Exhibit 2: Recommendations and Associated Internal Control Areas

Rec	Category	Theme	Recommendation Status				
			CE	RA	CA	I&C	Mon
1	Policies & Procedures	Cost Share Agreements			X	X	X
2	Policies & Procedures	Cost Share Settlements			X	X	X
3	Policies and Procedures	Cost Share Collections			X	X	X
4	Policies & Procedures	Cash Flow Projections			X	X	X
5	Policies & Procedures	Accounts Receivable Collections			X	X	X
6	Information Technology	Policy and Procedure Storage			X	X	
7	Information Technology	Cost Estimates			X	X	
8	Information Technology	BRIO Report Access		X		X	X
9	Policies & Procedures	Accounts Payable			X	X	X
10	Information Technology	Electronic Records			X	X	
11	Information Technology	Information Technology Systems		X	X	X	
12	Budget	Annual Rate Assessment			X	X	X
13	Oversight	Oversight Reports			X	X	X
14	Training	Training	X		X	X	
15	Oversight	Field Protection Districts Oversight	X		X		X
16	Oversight	Board of Forestry Oversight	X		X		X
17	Oversight	District Finance/Accounting Oversight	X		X		X
18	Oversight	Change Management	X		X		X
19	Policies & Procedures	Invoicing			X	X	
20	Finance/Accounting Resources	Finance/Accounting Resources	X				X
21	Finance/Accounting Resources	Finance/Accounting Skillsets	X		X		
22	Information Technology	ODF Online Financial Reporting System			X	X	X
23	Budgeting	Budgeting Requirements			X		
24	Budgeting	Budgeting Reconciliation			X	X	X
25	Policies & Procedures	Operating Associations Advances			X		X
26	Policies & Procedures	FEMA Claim Status Reporting			X	X	X
27	Information Technology	OregonBuys			X		X
28	Budgeting	Encumbrances			X		X

*CE = Control Environment RA = Risk Assessment CA = Control Activities I&C = Information and Communication
Mon = Monitoring*

Source: MGO based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Integrated Framework (COSO Framework) and review of the recommendations in the April 2021 report.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

SCOPE AND OBJECTIVES

The scope of our review includes the assessment of the implementation activities related to the 28 recommendations in the April 2021 MGO Report. The objectives of the review are to:

1. Assess the status of the IMP and ODF’s efforts to implement the MGO recommendations.
2. Monitor ODF progress by providing written status reports and making recommendations for keeping implementation on time and in alignment with objectives.
3. Provide background, observations, and context of MGO recommendations.

This is the fourth and final review cycle of ODF’s progress towards the implementation of the recommendations and covers the period of November 2022 through February 2024. Throughout the course of this engagement, we have issued the reports outlined in **Exhibit 3**.

Exhibit 3: MGO Reports and Release Dates

Report	Period Covered	Release Date
Review and Assessment	(Assessment and Recommendations)	April 22, 2021
Implementation Management Plan Review Cycle 1	April 2021 through April 2022	April 2022
Implementation Management Plan Review Cycle 2	May 2022 through June 2022	June 2022
Implementation Management Plan Review Cycle 3	July 2022 through October 2022	November 2022
Implementation Management Plan Review Cycle 4 (Close Out)	November 2022 through February 2024	February 2024

Source: MGO Review and Assessment April 2021 report and subsequent Implementation Management Plan Review Cycle reports.

Each report focused on a subset of recommendations that were based on factors such as board member requests, ODF indicating they have made progress, recommendation risk ratings, and internal control areas. To that end, **Exhibit 5** provides an overview of implemented recommendations as of the previous November 2022 reporting cycle. **Exhibit 6** displays the status and risk ratings of the remaining recommendations. Notably, **Exhibit 6** reflects changes in the status and risk ratings of the recommendations during the various review cycles since the April 2021 report.

METHODOLOGY FOR IMPLEMENTATION MANAGEMENT PLAN REVIEW

To assess and monitor the status of the IMP, we:

1. Reviewed the MGO April 2021 Report to identify the documentation necessary to deem recommendations implemented.
2. Completed a recommendation prioritization matrix, organized by category (e.g., policies and procedures, information technology, etc.), theme (e.g., cost share agreements, cost estimates,

OREGON DEPARTMENT OF FORESTRY
 Implementation Management Plan Review
 February 2024

etc.), risk rating (low, medium, and high), and due date to identify the items of primary focus for this round of review. We also inquired with ODF as to recommendations that have been implemented or that demonstrated significant progress towards completion. Risk ratings were based on the definitions in **Exhibit 4**.

Exhibit 4: Risk Ratings and Definitions

High	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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.

Source: MGO as adapted from risk management guidance.

3. Requested documentation for recommendations under review and created a ShareFile to serve as a central repository for document facilitation. Supporting documentation may have been relevant to multiple recommendations.
4. Evaluated submitted documentation against implementation criteria identified in the recommendations and through inquiries with ODF staff. Additionally, considered whether appropriate internal controls were developed and/or enhanced.
5. Summarized the recommendation status and rationale in this report. In the November 2022 report, we added “substantially completed” as a status option. Recommendation implementation is classified as follows:

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

- a. **Implemented** – the corrective actions and/or advisements proposed in the recommendation have been met.
- b. **Substantially Completed** – the corrective actions and/or advisements proposed in the recommendation are largely completed except for an item pending completion.
- c. **In Progress** – clear demonstration of efforts to implement the recommendation have been initiated or may have been initiated and placed on hold due to resource needs.
- d. **Not Under Review** – the recommendations were not included during the review cycle due to reasons such as corrective actions and/or advisements have not been initiated, other recommendations were prioritized, etc.

This process is flexible to account for items that are high-risk, items that may become higher priority over time, and the timeliness of implementation pending available resources.

DISCLAIMER

The results of the assessment reported do not constitute an examination made in accordance with attestation standards, the objective of which would be to express an opinion or conclusion, respectively we do not express such an opinion or conclusion. Furthermore, this includes any opinion or representation related to the accuracy or completeness of the information provided by management. The sufficiency of the scope is solely the responsibility of the ODF. We make no representation regarding the sufficiency of the scope of services to identify all significant matters or reveal errors in the underlying information, instances of fraud, or illegal acts, if any. We have no obligation to update this report or to revise the information contained herein to reflect events and transactions occurring subsequent to the date of this report. This report is intended solely for the information and use of the Oregon Board of Forestry and ODF management and is not intended to be, and should not be, used by anyone other than the specified parties.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

RECOMMENDATION STATUS

Recommendations Deemed Implemented as of the November 2022 Report

As shown in **Exhibit 5**, for the November 2022 review, nine recommendations had been deemed implemented with the risk ratings reduced to low. Related to Recommendations 1, 2, and 3, ODF developed policies and procedures for cost share agreements, cost share settlements, and cost share collections. Additional recommendations related to the formulation and finalization of policies and procedures include Recommendation 16 where ODF and the Oregon Board of Forestry (BOF) coordinated and codified the BOF financial oversight policy entitled Financial Oversight of the Board of Forestry. Additionally, in Recommendation 12, ODF defined the process for Actual Cost Computations (ACC) rates.

Recommendation 18 addressed duplicative audits by combining the Emergency Fire Cost Committee (EFCC) and Field Protection District (FPD) and created information sharing channels to communicate any changes resulting from the audits. Recommendations 23 and 24 focused on the budgeting process, specifically relating to refining budgeting methodology and reconciliations processes. Lastly, Recommendation 27 focused on transitioning vendors to the use of OregonBuys as the primary system for end-to-end eProcurement processing.

Exhibit 5: Implemented Recommendations as of the November 2022 Review Cycle

	Rec	Category	Theme	Risk Rating as of Nov 2022		
				High	Medium	Low
Previously Implemented	1	Policies & Procedures	Cost Share Agreements			X
	2	Policies & Procedures	Cost Share Settlements			X
	3	Policies and Procedures	Cost Share Collections			X
	12	Budget	Annual Rate Assessment			X
	16	Oversight	Board of Forestry Oversight			X
	18	Oversight	Change Management			X
	23	Budgeting	Budgeting Requirements			X
	24	Budgeting	Budgeting Reconciliation			X
	27	Information Technology	OregonBuys			X

Source: MGO based on the November 2022 Implementation Management Plan Review.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Recommendations Under Review as of February 2024

As shown in **Exhibit 6**, there were 19 recommendations under review for the February 2024 cycle. The recommendations focused on AR and AP policies and procedures. This included addressing timeframes for invoicing and collections, advancing funds to operating associations, and encumbrances. The recommendations also focused on information technology, including exploring options for establishing an electronic central repository for storing data and records management, developing an Online Financial Reporting System (OFRS) to centralize accounting and finance related data and reporting, and creating an Information Technology Steering Committee (ITSC) responsible for overseeing and delivering all investment decisions in IT. Lastly, the recommendations centered around financial and accounting skillsets, including job classification reviews and development of training programs and materials.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Exhibit 6: Recommendation Implementation Status as of February 2024

Rec	Category	Theme	Risk Rating as of February 2024		
			High	Medium	Low
IMPLEMENTED					
5	Policies & Procedures	Accounts Receivable Collections	↓		X
6	Information Technology	Policy and Procedure Storage	↓	X	
7	Information Technology	Cost Estimates		↓	X
9	Policies & Procedures	Accounts Payable			-X
10	Information Technology	Electronic Records	↓	X	
11	Information Technology	Information Technology Systems	↓		X
13	Oversight	Oversight Reports		↓	X
14	Training	Training			-X
15	Oversight	Field Protection Districts Oversight		↓	X
17	Oversight	District Finance/Accounting Oversight		↓	X
19	Policies & Procedures	Invoicing			-X
20	Finance/Accounting Resources	Finance/Accounting Resources		↓	X
SUBSTANTIALLY COMPLETED					
4	Policies & Procedures	Cash Flow Projections		↓	X
21	Finance/Accounting Resources	Finance/Accounting Skillsets		↓	X
26	Policies & Procedures	FEMA Claim Status Reporting			-X
IN PROGRESS					
8	Information Technology	BRIO Report Access	↓	X	
22	Information Technology	ODF Online Financial Reporting System		-X	
25	Policies & Procedures	Operating Associations Advances			-X
28	Budgeting	Encumbrances			-X

X is the current rating of the recommendation as of February 2024.

For those recommendations considered in this review cycle:

↓ in the box means the risk rating as of February 2024 has been lowered since the previous cycle review.

↑ in the box means the risk rating as of February 2024 has been increased since the previous cycle review.

– in the box means the risk rating as of February 2024 has not changed since the previous cycle review.

Source: MGO based on review of documentation associated with each recommendation.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

AREAS TO HIGHLIGHT

Organizational Maturity

Organizational maturity dictates how well organizations can manage current operations and respond to evolving needs. The Capability Maturity Model Integration (CMMI) framework defines five levels of maturity, displayed in the table below.¹ In summary, Level 1 organizations have few to no processes and procedures. Level 2 and 3 organizations have repeatable and documented processes. Level 4 and 5 organizations have repeatable and documented processes that are consistently tested, refined, and adapted, have defined and monitored metrics, and are flexible enough to accommodate new technologies, innovations, or emergencies. The Capability Maturity Model Integration (CMMI) Framework in **Exhibit 7** provides a more detailed overview.

Exhibit 7: Capability Maturity Model Integration (CMMI) Framework

Level	Level Name	Description
1	Initial	<ul style="list-style-type: none"> • Processes typically ad hoc • Reliance on specific individuals to keep things afloat • Processes new and often undocumented • Unable to reliably repeat processes
2	Managed and Repeatable	<ul style="list-style-type: none"> • Processes repeatable and produce consistent results • Processes planned, performed, measured, controlled • Focus on management of requirements, processes, etc. • Stakeholders established; have ownership of specific tasks
3	Defined	<ul style="list-style-type: none"> • Processes well characterized and understood • Described in standard, procedures, tools, methods • Processed well-defined and documented; standardized • Processes continually improved
4	Quantitatively Managed and Capable	<ul style="list-style-type: none"> • Processes can be managed and defined using metrics • Processes repeatedly tested, refined, adapted • Key stakeholders/process users competent in processes • Processes easily adapt to suit other projects
5	Optimizing and Efficient	<ul style="list-style-type: none"> • Processes continually monitored and improved • Processes flexible to accommodate new technologies and innovations • Constant focus on process performance

Source: Adapted from the Capability Maturity Model Integration (CMMI) framework.

¹ The Capability Maturity Model Integration (CMMI) framework was first developed at Carnegie Mellon University and has evolved into a process development model used for software, product, and service development. It is administered through the CMMI Institute under the direction of ISACA.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Within the scope of ODF's Implementation Management Plan (IMP), ODF has made progress in improving its AR and AP practices and oversight. Notably, ODF is advancing towards mid-level maturity where processes and procedures are being standardized and documented, and related training and guidance are being developed to ensure that activities are repeatable and understood by staff (Levels 2 and 3). This progress should be acknowledged as it is an improvement from initial observations in the April 2021 Review and Assessment report where processes were typically ad hoc, undocumented, and unreliable (Level 1).

Additionally, ODF has been diligent in addressing the recommendations from the April 2021 Review and Assessment Report. As noted in **Exhibit 1**, ODF has implemented 75 percent of the recommendations (21 of 28 recommendations), substantially completed 11 percent of the recommendations (3 of 28 recommendations), and is in the process of implementing 14 percent of the recommendations (4 of 28 recommendations).

ODF is aware that the next step in their organizational maturity would include automation of key processes and procedures. Additionally, more advanced levels of organizational maturity (Levels 4 and 5) focus on developing and monitoring key performance indicators and creating organizational agility to rapidly respond and adapt to changes. While ODF recognizes their organizational growth since the April 2021 MGO Report, ODF is still striving for higher levels of organizational maturity.

However, ODF has maximized the staffing and technological resources currently available. For example, as discussed in Recommendation 10 – Electronic Records – ODF requested resources for a data management system. Although not approved, ODF has created a temporary solution with existing resources. Specifically, ODF has progressed from housing documentation solely in physical “fireboxes” to manually scanning documents into a cloud storage solution. Although this recommendation is implemented, it remains a medium risk to impart the importance of seeking an actual data management system. In addition to storing and cataloguing documents, a data management system also automates work processes, provides additional security, and allows ODF to remain updated with the solution's software and security upgrades.

To reach advanced levels of organizational maturity, ODF will need to invest in technological solutions that will phase out ineffectual legacy systems and provide ODF with the agility necessary to keep pace with their own evolving needs and the technological advancements that dictate how people, governments, businesses, and other stakeholders interact.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

**IMPLEMENTED
AS OF FEBRUARY 2024**

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

ACCOUNTS RECEIVABLE COLLECTIONS

Recommendation Number: 5
Implementation Status: Implemented
Risk Rating: Report: High **February 2024 Review:** Low

Recommendation

The ODF Administrative Branch should establish formalized policies and procedures related to collections of account receivables including a clear definition of the roles and responsibilities.

Key Items to Deem Recommendation Implemented

1. Formalized, written, and clearly defined P&Ps for collections of AR, including at minimum, clear roles and responsibilities between ODF Ops Branch and Field Protection Districts.

Implementation Status Analysis

This recommendation is implemented with the risk rating reduced to low. The core issues identified in the report were that: 1) the ODF Administrative Branch did not have clearly defined roles or responsibilities related to oversight of collection efforts; and 2) formally documented policies and procedures related to accounts receivable did not exist. The lack of formalized collection policies and procedures, including defining responsibility, for overall accounts receivable balances, could result in an increase in the aging of past due balances.

Based on our review, and per Recommendation 19 Invoicing – which is also deemed implemented as of February 2024, ODF implemented an accounts receivable (AR) system – SAGE 300 AR System (SAGE). The use of SAGE minimizes manual entry which increases the risk of inaccurate or incomplete account receivable balances. SAGE also creates a central repository for invoice tracking and supporting documentation. Procedural guidance for SAGE is documented and available via online training resources.

Additionally, ODF has developed policies and procedures related to AR, that outline the timeframe for invoicing and collections, requires compliance with the Oregon Accounting Manual guidance, and requires accounting for revenues in accordance with Generally Accepted Accounting Principles (GAAP). Specific policies include Accounting for Revenue and Receivable Transactions, Accounting and Financial Reporting for Expenses, Expenditures, and Payables, Accounts Receivable Collections on Federal Cost Shares and AR/AP Aging Meeting, and the Oregon Accounting Manual.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

person follows consistent naming and index conventions to save documents to a central file for easy search and retrieval.

While this recommendation is implemented, it remains a medium risk to impart the importance of seeking an actual documents management system. These systems lessen administrative burdens, provide enhanced security, ease workflow, and would allow ODF to remain agile with the evolving technological landscape.

COST ESTIMATES

Recommendation Number:	7	
Implementation Status:	Implemented	
Risk Rating:	Report: High	April 2022 Review: Medium June 2022 Review: Medium November 2022 Review: No Change February 2024: Reduced to Low

Recommendation

The ODF Executive Team (with the ODF Operations and Administrative Branch) should limit cost estimate generators to e-ISuite and FIRES. The ODF Operations and Administrative Branches should define policies and procedures related to the use of the two systems and provide onboarding and ongoing training to ensure all personnel understand how to properly and efficiently use the systems.

Key Items to Deem Recommendation Implemented

1. Demonstration that systems for generating cost estimates has been reduced to e-ISuite and FIRES.
2. Demonstration of formalized P&P related to use of the systems.
3. Demonstration of onboarding and training schedules and/or completed activities.

Implementation Status Analysis

This recommendation is implemented with the risk rating reduced to low. The core issues identified in the report were that: 1) multiple systems are utilized for generating cost estimates; and 2) policies and procedures did not specifically define the criteria for determining which cost estimate systems would be utilized by incident.

Based on our observations and discussions, ODF has decided to keep all three cost share estimate solutions – e-iSuite, FIRES database, and a Daily Cost Estimate spreadsheet. For ODF, each system serves the needs of the project in which it is used. For example, federal agencies use e-iSuite and ODF uses e-iSuite for large fires. ODF uses the FIRES database for smaller district fires, and the use of an excel

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

spreadsheet is more expedient than setting up e-iSuite (when there is limited internet availability in the field) while still providing a tool for tracking cost estimates. To that end, ODF uses its tracker tool as a central repository for analyzing the data from the various systems.

Additionally, ODF has developed policies and procedures in the Chapter 80 Cost Share Field Procedures manual that describe how to process cost share estimates within the various solutions (e.g., templates for weekly cost summaries, weekly cost detail, spreadsheets with predefined rates, etc.). Moreover, as of May 2023, ODF formalized its Incident Cost Estimate Guide which further provides guidance on how to develop estimates, the systems and forms of use, etc.

Lastly, ODF has also developed and implemented training materials to provide instructions. These materials include onboarding checklists, videos, and policies and procedures overviews related to cost shares, payments and audits, etc.

ACCOUNTS PAYABLE

Recommendation Number: 9

Implementation Status: Implemented

Risk Rating: Report: High **April 2022 Review: Medium**
June 2022 Review: Medium
November 2022 Review: Low
February 2024 Review: Low

Recommendation

ODF Administrative Branch should implement processes and procedures related to expense accruals and consider the use of purchase orders within OregonBuys.

Key Items to Deem Recommendation Implemented

1. Formalized, written, and clearly defined policies and procedures related to expense accruals.
 - a. Inclusive of Purchase Orders being utilized prior to receipt of vendor invoices.
2. Demonstration of ODF’s assessment and decision regarding the use of purchase orders within OregonBuys.

Implementation Status Analysis

This recommendation is implemented with the risk rating remaining low. The core issues identified in the report were that: 1) purchase orders (POs) were not utilized for purchasing goods and services prior to the receipt of vendor invoices; and 2) vendor invoices took years for ODF to receive. Notably, POs were created within the OregonBuys system after vendor invoices were received for payment. A PO should be created prior to invoicing as it details items to be purchased, the quantity and price of those items, and is

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

the source document for tracking expenditures prior to invoice payment. OregonBuys is a web-based solution providing end to end eProcurement processing.

Based on discussions, email reviews, and a review of documentation, ODF has developed, and enhanced, its Statewide Outstanding Assets and Liabilities Tracker (SOALT) that tracks outstanding accounts receivable and accounts payable for the purposes of cash flow planning and other financial reporting.

Moreover, ODF has activated the purchase order module in OregonBuys and is actively using the system for the purchase order process – from requisition through invoice payment. Effective December 31, 2021, ODF codified its Oregon Department of Forestry Policy Document for Delegation of Authority. This guidance describes authority limits by level, including authority for approval paths within the security of the OregonBuys system. Moreover, as of June 2023, ODF formalized its *Accounting and Financial Reporting for Expenses, Expenditures, and Payables Transaction* policy. Additionally, ODF has conducted trainings on the use of the system and has developed additional guidance for navigating the system – inclusive of creating requisitions and purchase orders.

ELECTRONIC RECORDS

Recommendation Number: 10

Implementation Status: Implemented

Risk Rating: Report: High November 2022 Review: High
February 2024 Review: Medium

Recommendation

All hard copies of significant supporting documentation should be scanned, uploaded, and maintained in an information technology system. Additionally, the documents should be easily searchable.

Key Items to Deem Recommendation Implemented

1. Formalized, Demonstration of significant supporting documentation uploaded into an IT system solution that the documentation is easily searchable.

Implementation Status Analysis

This recommendation is implemented with the risk rating reduced to medium. The core issues identified in the report were that: 1) a significant amount of information required for EFCC audits and FEMA claims are only in hard copy; and 2) fire boxes (document bins) are retained in hard copy format and in a centralized location within each district for storage. Maintaining documentation in hard copy form, in centralized locations, could result in a loss of data in the event of a natural disaster. Additionally, the use

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

of hard copy documentation creates inefficiencies due to the physical movement of documents and the inability to search documents electronically.

Based on our review, ODF has identified temporary mitigations for managing its electronic records by creating solutions within existing resources. For example, documents were previously collected and stored in physical fireboxes. Currently, ODF is scanning physical documents to make them electronic. A person assigned to a fire incident (not a permanent staff member) reviews scanned emails to make sure scanned documents are legible. Based on the policies and procedures developed, the person follows naming and index conventions to manually save documents to a central file for search and retrieval. ODF is also utilizing cloud storage as an interim solution.

Although this recommendation is implemented, it remains a medium risk to impart the importance of seeking an actual data management system. During the November 2022 review period, ODF outlined steps for creating a central repository for maintaining significant supporting documentation. Notably, in the 2023-25 Budget Narrative, ODF requested 1 FTE to have a dedicated resource for records management, retention, and requests. As of January 2024, ODF made the budget request, but the request was not approved in the final legislative budget. We would encourage continued assessment and long-term strategic planning for acquisition of a reliable and automated data management system. A data management system would lessen administrative burdens, provide enhanced security, ease workflow, and would allow ODF to invest in technology that will remain agile with the evolving technological landscape.

INFORMATION TECHNOLOGY SYSTEMS

Recommendation Number:	11	
Implementation Status:	Implemented	
Risk Rating:	Report: High	November 2022 Review: High
		February 2024 Review: Low

Recommendation

IT systems should be consolidated and the ODF Administrative Branch should establish policies and procedures for the acquisition and implementation of new IT systems.

Key Items to Deem Recommendation Implemented

1. Demonstration that IT systems have been consolidated.
2. Formalized policies and procedures developed for acquiring and implementing new systems.

Implementation Status Analysis

This recommendation is implemented with the risk rating reduced to low. The ODF Operations Branch, Administrative Branch, and Field Protection Districts utilize multiple information technology (IT) systems for fire protection related data. The core issues identified in the report were that: 1) the IT systems used

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

by the ODF Operations Branch, Administrative Branch, and the Field Protection Districts are inconsistent; 2) certain systems in use are outdated; and 3) manual processes are utilized to transfer data between systems due to lack of system integration. As such, financial information may be inaccurate and/or incomplete due to information residing in multiple IT systems and the use of manual data transfer. To address these concerns, the first step is to establish policies and procedures for the acquisition and implementation of new IT systems and assess systems options that efficiently and effectively meet the ODF's IT needs.

Based on our review, ODF has formalized policies and procedures related to IT governance. For example, ODF developed the Information Technology Governance Policy Document with the purpose of ensuring IT investments deliver value, the risks associated with systems are communicated and managed, and resources are managed effectively. The policy also establishes the Information Technology Steering Committee (ITSC) to oversee and deliver all investment decisions in IT. Roles and responsibilities of the ITSC include reviewing and approving technology policies and procedures, deciding IT strategy and capabilities, determining IT investment approach, ensuring a steady flow of communications, and defining and monitoring key goals and metrics.

ODF is currently using the established processes and procedures for IT decisions. For example, in October 2023, ODF developed a business case for transitioning to a single text messaging system from the use of various systems in use for emergency communications. During emergencies, a single text messaging system would allow administrators to communicate with each other throughout the agency and still maintain the ability to send communications within their own areas. Additionally, in December 2023, ODF developed a business case for developing a financial reporting hub that would allow the Administrative Branch Financial Services Program to publish standardized reports and lessen the administrative burden of processing ad hoc reports. The ITSC has reviewed and approved both proposals and migration and development efforts are currently underway.

OVERSIGHT REPORTS

Recommendation Number:	13	
Implementation Status:	Implemented	
Risk Rating:	Report: Medium	April 2022 Review: Medium June 2022 Review: Medium November 2022 Review: Medium February 2024 Review: Low

Recommendation

ODF Administrative Branch should establish documented controls/policies/procedures related to oversight of fire protection finance, including the preparation and timely review of standardized reports.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Key Items to Deem Recommendation Implemented

1. Demonstration of policies and procedures and controls in the oversight of fire protection finance, including preparation and timely review of standardized reports.

Implementation Status Analysis

This recommendation is implemented with the risk rating reduced to low. The core issues identified in the report were that: 1) reports for oversight of fire protection appear to be ad-hoc and manually manipulated; and 2) formalized policies and procedures related to preparation and review of fire protection finance did not appear to exist. The use of ad-hoc and manually manipulated reports could result in the use of incomplete and inaccurate data for management decisions.

Based on our review, ODF has enhanced its mechanisms related to financial monitoring and reporting. For example, ODF has formalized its accounts receivable (AR) and accounts payable (AP) policies and procedures. These policies include the *Accounts Receivable Collections on Federal Cost Shares and AR/AP Aging Meeting Policy*, *Accounting for Revenue and Receivable Transactions Policy*, and the *Accounting and Financial Reporting for Expenses, Expenditures, and Payables Transactions* policy.

ODF has enhanced its Statewide Outstanding Assets and Liabilities Tracker (SOALT), Cost Share, FEMA Claim Tracker and its Incident Cost & Cost Share Estimate Tracker. ODF uses this tool to track AR/AP. Additionally, ODF conducts monthly financial oversight reports to the Board, Legislature, and DAS Chief Financial Office.

ODF has developed mitigations with existing resources. Although this recommendation is implemented, as it relates to cash flow reports, it should be noted that that a technological solution is necessary to provide the streamlining between the financial systems and automated analysis. This is discussed in greater detail in Recommendation 4 – Cash Flow.

TRAINING

Recommendation Number:	14	
Implementation Status:	Implemented	
Risk Rating:	Report: Medium	November 2022 Review: Low
		February 2024 Review: Low

Recommendation

Develop robust onboarding and training program for all finance and accounting personnel or those tasked with finance and accounting responsibilities.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Key Items to Deem Recommendation Implemented

1. Demonstration of onboarding and training schedules and/or completed activities.

Implementation Status Analysis

This recommendation is implemented with the risk rating remaining low. The core issue identified in the report was that there were no standard processes or procedures for the onboarding of finance or accounting personnel related to financial systems and processes. The lack of training could lead to the use of inefficient or incorrect processes by finance and accounting personnel and could result in errors in financial reporting and inefficiencies.

Based on our review, ODF has developed an Onboarding Checklist for employees that includes administrative items such the completion of I-9 and direct deposit forms, workplace safety and harassment and discrimination guidance, and itemizes required safety, public records, and information security trainings. More importantly, ODF has also developed training videos and materials specific to finance-related activities. For example, the trainings cover topics such as cost shares, payments and audits, the SOALT Tracker (Statewide Outstanding Assets and Liabilities Tracker), and the federal billing auditing and processing process.

FIELD PROTECTION DISTRICTS OVERSIGHT

Recommendation Number:	15		
Implementation Status:	Implemented		
Risk Rating:	Report: Medium	April 2022 Review: Medium	
		June 2022 Review: Medium	
		November 2022 Review: No Change	
		February 2024: Low	

Recommendation

ODF Operations and Administrative Branches should develop and implement standardized processes and procedures for the District Offices, and assist in the implementation and continued oversight of the processes and procedures to ensure consistency in application.

Key Items to Deem Recommendation Implemented

1. Formalized, written, policies and procedures for District Offices that will minimize independent operation.
2. Demonstration of continued oversight of policies and procedures.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Implementation Status Analysis

This recommendation is implemented with the risk reduced to low. The core issues identified in the report were that: 1) Field Protection Districts (FPDs) appeared to operate independently; and 2) FPDs lacked standardized processes and procedures.

To address the FPDs operating independently, ODF reconfigured its organizational structure by moving the Protection Finance Unit under the direction of Finance Services within the Administrative Branch. Additionally, ODF has instituted regularly scheduled meetings with standing agenda items to ensure coordination amongst various units.

ODF has developed and continues to enhance and standardize its policies and procedures for the FPDs. This includes updating the Green Book with guidance on cost accounting and reporting and cost shares, incident payments and coding, etc. ODF has also formalized guidance on Delegations of Authority, which outline authority limits pertaining to legally binding obligations including expenditure authority, OregonBuys Proxy, etc. Moreover, ODF has formalized its accounts receivable and accounts payable processes via its *Accounting for Revenue and Receivables Transactions* policy and the *ODF Policy Accounting Expenditure Transactions* policy.

Additionally, ODF has also developed training videos, on topics such as cost shares, payments and audits, etc., that provide instruction on policies and procedures related to ODF finance and accounting. ODF has also developed onboarding checklists, including trainings for the SOALT Tracker (Statewide Outstanding Assets and Liabilities Tracker) and the federal billing auditing and processing process.

DISTRICT FINANCE/ACCOUNTING OVERSIGHT

Recommendation Number: 17

Implementation Status: Implemented

**Risk Rating: Report: Medium April 2022 Review: Medium
June 2022 Review: Remains Medium
November 2022 Review: No Change
February 2024: Low**

Recommendation

The ODF Administrative Branch should establish policies and procedures related to oversight of finance/accounting functions within the District Offices. The policies and procedures should include, but not be limited to:

1. Definition of reporting lines from the District Offices to the ODF Administrative Branch.
2. Identification of reporting requirements and key financial metrics from the District Offices to the ODF Administrative Branch.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

3. Ongoing monitoring of key financial metrics within the District Offices.

In addition, the ODF Executive Team, with the ODF Operations and Administrative Branches, should set a clear "tone at the top" with respect to financial accountability within the District Offices.

Key Items to Deem Recommendation Implemented

1. Formalized, written, P&Ps that create an organizational structure requiring District Offices to report to ODF, including:
 - a. Definition of reporting lines from District Offices to ODF Administrative Branch
 - b. Identification of reporting requirements and key financial metrics from District Offices to ODF
 - c. Ongoing monitoring of key financial metrics within District Offices
2. Demonstration of ODF Executive Team, with ODF Operations and Administrative, setting clear tone at top.

Implementation Status Analysis

This recommendation is implemented with the risk rating reduced to low. The core issue identified in the report was Field/FIRE Protection Districts (FPDs) operated with limited oversight as related to finance and accounting. The current organizational structure did not include FPDs reporting to the ODF Administrative Branch. Moreover, a clearer "tone at the top" with respect to financial accountability within the FPDs was also recommended.

Based on discussions, email reviews, and a review of documentation, ODF leadership has set a "tone at the top" by demonstrating its commitment to financial accountability within the Fire Protection Districts (FPDs). Furthermore, ODF has also reconfigured its organization by moving the Protection Finance Unit under the direction of Finance Services within the Administrative Branch. Additionally, ODF has completed Desk Audits and/or position reviews for current personnel and recent recruitments for finance and accounting positions.

ODF has developed and/or updated standardized policies and procedures for Field Protection Districts, including the Green Book with guidance on cost accounting and reporting and cost shares and incident payments and coding. ODF has also enhanced its Statewide Outstanding Assets and Liabilities Tracker (SOALT), Cost Share, FEMA Claim Tracker and its Incident Cost & Cost Share Estimate Tracker. ODF uses these tools to track AR/AP.

ODF has developed additional policies and procedures related to disbursements, credit card, procurement, accounts receivable, and accounts payable. For example, ODF has developed AR/AP policies and procedures, including the *Accounts Receivable Collections on Federal Cost Shares and AR/AP Aging Meeting Policy*, *Accounting for Revenue and Receivable Transactions Policy*, and the *Accounting and Financial Reporting for Expenses, Expenditures, and Payables Transactions* policy. Moreover, ODF has also enhanced the Oregon Accounting Manual, which includes sections on internal controls, accounting and financial reporting, and budgetary accounting and reporting.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

INVOICING

Recommendation Number: 19
Implementation Status: Implemented
Risk Rating: Report: Medium November 2022 Review: Low
February 2024 Review: Low

Recommendation

ODF Administrative Branch should establish policies and procedures related to invoice generation, including limiting the ability to generate invoices to the ODF Administrative Branch.

Key Items to Deem Recommendation Implemented

1. Formalized, written, P&Ps for invoice generation; and
2. Limiting the ability to generate invoices to ODF Administrative Branch.

Implementation Status Analysis

This recommendation is implemented with the risk rating remaining low. The main issues identified were: 1) the process for generating certain invoices within the Districts was manual and limited; and 2) there was no supporting documentation provided to the ODF Administrative Branch prior to receiving an invoice number. As a result, there was a risk that a manual process and lack of documentation could result in inaccurate or incomplete accounts receivable balances.

Based on our review, ODF has implemented the accounts receivable system – SAGE 300 AR System (SAGE). According to ODF, the SAGE system is administered by the Administrative Branch Financial Services program which provides centralized oversight and support to the field. Notable changes to ODF procedures since SAGE adoption include minimizing manual entries. For example:

- Districts and Salem users will enter invoice information in the system, which is a change from sending paper invoices to Finance for data entry.
- Timber sale invoices will no longer be manually entered and will be exported from WALT and imported into SAGE.
- Campground fees and miscellaneous forest product permits will no longer be manually entered into SFMA and will be exported from WALT and imported into SAGE.

Additionally, ODF formalized its accounts receivable (AR) and accounts payable (AP) AR/AP policies and procedures, including the *Accounts Receivable Collections on Federal Cost Shares AR/AP Aging Meeting Policy*, *Accounting for Revenue and Receivable Transactions Policy*, and the *Accounting and Financial Reporting for Expenses, Expenditures, and Payables Transactions*.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

FINANCE/ACCOUNTING RESOURCES

Recommendation Number: 20

Implementation Status: In Progress

Risk Rating: **Report: Medium** **April 2022 Review: Medium**
June 2022 Review: Medium
November 2022 Review: No Change
February 2024 Review: Low

Recommendation

Job descriptions of current ODF personnel should be reviewed and the following reassignments should be made:

1. Individuals with primarily finance and accounting responsibilities should be reassigned to the ODF Administrative Branch.
2. Finance and accounting related job duties of individuals within the ODF Operations Branch should be reassigned to personnel within the ODF Administrative Branch.

In addition, the ODF Operations and Administrative Branches should review and approve job requisitions with finance and accounting responsibilities to determine whether the roles and responsibilities are appropriate given the position identified.

Key Items to Deem Recommendation Implemented

1. Demonstration of an organizational restructure that ensures those with finance and accounting responsibilities are reporting to appropriate authorities to effectuate better communication and financial oversight.

Implementation Status Analysis

This recommendation is implemented with the risk rating reduced to low. The core issues identified in the report were that: 1) under the current organizational structure, personnel with finance or accounting responsibilities report to the ODF Operations Branch rather than the Administrative Branch; and 2) certain positions within the ODF Administrative Branch have finance and accounting related job duties but did not consistently communicate with appropriate personnel within ODF Admin Branch regarding the execution of those duties.

Based on discussions and a review of documentation, ODF has reorganized its units. Notably, ODF has moved the Protection Finance Unit under the direction of Finance Services within the Administrative Branch. Additionally, ODF hired three area-based Accountants within the Administrative Branch to provide direct oversight to the Field Protection Districts. ODF has instituted regularly scheduled meetings with standing agenda items to ensure coordination amongst various units. Moreover, effective December 31, 2021, ODF codified its Oregon Department of Forestry Policy Document for Delegation of

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Authority. This guidance delegates authority to enter legal obligations by position and sets authorization limits for items such as expenditure authority, cost share agreement settlement authority, etc.

Supplementary to the reorganization, ODF has completed Desk Audits and/or position reviews to assess whether current job classifications and current staff skillsets align. For example, in February 2023, ODF completed a series of desk audits related to job classification and skill match reviews. Moreover, ODF is in the process of refining its job classification, compensation, and recruitment processes.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

**SUBSTANTIALLY COMPLETED
AS OF FEBRUARY 2024**

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

CASH FLOW PROJECTIONS

Recommendation Number: 4

Implementation Status: Substantially Completed

Risk Rating: Report: High April 2022 Review: Medium
June 2022 Review: Medium
November 2022 Review: Medium
February 2024 Review: Low

Recommendation

ODF Administrative Branch should develop and implement controls/policies/procedures related to accounts payable, accounts receivable, and cash flow projections. Procedures related to accounts payable and receivable should include recording details at a transactional level, when possible.

Key Items to Deem Recommendation Implemented

1. Demonstration of policies and procedures and controls for accounts payable (AP), accounts receivable (AR), and cash flow projections should include recording details at transactional level for AR and AR when possible.

Implementation Status Analysis

This recommendation is in progress with the risk rating reduced to low. The core issues identified in the report were that: 1) formalized policies and procedures related to cash flow projections did not exist; and 2) the ODF Administrative Branch lacked the ability to appropriately estimate or project future cash flow due to the lack of accurate accounts payable and accounts receivable data. Leaving these issues unmitigated could result in inaccurate or incomplete current and future cash flow projections.

Based on our review, ODF has implemented practices that address the need to track anticipated accounts receivable (AR) and accounts payable (AP) data in a more accurate and timely manner. This tracking is a critical component for developing better cash flow projections. First, ODF has developed AR/AP policies and procedures, including the *Accounts Receivable Collections on Federal Cost Shares and AR/AP Aging Meeting Policy*, *Accounting for Revenue and Receivable Transactions Policy*, and the *Accounting and Financial Reporting for Expenses, Expenditures, and Payables Transactions Policy*.

Secondly, ODF has enhanced its Statewide Outstanding Assets and Liabilities Tracker (SOALT), Cost Share, FEMA Claim Tracker and its Incident Cost & Cost Share Estimate Tracker. ODF uses this tool in addition to state information systems to track AR/AP.

Lastly, ODF explored options for revising cash flow methodology with MGO. However, the group consensus was that the attempt to simplify the cash flow methodology process manually through the use of spreadsheets would not produce the efficiency or information needed. As a result, ODF has developed

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

interim cash flow spreadsheets that provide: 1) a snapshot of the agency's cash position; 2) an indication of the pace in which the budget is being spent; and 3) calculates the difference between inflows and outflows.

While these tools provide mitigations, with existing resources, associated with the previously identified risk of not having the proper AR/AP tracking necessary to develop reliable cash flow projections, it should be noted that group consensus was that a technological solution is necessary. The solution, at minimum, would need to be able to extract data from multiple system and provide comprehensive analysis and detailed reporting to provide the more advanced, and less manual, cash flow projections. Additionally, a technology solution can provide automation, can make the process more efficient, and can allow ODF to remain agile and responsive to future needs.

FINANCE/ACCOUNTING SKILLSETS

Recommendation Number: 21

Implementation Status: Substantially Completed

Risk Rating: Report: Medium February 2024 Review: Low

Recommendation

The ODF Administrative Branch should assess current staffing for finance and accounting positions and/ or job duties of operational personnel performing finance and accounting job duties, to determine where there are skillset mismatches. For those identified, new positions should be created and/ or job duties should be reassigned.

Key Items to Deem Recommendation Implemented

1. Demonstration of staffing assessment.
2. Demonstration of corrective action including reassignments, development of new positions, elimination of positions, trainings, etc.

Implementation Status Analysis

The implementation of this recommendation is substantially completed with the risk reduced to low. Job classifications utilized by ODF include pre-defined minimum qualifications based on Classification Titles. Certain general government positions have financial responsibilities, in addition to clerical and administrative functions, all with varying minimum requirements. The main issues identified related to these job classifications were: 1) certain personnel are performing job duties related to finance and accounting without the necessary skillsets (e.g., job training and/or qualifications); and 2) the lack of proper skillsets for finance and accounting positions and/or job duties could result in inaccuracies or incomplete financial information. In the April 2021 Review and Assessment report, ODF Management

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

indicated that it would assess current staffing for finance/accounting job duties with an initial review of the position descriptions and recommendations for allocations of the positions.

Based on our review, ODF completed Desk Audits and/or position reviews for recent recruitments for finance and accounting positions. ODF proposed that the reviewed classifications remained in their current classification or be downgraded or upgraded. The proposed changes are still pending formal reclassification. To that end, according to ODF, the recruitment process for vacant positions now has a “classification and compensation” review step included in the hiring process. As part of the recruitment process, prior to advertisement, the position description is reviewed by the new ODF HR classification and compensation specialists. Moreover, when considering hiring offers, the successful candidate undergoes a Pay Equity Review which additionally compares the individuals’ professional skills and experience with the requirements of the position classification and sets the compensation level appropriately to match.

As for training, ODF has included finance- and accounting-related trainings as part of annual training programs. These trainings include topics such as fiscal budgeting, cost estimates, and transaction codes.

This recommendation remains open as proposed position changes are vetted and implemented and to ensure that the newly implemented recruitment and hiring procedures are producing intended results.

FEMA CLAIM STATUS REPORTING

Recommendation Number: 26

Implementation Status: Substantially Completed

Risk Rating: Report: Low **June 2022 Review: Low**
November 2022 Review: Low
February 2024 Review: Low

Recommendation

The ODF Operations and Administrative Branches should establish policies and procedures related to the communication of the status of FEMA incidents and include the status on processing and submission of FEMA claims by incident.

Key Items to Deem Recommendation Implemented

1. Formalized, written, policies and procedures for communicating the status of FEMA incidents, including the status of processing and submission of FEMA claims by incident.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Implementation Status Analysis

This recommendation is substantially completed with the risk rating remaining low. The core issues identified in the April 2021 report were that: 1) the ODF Administrative Branch did not consistently receive reports regarding the status of FEMA incident claims; and 2) written policies and procedures related to ongoing reporting of the Fire Management Assistance Grants submissions did not exist. Inconsistent communication regarding the status of the claims could lead to duplicative efforts in aggregating data for cash flow projections and/or led to the inability to properly project cash flows due to delays in the recording of FEMA accounts receivables balances.

Based on discussions and a review of documentation, ODF has instituted monthly FEMA Status Reports (Status Reports) for tracking FEMA claims. Notably, the report records key information including the claim priority number, calendar year when the fire occurred, FEMA declared disaster number, fire name, estimated reimbursement amount, claim submittal data, and whether there is a cost share. These claims are tracked in the Statewide Outstanding Assets and Liabilities Tracker (SOALT). The SOALT is used as a tool for conducting cash flow analysis.

Additionally, ODF drafted desk procedures that supplement status reports and provide guidance on how to track and estimate FEMA claims. Highlights include directives for the ODF Operations Branch (FEMA Team) to: 1) update and email the Status Report weekly to the Protection Finance Manager and FEMA Incident Business staff; and 2) subsequently send the report to leadership – including the State Forester.

This recommendation remains open as ODF continues monitoring larger systematic FEMA issues and potential impacts on the Public Assistance and Federal Management Assistance Grants processes and whether additional internal procedural changes are needed.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

**IN PROGRESS
AS OF FEBRUARY 2024**

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

BRIO REPORT ACCESS

Recommendation Number: 8
Implementation Status: In Progress
Risk Rating: Report: High February 2024 Review: Medium

Recommendation

Field Protection Districts should be provided with real time access (read only) to key financial data metrics, including the ability to run a specified set of BRIO reports. Additionally, the ODF Administrative Branch should provide BRIO training to the Filed Protection Districts on an on-going basis including how to run reports and which reports should be utilized for which purposes.

Key Items to Deem Recommendation Implemented

1. Demonstration of Field Protection Districts having read only access to BRIO reports.
2. Demonstration of training schedules and/or completed activities.

Implementation Status Analysis

The implementation of this recommendation is in progress with the risk reduced to medium. ODF utilized the Brio query tool as its primary means of retrieving accounting, payroll and other financial information. Real-time access to Brio was limited to the ODF Operations and Administrative Branches. Field Protection Districts were provided with a standardized set of reports from the ODF Administrative Branch on a monthly basis for the prior month. The main issues related to the BRIO query tool were: 1) Field Protection Districts (FPDs) were manually manipulating the standardized reports received, for various finance and accounting related purposes as needed; 2) For additional reports requested by the FPDs outside of the standardized set of reports provided, the ODF Administrative Branch produced reports on an ad-hoc basis; and 3) FPDs did not have access to timely financial data or real-time access to Brio.

At the time of the April 2021 Review and Assessment report, ODF was in the process of internally developing an Online Financial Reporting System (OFRS) to centralize accounting and finance related data for reporting and oversight purposes. OFRS was anticipated to facilitate the dissemination of information the FPDs and the rest of the agency needed to perform their work, including accounting and financial data run from BRIO.

However, as noted in Recommendation 22, based on our review, as of January 2024, ODF has experienced turnover in key positions. One such position included the main coder of the OFRS project. As such, ODF shut down the OFRS project and took the opportunity to reevaluate the organizational structure and strategic vision of ODF. In December 2023, ODF presented a business case for, in the absence of OFRS, developing a financial reporting hub that would allow financial services to publish standardized reports and lessen the administrative burden of processing ad hoc reports. As noted in Recommendation 11, the ITSC has reviewed and approved the proposal and development efforts are currently underway.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

This recommendation remains in progress as the financial reporting hub is in development and to assess upon its implementation, the internal controls for ensuring data is accurate and complete, creates intended outputs, and its uses and capabilities understood by users.

ODF ONLINE FINANCIAL REPORTING SYSTEM

Recommendation Number: 22

Implementation Status: In Progress

Risk Rating: Report: Medium February 2024 Review: Medium

Recommendation

ODF should implement the recommended process improvements identified within the report to ensure that source data is accurate and complete within the respective systems. An independent validation and stress-test of OFRS should be completed prior to implementation. The ODF Administrative Branch should provide initial and on-going training related to the use and capabilities of OFRS (Online Financial Reporting System).

Key Items to Deem Recommendation Implemented

1. Demonstration of implementation of recommended processes.
2. Demonstration of stress-test and validation of OFRS system by independent party.
3. Demonstration of initial and ongoing training (training schedule and/or completed activities).

Implementation Status Analysis

The implementation of this recommendation is in progress with the risk remaining as medium. At the time of the April 2021 Review and Assessment report, ODF was in the process of internally developing an Online Financial Reporting System (OFRS) to centralize accounting and finance related data for reporting and oversight purposes. The core issue identified in the report was that while data could be extracted and input into OFRS for financial oversight, current ODF processes caused certain data within the existing information technology systems to be unreliable, inaccurate, or incomplete. Inaccurate and incomplete data in these systems could result in inaccurate or incomplete information being utilized for key management decisions. To address these concerns, the recommendation was to ensure that data was accurate and complete, that stress testing occurs prior to implementation, and to conduct ongoing training regarding the use and capabilities of OFRS.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Based on our review, as of January 2024, ODF has experienced turnover in key positions. One such position included the main coder of the OFRS project. As such, ODF discontinued the OFRS project and took the opportunity to reevaluate the organizational structure and strategic vision of ODF. For example, ODF disbanded the OFRS development and created two new positions – Deputy Director Agency Administration, which oversees IT, and Deputy State Forester. Additionally, in December 2023, ODF presented a business case for, in the absence of OFRS, developing a financial reporting hub that would allow financial services to publish standardized reports and lessen the administrative burden of processing ad hoc reports. As noted in Recommendation 11, the ITSC has reviewed and approved the proposal and development efforts are currently underway.

This recommendation remains in progress as the financial reporting hub is in development and to assess upon its implementation, the internal controls for ensuring data is accurate and complete, creates intended outputs, and its uses and capabilities understood by users.

OPERATING ASSOCIATIONS ADVANCES

Recommendation Number: 25

Implementation Status: In Progress

Risk Rating: Report: Low February 2024 Review: Low

Recommendation

The ODF Administrative Branch should formalize the processes and procedures for advancing funds to operating associations, including but not limited to:

1. Specifying the supporting documentation required prior to and subsequent to distribution of funds.
2. Setting a timeline for submission of required documentation.
3. Defining advance threshold amounts/ limits by job classification.

Key Items to Deem Recommendation Implemented

- 1) Formalized, written, P&Ps for advancing funds to operating associations, including, at minimum:
 - Specifying supporting documentation required prior to distributing funds.
 - Setting the timeline for submission of required documentation.
 - Define advance threshold amounts/limits by job classification.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Implementation Status Analysis

The implementation of this recommendation is in progress with the risk remaining as low. In three forest protection districts (FPDs), local forest protective associations actively provide fire protection services for their members (also known as operating associations). These three associations, by agreement, provide for the protection of all other forestlands in the district (which would otherwise be protected by the State Forester). These agreements establish the terms under which the associations provide this service, including actions taken, reports required, guidance for how budgets are developed and approved, administrative matters such as payments, and resolution of issues. As part of the agreements, ODF provides general fund advances to the local protective associations, which once received, are under the direction and control of the association.

The main issues related to these advances were: 1) advances to operating associations from the ODF general fund are provided based on limited supporting documentation; and 2) records of actual expenses incurred by the operating associations are not remitted to ODF on a timely basis resulting in delays in the reconciliation of the initial advance to actual expenditures incurred and determining whether the operating associations need to reimburse ODF. Providing advances to operating associations based on limited supporting documentation or delays in reconciliations due to lags in the reporting of actual expenditures incurred could result in cash shortages and/or mismanagement of funds.

This recommendation is in progress because as of October 2023, ODF has modified its advance policies via informal guidance that has been communicated to ODF staff. These modifications include ensuring that supporting documentation, including invoices, vendor names, amounts, etc., is submitted with the advance requests. The current legislature has established a fire funding workgroup that would establish wildfire funding. This source of funding, if approved, would minimize ODF general fund advances and may also impact ODF's current guidance for advancing funds, etc. As such, implementation of this recommendation is pending finalization of a formal advance request policy.

ENCUMBRANCES

Recommendation Number:	28		
Implementation Status:	In Progress		
Risk Rating:	Report: Low	February 2024 Review: Low	

Recommendation

Once OregonBuys is utilized as a procurement system, the ODF Administrative Branch should consider recording encumbrances to more accurately project cash flows and budgets.

OREGON DEPARTMENT OF FORESTRY
Implementation Management Plan Review
February 2024

Key Items to Deem Recommendation Implemented

1. Demonstration of ODF's assessment and decision regarding recording encumbrances in OregonBuys once the system is utilized

Implementation Status Analysis

This recommendation is in progress with the risk rating remaining low. The core issue identified in the report was that processes and procedures did not provide the necessary information needed to utilize encumbrances. Moreover, the use of encumbrances by ODF was not mandated by the state. Encumbrances are a budget and accounting process where purchases of goods or services are recorded in the accounting system when funds are committed (e.g., when contracts or purchase orders are executed) to reserve the funds prior to the actual expenditures occurring. The lack of utilizing encumbrances could result in underestimated budgeted expenses and inaccurate cash flow projections.

Based on our review, ODF has implemented practices that address the need to track reserved/committed funds for more accurate budgeting and cash flow projections. ODF has implemented OregonBuys, its automated procurement system that tracks the procurement process from request through payment. This tracking includes initiation and approvals of purchase orders, work orders, and contracts. To that end, ODF can identify financial commitments and budget to cover projected expenditures.

In conjunction with OregonBuys, ODF has enhanced its Statewide Outstanding Assets and Liabilities Tracker (SOALT), Cost Share, FEMA Claim Tracker and its Incident Cost & Cost Share Estimate Tracker. ODF uses these tools to track its accounts payable and accounts receivable. Similarly to OregonBuys, these trackers are an additional tool for ODF to track financial commitments.

While these tools provide mitigations associated with the previously identified risk of not having any form of financial commitment tracking, it should be noted that the best practice is recording encumbrances in its accounting system(s).



PROPOSED SUPERVISORY SPAN OF CONTROL REPORT

In accordance with the requirements of ORS 291.227, (Oregon Department of Forestry) presents this report to the Joint Ways and Means Committee regarding the agency's Proposed Maximum Supervisory Ratio for the 2023-2025 biennium.

Supervisory Ratio for the last quarter of 2023-2025 biennium

The agency actual supervisory ratio as of 2/27/25 is 1: 7
 (Date) (Enter ratio from last Published DAS CHRO Supervisory Ratio)

The Agency actual supervisory ratio is calculated using the following calculation;

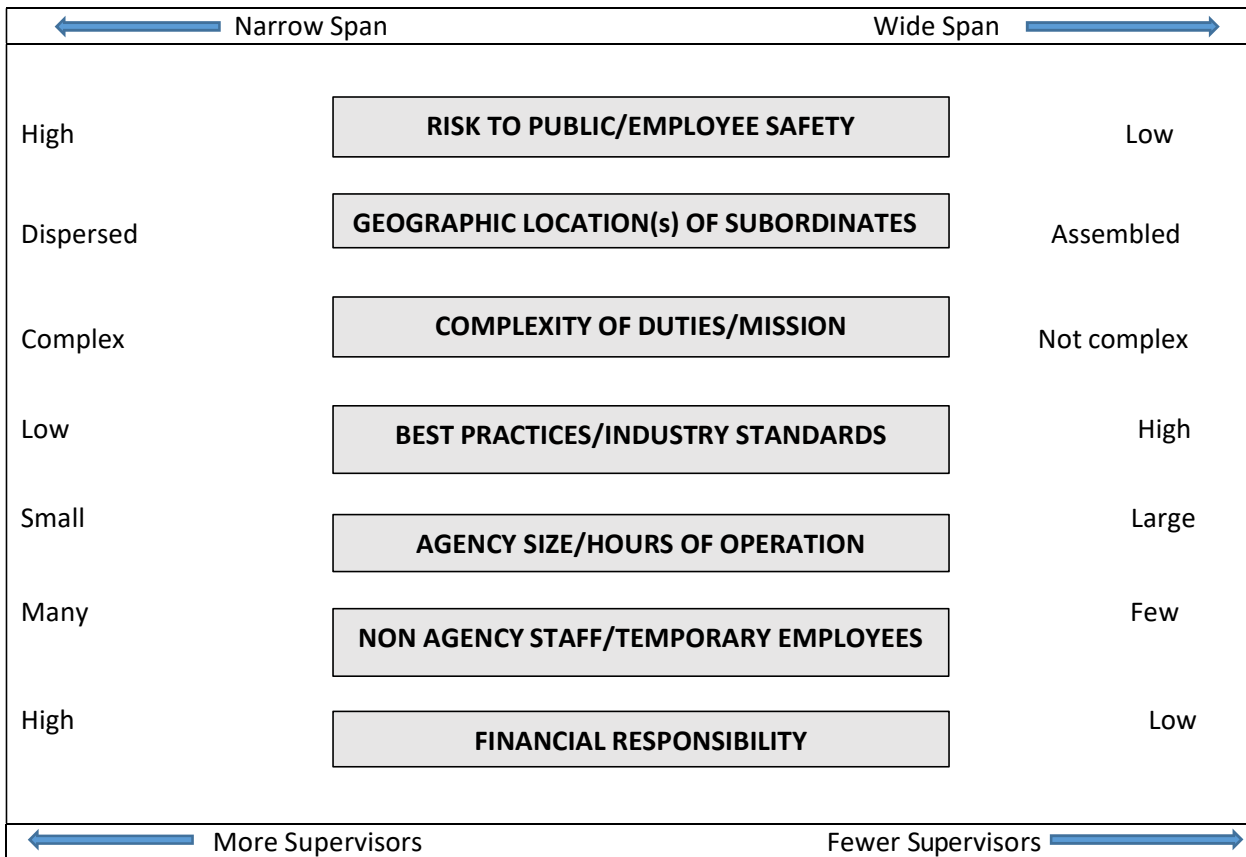
$$\frac{188}{\text{(Total supervisors)}} = \frac{161}{\text{(Employee in a supervisory role)}} + \frac{27}{\text{(Vacancies that if filled would perform a supervisory role)}} - \frac{1}{\text{(Agency head)}}$$

$$\frac{1302}{\text{(Total non-supervisors)}} = \frac{1027}{\text{(Employee in a non-supervisory role)}} + \frac{275}{\text{(Vacancies that if filled would perform a non-supervisory role)}}$$

The agency has a current actual supervisory ratio of-

$$\frac{1:7}{\text{(Actual span of control)}} = \frac{1302}{\text{(Total non - Supervisors)}} / \frac{188}{\text{(Total Supervisors)}}$$

When determining an agency maximum supervisory ratio all agencies shall begin of a baseline supervisory ratio of 1:11, and based upon some or all of the following factors may adjust the ratio up or down to fit the needs of the agency.



Ratio Adjustment Factors

Is safety of the public or of State employees a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The Oregon Department of Forestry is the state's largest fire department. The Department's highest priority work is wildfire emergency response, along with related work in fire prevention, education, suppression, investigation, finance, etc.

The National Standard for acceptable span of control for fire organizations is a 1:5 ratio; the number of accidents, injuries, and fatalities begin to occur at an alarming rate when the span of control exceeds that ratio in fires and other emergencies."

Embedded in emergency response are specific disciplines characterized as high risk, such as aviation management, that require a manager to be focused on a singular aspect of emergency response.

The remainder of the Department's business functions are integrated into the emergency response model under a "militia" concept, where all personnel respond to emergency needs either directly, in support roles, or prioritization of staffing for critical core business needs.

Is geographical location of the agency's employees a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

The Department of Forestry is geographically dispersed in 11 district offices with offices strategically located throughout the state, with additional guard stations located remotely to best meet the operational needs and mission of the organization. Some guard stations are up to 100 miles or more from the next closest District or Unit office.

ODF's geographic disbursement crosses with the Department's mission complexity in Districts where ODF is both a regulatory entity under the Forest Practices Act, and a land manager, where additional management lines are necessary to distance work processes from conflicts of interest.

Due to our unique structure, remote locations, large seasonal workforce and critical public safety and resource protection mission, further reduction of supervisory positions would compromise the safety of our employees and the effectiveness of our operations to protect the citizens and property of Oregon.

Is the complexity of the agency's duties a factor to be considered in determining the agency maximum supervisory ratio?
Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

Regarding the Department's fire mission alone, in addition to the approximately 847 permanent employees, the Department has approximately 599 seasonal employees responsible for supporting the Department's fire suppression mission. Utilizing 445 positions as five-month seasonal positions saves the state and landowners a significant amount of money as most of these employees are not working when fire activity is not anticipated statewide.

In addition to our seasonal workforce, the Department has established multiple agreements with local contract crews, the U.S. Forest Service, the federal Bureau of Land Management, other states using interstate compacts, and with Canadian provinces to become part of the Department's fire response statewide, as needed.

Over the last fifteen years on average approximately 10,874 additional contract personnel were utilized annually through crew agreements statewide. In addition, the Department has the ability to hire individual highly qualified fire management personnel through interagency resource ordering (IROC). On an annual basis, ODF has brought on an average of approximately 110 additional personnel to augment the Department's fire leadership capacity statewide. For safety and span of control reasons, there is a significant supervisory workload associated with adding these additional personnel, including orientation, scheduling, timekeeping, evaluating logistical support, and payment. We believe that any supervisory-to-non-supervisory ratio calculation must also recognize the totality of personnel we bring into our organization every fire season as seasonals and through agreements and contracts.

ODF's geographic disbursement crosses with the Department's mission complexity in Districts where ODF is both a regulatory entity under the Forest Practices Act, and a land manager, where additional management lines are necessary to distance work processes from conflicts of interest.

Are there industry best practices and standards that should be a factor when determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

National Standard for acceptable span of control for fire organizations is set at "a 1 to 5 ratio was necessary; the number of accidents, injuries, and fatalities begin to occur at an alarming rate when the span of control exceeds that ration in fires and other emergencies."

Is size and hours of operation of the agency a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

Size: Over the last fifteen years on average approximately 10,874 additional contract personnel were added annually through crew agreements statewide. In addition, the Department has the ability to hire individual highly qualified fire management personnel through IROC.

Hours: Additionally, firefighting is a twenty-four hour, seven days a week commitment for any fire organization. Unique for the Department, is the need to meet our work rest and rotation policies when employees work a fourteen-day standard assignment and/or 21 continuous days during fire emergencies. This requires having an adequate number of supervisors in place to ensure fires are managed while employees and managers are rotated through their rest periods.

Again, we believe that any supervisory- to non-supervisory ratio calculation must also recognize the totality of personnel through agreements and contracts.

Are there unique personnel needs of the agency, including the agency's use of volunteers or seasonal or temporary employees, or exercise of supervisory authority by agency supervisory employees over personnel who are not agency employees a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

In additional to the approximately 847 permanent employees, the Department has approximately 599 seasonal employees responsible for supporting the Department's fire suppression mission. Utilizing positions as five-month seasonal positions saves the state and landowners a significant amount of money as most of these employees are not working when fire activity is not anticipated statewide.

In addition to our seasonal workforce, the Department has established multiple agreements with local contract crews, the U.S. Forest Service, the federal Bureau of Land Management, with other states using interstate compacts, and with Canadian provinces to become part of the Department's fire response statewide, as needed. Over the last fifteen years on average approximately 10,874 additional contract personnel were added annually through crew agreements statewide. In addition, the Department has the ability to hire individual highly qualified fire management personnel through IROC. On an annual basis over several years ODF has had multiple IMT deployments which required the establishment of a "Statewide Support Team" in order to support the multiple large fire incidents. Many of those hired were partner state agency or partner state employees who had specific fire qualifications. These hires were in addition to ODF's permanent and seasonal personnel. For safety and span of control reasons, there is a significant supervisory workload associated with adding these additional personnel, including orientation, scheduling, timekeeping, evaluating logistical support, and payment.

We believe that any supervisory-to-non-supervisory ratio calculation must also recognize the totality of personnel we bring into our organization every fire season as seasonals and through agreements and contracts.

Is the financial scope and responsibility of the agency a factor to be considered in determining the agency maximum supervisory ratio? Y/N

Explain how and why this factor impacts the agency maximum supervisory ratio upwards or downward from 1:11-

N/A

Based upon the factors described above the agency proposes a Maximum Supervisory Ratio of 1: 7 .

Unions Requiring Notification _____

Date unions notified _____

Submitted by: _____

Date: _____

Signature Line _____

Date _____

Signature Line _____

Date _____

Signature Line _____

Date _____

Signature Line _____

Date _____

PROGRAM PRIORITIZATION FOR 2025-27

Department of Forestry																						
2025-2027 Biennium																			Agency Number:		62900	
Agency Administration																						
Department-Wide Priorities for 2025-27 Biennium																						
1	2	3	4	5	6	7	8	9	10	12	14	15	16	17	18	19	20	21	22			
Priority (ranked with highest priority first)	Dept. Initials	Program or Activity Initials	Program Unit/Activity Description	Identify Key Performance Measure(s)	Primary Purpose Program- Activity Code	GF	LF	OF	FF	TOTAL FUNDS	Pos.	FTE	New or Enhanced Program (Y/N)	Included as Reduction Option (Y/N)	Legal Req. Code (C, D, FM, FO, S)	Legal Citation	Explain What is Mandatory (for C, FM, and FO Only)	Comments on Proposed Changes to CSL Included in Legislative Adopted				
Dept	Prgm/ Div																					
7	1	ODF	ADMN	Agency Support	1, 2	4	\$871,441	\$0	\$66,083,400	\$2,436,274	\$ 69,391,115	137	135.99	Y	Y	N/A	Ch. 321, 477, 526, 527, 530, 532	N/A	Pkg 090: (\$340,000) OF, 0 Pos, 0 FTE Pkg 092: (\$16,514) OF, (\$6) FF, 0 Pos, 0.00 FTE Pkg 093: (\$2,335,832) OF, 0 Pos, 0.00 FTE Pkg 104: (\$63,600) OF, 1 POS, 0.49 FTE Pkg 106: \$327,714, (2) Pos, (2) FTE			
23	2	ODF	ADMN	Billable Support Costs	1	4	\$0	\$0	\$3,510,046	\$0	\$ 3,510,046	0	0.00	N	N	N/A	Ch. 321, 477, 526, 527, 530, 532	N/A	Pkg 092: (\$565) OF, 0 Pos, 0 FTE Pkg 108: \$75,000 OF, 0 Pos, 0 FTE Pkg 109: \$70,000 OF, 0 Pos, 0 FTE Pkg 110: \$70,000 OF, 0 Pos, 0 FTE Pkg 111: \$180,000 OF, 0 Pos, 0 FTE Pkg 112: \$155,000 OF, 0 Pos, 0 FTE Pkg 113: \$75,000 OF, 0 Pos, 0 FTE			
							\$871,441	\$0	\$69,593,446	\$2,436,274	\$ 72,901,161	137	135.99									

7. Primary Purpose Program/Activity Exists

- 1 Civil Justice
- 2 Community Development
- 3 Consumer Protection
- 4 Administrative Function
- 5 Criminal Justice
- 6 Economic Development
- 7 Education & Skill Development
- 8 Emergency Services
- 9 Environmental Protection
- 10 Public Health
- 11 Recreation, Heritage, or Cultural
- 12 Social Support

19. Legal Requirement Code

- C Constitutional
- D Debt Service
- FM Federal - Mandatory
- FO Federal - Optional (once you choose to participate, certain requirements exist)
- S Statutory

Within each Program/Division area, prioritize each Budget Program Unit (Activities) by detail budget level in ORBITS