

INFORMATION TECHNOLOGY PROJECTS IN 2009-11

(THAT EQUAL OR EXCEED \$150,000)

Agency Name:	DEPARTMENT OF CORRECTIONS					
Project Name:	CIS REPLACEMENT					
Mandated Project?	Yes or No	NO	By: Legislature, Federal Gov, Other (identify it)			
Base Budget or POP?	POP		Which agency or state plans or goals does it align with and/or support?			Department Strategic Initiative
State Data Center Impact	Yes or No	NO				

Project Description: The department is starting a project to procure a vendor system to replace our offender management system (CIS) and the Parole Board management information system (PBMIS), and to acquire Inmate Medical Records, and inmate Trust and Canteen systems. During the 2007 to 2009 biennium, the project will define requirements for the system, produce RFP, SOW, and other procurement documents.

Cost Summary										
Total estimated cost by fund (09-11):	General Fund	Lottery Funds	Other Funds	Non-Limited	Federal Funds	Non-Limited	Total Funds			
	\$	\$	\$ 2,000,000	\$	\$	\$	\$2,000,000			
Total estimated cost by fund (all biennia):	\$	\$	\$15,000,000	\$	\$	\$	\$15,000,000			
Estimated Cost by category (09-11):	Personal Services		Services & Supplies		Capital Outlay		Special Payments		Debt Service	
	\$2,000,000		\$		\$		\$		\$	
Estimated Cost by category (all biennia):	\$7,000,000		\$		\$8,000,000		\$		\$	

State Data Center Cost Estimate (09-11):	
Expected Start Date:	
Expected Completion Date:	

Positions:	
Internal	
Contractor	
FTE:	

PROJECT NAME	Corrections Information System Replacement – Phase I		
AGENCY	Oregon Department of Corrections	DATE	August 11, 2008
DIVISION	Information Technology Services		
AGENCY CONTACT	Jennifer Bierke	PHONE NUMBER	503-373-7473
John Koreski, Assistant Director and CIO _____ Agency Business Owner date		Lloyd Lowry, ITS Administrator _____ Agency Technology Manager date	

1. OPPORTUNITY/NEED

1.1 DESCRIPTION OF THE OPPORTUNITY/NEED (Describe the opportunity that exists or the need that must be addressed, irrespective of a solution. Define the opportunity or need, not a technical or business architecture solution.)

The purpose of the CIS Replacement project is to replace the current Department of Corrections (DOC) Corrections Information System (offender management system) with enabling technology that will guarantee a system that supports business objectives while being cost effective and sustainable. The replacement effort will focus on technology aspects as well as expansion of business functionality in order meet the needs of industry change and agency growth.

1.2 SOURCE OF THE OPPORTUNITY/NEED (Describe how the opportunity or need became known to the agency.)

The need to replace elements of the DOC offender management system was recognized in the late 1990's (part of the DOC Y2K project) during an analysis of the "Sentence Calculator", one of the key elements of the Corrections Information System (CIS).

In 2004 a feasibility study for replacing the system was conducted.

During the 2005 - 2007 biennium, phase one of the project was completed, which established a technical architecture and accomplished project planning for a system rewrite. During phase one of the project, new Web-based offender management systems entered the market. DOC has since determined that a vendor provided system provides the best opportunity to meet DOC business needs in the most efficient manner. The project to document DOC business processes around automation, define system requirements, and develop procurement documentation is the next step for CIS system replacement.

1.3 ADDITIONAL BACKGROUND (Relevant information that will provide context for the agency's understanding of the opportunity or need.)

In 2005, the DOC developed a project to replace the CIS, the department's main offender management system. The system was originally built in 1990 and was developed in the computer programming language COBOL. The system evolved into a complex application written by staff that have since retired from DOC or will be retiring soon.

The project was undertaken based on a feasibility study from 2004 which looked at the major industry offender management systems available and evaluated their ability to replace the existing CIS. The feasibility study showed vendor products at the time would have to be modified significantly to meet DOC's needs. Significant customization was deemed cost prohibitive for DOC, so the decision to undertake a project to re-write the existing system, using internal resources, was made.

The CIS Re-write project sought to incrementally replace existing CIS functionality over several years.

using internal development staff and augmented by contracted developers. DOC funded the planning and initial development effort by allocating \$2.9 Million for the 2007-2009 biennium out of its general fund.

In May 2007, DOC attended the Corrections Technology Association National Conference and saw demonstrations of industry vendor product functionality which had greatly expanded since the initial feasibility study in 2004. DOC deemed it prudent to review these offerings to see if they could now meet agency needs.

DOC conducted evaluations of three industry-leading corrections systems software package providers and conducted phone interviews with each vendor's representatives to discuss their system functionality in detail. During these calls, both parties (the vendor representatives and DOC staff) walked through the DOC system module list, with DOC CIS analysts assigning a "score" to each of the identified modules based on the vendor's reply.

Two vendors accepted invitations to demonstrate their systems in December, 2007, and resoundingly, DOC business stakeholders supported the vendor purchase solutions. Their primary reasons for support included the vendors ability to:

- Accomplish several strategic initiatives for the Department (including addition of inmate electronic medical records, inmate trust & canteen system, and inmate property control system) in a single system;
- Meet DOC business needs;
- Automate business processes that are currently not automated nor planned to be automated under the re-write project;
- Present information a user-friendly manner; and
- Provide a solution faster than a customized development.

In January, 2008, DOC contacted all three vendors and requested high level planning and implementation budget estimates. All three vendors provided responses that were in the \$12-15 Million price range. Additionally, DOC contacted more than 20 states who had recently implemented corrections systems. Those contacted reported implementation costs between \$5 and 20 Million.

Faced with the lower cost, better ability to meet DOC's needs, and a faster implementation schedule than custom construction, the project team and steering committee decided it prudent to discuss a change of direction with the DOC Policy Group.

In February of 2008, acting on behalf of the project team and steering committee, the CIS Re-write project manager recommended to the DOC Policy Group that the project transition from "Build" (CIS Re-write Project) to "Buy" (CIS Replacement Project). In March, 2008, the Policy Group decided to adopt the "Buy" recommendation, and directed the team to refocus on planning activities for the 2009-2011 biennium.

2. BUSINESS CASE

2.1 DESCRIPTION OF THE BUSINESS CASE *(Define the business case for this opportunity or need. How does the opportunity or need relate to the agency's mission, strategies, goals, and objectives in the short, medium, and long term.)*

The Oregon Department of Corrections (DOC) seeks to replace the Corrections Information System (CIS), which was written as a Legacy iSeries COBOL application. The technicians that developed the system have retired, and DOC's ability to maintain and upgrade the system is quickly diminishing. The risk that critical functionality will fail, or cannot be upgradeable to meet law, policy, and business requirements, is increasing.

After completing a vendor analysis, DOC has determined that the best approach is to proceed with the purchase of a third party (vendor) product. The scope of the effort includes: replacing existing functionality within the old CIS, adding functionality for an inmate electronic medical record, adding functionality for an inmate trust & canteen system, and adding functionality for an inmate property control system.

The CIS Replacement Project effort began in April, 2008, and is anticipated to last for approximately 5 years. By July 1, 2009, a third-party assessment of the decision to buy a new system will have been conducted and a Cost-Benefit Analysis will have been completed. **Costs represented in the 09-11 biennium cover initial business analyst support for a gap analysis, requirements gathering, preparation for procurement, and development of an implementation plan for the 2011-2013 biennium.**

The business analysts will be responsible for:

- Guidance to stakeholders on devising effective and efficient approaches to achieve project objectives
- Help the business define and implement new business processes
- Liaison with other project efforts to coordinate interdependencies and resolve issues
- Gather and define business requirements
- Identify and resolve issues
- Help PM manage project risk
- Produce quality documentation
- Mediation
- Managing customer relations

By July 1, 2011, a thorough Business Process Analysis will have been completed and business and system requirements will have been defined. A Request for Proposal (RFP) will be ready for release at this time.

2.2 BUSINESS DRIVERS *(Describe the factors that are driving the business need including: legal or organizational mandate; business continuation; efficiency/effectiveness; service expansion/improvement; cost savings/income generation; enabler of technology, services, or processes; strategic initiative.)*

The Corrections Information System (CIS), DOC's main offender management system, is now 16 years old and built on a technology of that earlier era. When it was built, COBOL was the language of choice for DOC. This strategy has served DOC well for developing the automation needed to help DOC meet its business goals and strategic objectives. DOC has had a robust, data-rich system for the past 16 years; however, COBOL is showing its age. COBOL is no longer taught at most universities and most COBOL experts are reaching retirement age. This trend poses a risk for DOC, as the CIS system will become more difficult to maintain as time goes on and DOC will lose its experienced COBOL programmers. In three to five years, it will be difficult, if not impossible, to hire people with the skill levels of current staff.

Many of the business area modules of the system have been in continuous use for the last 16 years. They have been modified, from time to time, to meet business or legislative changes and are adequately meeting business needs. A few, notably sentence calculation, have grown and changed dramatically as laws have changed. The system has become difficult to modify in order to meet these changes.

DOC has been an active partner in all data sharing projects with our criminal justice partners, both private and public. Initially, developing the mechanism for sharing data was a fairly difficult and laborious and needed to be redone for each project. Data was sent in bulk form and the receiver had to sort out needed data records. Single offender inquiries are available only to state agencies that have direct access to DOC's network. Today, computer software and tools can make this job much simpler. The existing COBOL technology does not allow for modern data sharing methods that provide on-demand access to CIS data for DOC customers. Our older generation COBOL programs do not support this web-based, new generation capability.

Additionally, there are pressing automation needs facing the department. Inmate medical records are paper-based and difficult to manage, which results in health and liability risks to the department. The DOC Inmate Trust and Canteen systems are failing and need to be replaced. Inmate Medical Records, Inmate Trust, and Inmate Canteen are mission-critical systems that will also addressed through this automation project.

Given the status of the DOC Legacy offender management system, and the automation requirements brought about by a changing business environment, it has become essential that DOC begin to replace this current mission critical system as identified in the DOC's strategic plans for 2005 – 2007 and 2007-2009 biennia.

2.3 BUSINESS CASE ASSUMPTIONS (List any assumptions being made that directly impact the definition of, and/or the drivers of the business case.)

This Business Case addresses the requirements phase of a replacement project. The requirements phase will be accomplished in the 2009-2011 biennium and will document business process around future automation, define system requirements, and develop procurement documentation. The procurement and implementation will occur in the 2011-2013 biennium.

2.4 BUSINESS CASE BENCHMARKING (Provide benchmarks that establish a standard by which the defined business case can be measured, compared, and judged. Benchmarks should involve comparisons to past events/performance, similar organizations, and industry trends/best practices.)

Industry best practice suggests that insurance of a program's success requires the organization to design an initiative to take into account its people, history and culture. And most importantly, the approach must be systematic. Business analysis is the first step in effective deployment of a strategic initiative.

Best practice notes that it is critical that an agency make certain there is a common understanding of the short- and long-term goals of the organization. To accomplish this, a comprehensive study of customer wants and needs must be undertaken. An analysis of the business and employee needs also should be done. Once all these needs are clarified, they must be matched to ensure that they are in alignment. Any discrepancies have to be resolved.

3. POTENTIAL SOLUTIONS APPROACHES (Repeat section 3.1 for each identified solution approach.)

3.1 SOLUTION APPROACH: Policy Option Package 140 – CIS Replacement

3.1.1 DESCRIPTION OF THE SOLUTION APPROACH (Describe a viable solution approach that could be taken to exploit the opportunity or to meet the need. Define a general tactical plan, not a specific technical or business architecture solution. Tactics utilized could include: IT project, IT maintenance request, business process improvement initiative, reorganization, policy, procedures, employee development/training. A solution approach is made up of one or more of these tactics.)

This solution is intended to prepare DOC for procurement of a replacement offender management application by July, 2011. Planning for this effort, DOC has submitted a Policy Option Package in support of the staffing necessary to complete the following:

- Research requirements models from other states and build a requirements model for Oregon;
- Engage systems analysts to define and document existing functionality as a base for requirements;
- Utilize business analysts to map DOC business process against the requirements model to ensure that no business area is left out of system planning efforts;
- Utilize business analysts to document business process where customization is necessary or define requirements where business practice is changing or no system exists;

- Utilize business analysts to communicate and partner with external stakeholders, i.e. community corrections with Oregon's 36 counties; and
- Contract work in preparation of a Request for Proposal.

3.1.2 BUSINESS ARCHITECTURE IMPLICATIONS *(Describe the effects and magnitude of the solution approach to existing business architecture. Impacts may include: modify/optimize existing processes and procedures; eliminate existing processes and procedures; introduce new processes and procedures; integrate processes and procedures; perform analysis, develop plan or strategy; interrupt service; modify organizational structure.)*

The system resulting from this automation project will impact DOC business processes and procedure to some extent. In some cases, current business process will remain automated with the replacement system, resulting in little change; however, the replacement system will provide substantial automation in other areas of the department, which will require business process change. The business process analysis effort planned for the 2009 - 2011 biennium will document existing business processes, and "To Be" processes that can be supported by a replacement system. Once the replacement system is procured in the 2014 - 2013 biennium, and the details of the replacement system functionality are known, a business process re-engineering effort will be undertaken in addition to system implementation activities.

3.1.3 POLICY IMPLICATIONS *(Identify the policy implications for this solution approach and their likelihood of each activity. These activities can include: analyze/evaluate statute; modify statute; define new administrative rule; analyze/evaluate existing administrative rule; modify existing administrative rule; delete existing administrative rule; define new agency policy; analyze/evaluate existing agency policy; modify existing agency policy; delete existing agency policy.)*

N/A

3.1.4 ORGANIZATIONAL FEASIBILITY *(Identify the feasibility for this solution as it relates to the agency's ability to deliver specific work or a type of work. Consider the skills and experience available to implement this approach, as well as the agency's track record.)*

Business Ownership:

- DOC would name analysts to the project who would work full-time to begin the business process analysis necessary to capture DOC specific business requirements for the procurement process;
- Business leads would work within functional areas of expertise;
- Business stakeholders would be engaged for requirements session to review pre-defined and business-defined requirements for identification of missing functionality; and
- Business stakeholders would be engaged in evaluation of vendor systems with intent to purchase the system that most closely mirrors existing DOC business practice.

ITS Ownership:

- Systems analysts would define and document existing functionality as a base for requirements; and
- Systems analysts would research Requests for Proposal from other states and compile requirements that seem to mirror DOC business practice.

3.1.5 RISK *(Assign a risk rating for this solution as High (worst), Medium, or Low (best). Justify the rating. Risks pertain to the threat of potential events or circumstances that could jeopardize success, as well as potential impacts of the solution approach on both Internal*

and external stakeholders. Consider the likelihood of success for this solution approach, and what is at stake if something goes wrong or is not handled effectively.)

The department identifies the risk rating for this project as medium. Procurement of a vendor system that is already operating in a state corrections agency is a low-risk approach from a technical standpoint.

We assess the business risk as medium, as targeted business groups will be required to change their business processes in order to adapt to new automation. This business case is designed to mitigate this risk by spending a biennium to document business processes and to work with the business to identify and document business requirements. Additionally, changes to outdated or less than efficient business processes can begin in the 09-11 biennium in advance of system implementation in 2011-13.

3.1.6 ADVANTAGES/DISADVANTAGES (List any advantages and disadvantages specific to this solution approach.)

1. Business Stakeholders are invested in solution options early on, reducing risk of scope change later on in the project.
2. Reduces the amount of business process change once the system is purchased and implemented.
3. Increases the confidence that the vendor proposal cost will be the real cost of effort because the effort is well understood at time of purchase.

3.1.7 SOLUTION APPROACH ASSUMPTIONS (Identify any general assumptions being made that pertain to the definition of and/or justification of this solution approach.)

DOC does not presently have the resources to support this approach. If funding is not approved in support of this effort, the assumption is that DOC will not be able to prepare for procurement in a prudent, skilled, and efficient manner, nor will implementation be possible by the time of need (which is immediate).

4. RECOMMENDATION

4.1 RECOMMENDED ACTIONS (Present a recommendation based on the information presented in this document. Identify the best solution approach from the viable alternatives, including next step(s). Clearly define decisions that need to be made.)

Policy Option Package (POP) 140 – CIS Replacement: Needs approval.

4.2 JUSTIFIABLE TARGETS

4.2.1 JUSTIFIABLE BUDGET (If recommending further action be taken, identify the budget that seems to be justifiable based on the business case. For mandated initiatives, list any predefined spending limits and/or budgets.)

POP 140 - \$2,000,000



4.2.2 DESIRED TIMELINE *(If recommending further action be taken, define the desired and/or required milestone dates based on what is known at this time. For mandated initiatives, list any predefined due dates.)*

July, 2009.

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SECRETARY OF STATE AUDITS DIVISION

10/4/02 2002-34 CHANGE OF DIRECTOR AUDIT

Purpose:

An audit or review performed when the executive head of a state agency leaves the position for any reason. David Cook retired as the Director on June 2002.

Recommendation:

None

Response:

No agency response required

11/10/03 2003-39 TWO-WAY RADIO COMMUNICATIONS

Purpose:

Two-way radios provide an essential communications link for many government organizations operating in Oregon. The purpose of this audit was to determine if these systems are meeting user needs at the least possible cost.

This was a multi-state agency audit. The Department of Corrections was one of the agencies selected for review.

Recommendations:

The state of Oregon can contribute to more effective and economical two-way radio communications between local, state, and federal agencies by supporting the efforts of the SIEC and by avoiding duplication of efforts amongst state agencies. To facilitate needed improvements, we recommend that the Department of Administrative Services:

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- Ensure that the interoperability council has the administrative and technical support necessary for it to develop a coordinated plan to improve statewide two-way radio communications.
- Work with the Governor's Office to strengthen planning and coordination necessary for achieving interoperability. This may include designating a lead agency or key contact to participate on the interoperability council as well as guide the implementation of plans affecting state agencies.

Response:

Below are the consolidated comments of the Statewide Interoperability Executive Council (SIEC), Oregon Department of Transportation (ODOT), Oregon Department of Corrections (DOC), Oregon Department of Forestry (ODF) and the Oregon Department of State Police (OSP) to the Secretary of State's Wireless Communications audit report.

Background and Results

1. The report correctly identifies multi-jurisdictional interoperability as a key issue facing many public safety organizations today. While it is important to address this issue, it must be recognized that interoperability is but one of a number of fundamental elements of a sound, efficient two-way radio communications system. Effectively meeting an organization's business needs must be the foundation upon which the system is built, considering the elements of cost/benefit, geographic coverage, technical feasibility, maintenance, text/data transmission, useful-life-of-product, legal requirements, and interoperability. In addition, agencies must be able to meet their current agency business needs, which accounts for nearly all of the use of the current 2-way systems and they cannot simply stop using their current system while they implement another. We believe that a full consideration of all these elements is necessary to comprehensively evaluate current and future systems.

2. The report notes, "the ease of organizations being able to talk with each other is especially critical for public safety personnel whose safety depends on effective communications". We agree that personal safety of first responders is indeed very important. However, there is an even more critical function of public safety communications, which is to facilitate public safety's ability to protect the public's life and property. The ability to respond in the shortest amount of time with the proper resources is the most critical use of the system.

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3. While the report briefly mentions the Federal Communications Commission (FCC) in the Summary, a full treatment of the history, regulatory framework, and past, present and future impact of FCC regulations and requirements is missing. Much of the report content in the Introduction, Background, and Audit Results sections on pages two through five that questions the effectiveness and efficiency of the current state radio systems is directly related to requirements of federal law and regulation mandated by the FCC, yet the report does not recognize or address this “cause and effect” relationship. We believe that it is not possible to meet the purpose of the audit without a full and comprehensive treatment of the influence, impact and requirements of the FCC on licensees.

4. The report does not take into account that until only recently the technology did not exist to allow the combining of various frequencies that are used by State agencies into a system that can increase a system’s efficiency. Each system has been limited to only carrying one conversation at a time, and the critical missions of the individual departments made each of them require the highest of system access. In a shared system, some priority must be assigned, and each department has times of needing the highest priority. In addition, until only recently, FCC rules only allowed very specific message content on each system, and cross-discipline use of the systems was not allowed.

5. As a state-level audit, the report does not adequately assess the interrelationships, viability and effectiveness of current or planned local government and federal government radio communications systems, nor the role of the private sector in systems management. In Oregon, we believe it is absolutely necessary to evaluate these systems in a fully integrated fashion to truly address the issue of interoperability and system effectiveness.

Response to Recommendations

We generally concur with the report’s two recommendations within the context of the State Interoperability Executive Council. However, it would be counter to the intent in setting this committee up to now subjugate the collective input of those departments by designation of a lead agency or key contact to participate as the collective “state voice” on the SIEC. The SIEC was specifically organized with representation of the various departments sitting on the Council itself. The SIEC operates by consensus, and the participation of all agencies is still to be preferred.

Based on the extent of interagency coordination necessary to effectively address Oregon’s interoperability issues, we believe the report should more strongly support and advocate for the SIEC model. And, we feel it should encourage that

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SIEC be designated as the body which formulates the State's collective position on and response to all FCC docket items with affect on Oregon.

ODOT, ODF, DOC, and OSP are active members of the Council, strongly support the goals and objectives of the Council, and will continue to fully participate in a collaborative fashion. In addition, the four state agencies have and will continue to work towards coordinated and cooperative solutions with other state agencies, local government, the federal agencies and the private sector in meeting our business needs.

Further Research

We believe that there is room for further research in the area of two-way radio communications and their use by State of Oregon agencies.

1. The audit points out that "State agencies are making substantial investments" in two-way radio communications technology. An extensive cost/benefit study should be done to evaluate whether the best investment would be to develop a multi-agency unified network as compared to individual agencies redeveloping their networks discreetly.
2. The audit does not address whether efficiencies could be found to streamline the operations that maintain the state's large investment in two-way radio technology.

2/6/04 2004-04 OREGON STATE HOSPITAL AND THE OREGON STATE PENITENTIARY: USE OF OVERTIME

Purpose

The purpose of this audit was to determine if state agencies could reduce personnel costs by more effectively managing their use of overtime

Recommendation

We recommend that the Department of Corrections:

- Fill security staff vacancies.
- Review the financial impact of staffing options.

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- Implement selected staffing options to meet remaining security staff needs.

Response

We agree in principle that additional staffing if properly deployed could reduce overtime. Currently coverage for overtime is addressed in our factor relief system. We acknowledge that we need to update the calculation of post factor to ensure 24-hour 7-day-per-week coverage. For example, our current post factor for a 7-day post is 1.70 meaning that every post that needs to be filled 7 days per week requires 1.7 staff. Senior staff earn vacation at a greater rate than the availability of funded vacation slots used to calculate the post factor. Additional gaps are possible with sick leave accrual, FMLA, training and Military leave. In short, we may not have a high enough relief factor to cover our needs.

We last studied our post factor needs in 2000 and, as suggested by this report, additional staff could provide a more adequate relief factor to cover for vacations, sick leave, holidays, and training. Using this approach would also provide a mechanism to assign staff by shift and post and increase the likelihood of successfully reducing overtime by increasing straight time staff for the shifts and posts that drive overtime.

We also agree with the recommendations to fill vacancies but need to note that a difficulty we have DOC-wide with vacancies is the length of time it takes to review applications, complete background checks, conduct interviews, and complete DPSST training. In addition, during the time frame reviewed by the audit, the department was required to keep some security positions vacant to achieve budget reduction targets. As a result, filling vacancies will always be an issue; however this issue could also be addressed with the updated post factor analysis.

2/27/04 2004-8 FEDERAL COMPLIANCE REPORT AND INTERNAL CONTROL REPORT

Purpose

To issue a report and express an opinion on the State of Oregon's financial statements in accordance with the Single Audit Act Amendments of 1996, Government Auditing Standards, and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, for the year ended June 30, 2003.

This is a statewide audit and only the Department of Corrections' recommendations and responses are included below.

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Recommendation

03-2 Oregon Department of Corrections Classification of Expenditures: We recommend that the department develop a more descriptive chart of accounts for its internal accounting system. The chart of accounts should provide clear guidance to accounting staff regarding which accounts should be used to ensure that their balances are recorded into appropriate SFMA accounts. We also recommend that department management design and implement controls to ensure more effective transaction error prevention and detection.

Response

The department agrees with the finding. The department concurs that improvement is needed in the area of classifying expenditures to ensure consistency of data represented in each object and to ensure objects selected appropriately describe the expenditures charged to those objects.

The recommendation offered by the Secretary of State, Audits Division would provide only a partial improvement for this finding. Improving the chart of accounts and descriptions will provide better guidance in the coding of expenditures. The inconsistencies in expenditure classification are more difficult to manage under a decentralized cost center structure that enables non-accounting staff to code expenditures as part of the initial purchase request process.

Corrective action planned:

- Improve the Automated Financial Accounting Manufacturing Inventory System (AFAMIS) chart of accounts and provide description for each object.
- Implement accounting review of all expenditures incurred through purchasing or contracting processes.
- Establishment of a Statewide Business Coordinator in September 2003 will provide technical assistance to field staff on coding issues, moving the department toward greater consistency in coding.

Anticipated completion dates:

- Complete a more descriptive chart of accounts by July 1, 2004.
- Implement accounting review of expenditures as part of pre-closing review process performed in May/June of each year working from April reports. Follow up review for all material sums as part of year-end accounting.
- Technical assistance will be ongoing.

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Recommendation

03-3 Oregon Department of Corrections Expenditure Decision Authority: We recommend that the department develop and implement policies and procedures to ensure that a more accurate and complete record of formal delegation of expenditure authority is maintained. In addition, department management should reevaluate the delegated authority it has given to subordinates to ensure that it is justified and adequate. Furthermore, department management should ensure that these controls are periodically monitored to promote or validate compliance.

Response

The department agrees with the finding. The department concurs that improvement is needed in the area of maintaining system approval authorities for expenditures. This includes maintaining electronic records of authorized approvers, maintaining audit trail of authorizations and changes to authorizations, and ensuring that approval authorities are periodically reviewed and updated.

The department is upgrading the Automated Financial Accounting Manufacturing Inventory System (AFAMIS) in three stages. The Purchasing module, which includes these electronic authorities, is planned for late 2004. The upgrade will provide the opportunity to review how the system records these electronic authorities and will enhance security controls.

Corrective action planned:

- Review electronic authorization processing in AFAMIS as part of the upgrade.
- Begin the review and update of authorizations already established in AFAMIS, based on available resources. Monthly personnel action reports will provide additional information in this review.
- The department will review the resources available for the development of policies and procedures and, if necessary, request additional resources in the 2005-07 budget development process.

Anticipated completion dates:

- Completion of the upgrade, including review and improvement of authorization processing, is targeted for June 2005.
- It is not anticipated that the department can fully address these issues until the 2005-07 biennium.

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Recommendation

03-04 Oregon Department of Corrections Payroll: We recommend that the department fully comply with internal controls over payroll as outlined in the OAM. Specifically, department management should ensure that important payroll functions are appropriately separated; gross pay adjustment reports are timely reviewed by managers outside of the payroll unit and are retained as required; reconciliations are performed timely; and authorization forms for voluntary payroll deductions are completed and retained. We also recommend that the department develop and implement formal procedures to ensure payroll data is completely and successfully transferred to internal and external accounting systems. In addition, department management should ensure supporting documentation is available for all payroll transactions and employees sign timesheets as required.

Response

The department agrees with the finding. The department concurs that improvement is needed in the area of internal controls pertaining to payroll transactions.

Payroll areas under Human Resources:

- Separation of duties pertaining to payroll systems use and distribution of checks and stubs.
- Review of gross pay adjustment reports by Payroll employees.
- Issues with records retention.
- Authorization for voluntary deductions.
- Failure to obtain signed timesheets from 25 percent of sample.

Corrective action:

- The Payroll Unit receives checks and pay stubs from the DAS Print Plant, alphabetizes them and forwards them to the work site to be handed out to employees. This process will be reviewed.
- The Payroll Manager was in the process of changing the gross pay adjustment review to another manager at the time of audit. This duty has been reassigned.
- The department is compliant with records retention. Records are retained for one year on-site and three years in storage. Payroll will investigate and correct any problems found with the storage of these records.

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- The Payroll Unit's procedure is to only enter voluntary deductions to the payroll system, which are authorized in writing by the employee. The Payroll Manager will follow up on the possibility of misfiled authorization forms.
- This is an ongoing problem occurring in the security units that are staffed 24 hours per day. Timekeepers for these units have to send many unsigned copies of timesheets to the payroll unit to meet data entry deadlines. The timekeepers are required to obtain the missing signatures on the original timesheets and send them to the Payroll Unit as soon as possible. Some security units do not follow up timely. The department concurs with the need to establish an agency policy on unsigned timesheets.

Anticipated completion dates:

Payroll will address item 1 through 4 above during the 2003-05 biennium, with the exception of item 2, which has been resolved. The last finding, related to signing timesheets, will be addressed through development of a department policy or procedure.

Payroll areas under Fiscal Services:

- Monthly reconciliations between the statewide accounting system, the department's internal accounting system, and the OSPA not performed in a timely manner.
- Lack of formal procedures to ensure that payroll data files were completely and successfully transferred to the agency's internal accounting system and the statewide accounting system.
- Lack of supporting documentation for the payroll expenditure accrual entry recorded during month 13 of fiscal year ending June 30, 2002.

Corrective action:

- Staff shortages during the period covered by this audit did not allow for timely completion of all tasks. Fiscal Services has recently completed an extensive reorganization effort to best utilize existing resources. An Accountant 2 position in an out-stationed business office will be reassigned to Central Accounting to provide support with various reconciliations.

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- Formal procedures were developed during fiscal year 2002 that cover processing of the payroll file. Note: the payroll file is processed and payment transmitted to DAS in advance of the availability of reports and Datamart extracts that could be used to verify the total of this file. If the file were held until verification could be established the result would be a delay of several days in transmitting the payroll payment to DAS. As this transmittal settles DAS' A/R entry, a delay would not be considered acceptable.
- The accrual mentioned in this finding was not an accrual of the period being audited; it was the auto-reversing entry to an accrual made in fiscal year 2002. Backup documentation was not found for this 2002 entry and due to time and resource constraints, a full-fledged effort to reconstruct the accrual from 2002 accounting records has not been made.

Completion dates:

- The Accountant 2 position will be moved to Central Accounting following the retirement of the individual currently in this position. This is expected to take place by July 2004.
- Formal procedures have been provided to the Fiscal Analyst responsible for processing the payroll file as of February 3, 2004.
- The Accounting Manager and Controller have provided a control environment effective in fiscal year 2003 in which all journal entries are required to have full explanations and backup documentation. Effective with fiscal year 2004, no accrual entries will be input without Controller approval.

Recommendation

03-5 Oregon Department of Corrections Segregation of Duties and Logical Access to Accounting System: We recommend that department management develop, document and implement policies and procedures to ensure accounting responsibilities are appropriately segregated. Specifically, management should ensure adequate separation of authorization for the execution of transactions, recording of transactions, custody of assets, and periodic reconciliation of existing assets to recorded amounts. In addition, management should ensure that individuals performing financial system security functions do not have conflicting accounting duties or responsibilities for monitoring and validating logical access, to ensure those functions are independently performed.

We also recommend that the department review and adjust logical access to its financial system on a case-by-case basis to ensure that users' access is based on a demonstrated need to view, add, change or delete data.

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Response

The department agrees with the finding. The department concurs that segregation of duties pertaining to the Automated Financial Accounting Manufacturing Inventory System (AFAMIS) access and support and logical access to AFAMIS are areas that require improvement.

The department has made progress in segregating duties within Central Accounting as part of the One World A/P module that was implemented in October 2003. Continuing the upgrade through the remaining modules will enable revision to the security codes in use in the World version of AFAMIS to a roles-based model that will enable managers to periodically review security access given to their employees and determine if such access is appropriate. A procedure for review and update will need to be developed.

The department has attempted to solve many of the segregation of duties issues through procedural changes and reassignment of duties to other staff. The remaining issues can only be resolved with additional staff and the department will bring this request forward in the 2005-07 budget development process.

Corrective action planned:

- Distribute a general guideline for segregation of duties and security access based on OAM policies on internal controls to appropriate staff.
- Continue to review and revise security for each module of the upgrade.

Anticipated completion dates:

- Defining business requirements is a critical part of the upgrade project and the review and enhancement for segregation and security will be done at that time.

10/29/04 2004-31 Inmate Trust Funds

Purpose

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The objective of this audit was to determine if the Department of Corrections (department) has adequate controls over inmate trust funds and maintains adequate supporting documentation for recorded transactions.

Recommendation

Cash Reconciliations Not Performed: We recommend the department make cash reconciliations a priority and reconciliations a priority and reconcile the inmate trust fund balance to the Treasury trust fund balance on a monthly basis.

Response

The department agrees that cash reconciliations must be done in a timely manner. Due to extended illness and one-year medical leave by the Trust Manager, the cash reconciliation was not current at the time of the audit. The department is actively recruiting for the Trust Manager position. In addition, an Accountant 2 position has been included in the Agency Request policy package to help address the ongoing accounting workload. In the interim, the reconciliation is being done within current resources as time permits.

Recommendation

Check Stock Not Adequately Controlled: We recommend the department follow the OAM and Oregon State Treasury Cash Management Manual guidance and maintain adequate controls over check stock. Specifically, the department should:

- Segregate the responsibilities to print and sign checks;
- Secure all unused check stock;
- Utilize preprinted check control numbers and a check control log to control check stock; and
- Perform periodic check stock inventories.

Response

The department agrees that the responsibility to print and sign checks should be segregated. This finding is the result of the Accounting Manager covering responsibilities for vacant Trust Manager Position by signing checks. The Accounting Manager inadvertently retained the print capability in his system profile, as his previous position was Technical Support for the Trust system. The department will correct this problem.

The department has addressed the security of the check stock.

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The department is reviewing the process of tracking blank check stock. The TAG system prints its own checks with a MICR machine so a blank check has a lower risk of being misused than preprinted stock. The department agrees with the recommendation to use a check control log and to perform periodic check stock inventories. Those processes are being developed and staff will be trained to maintain this process.

Recommendation

Inmate Authorization Not Located: We recommend the department retain documentation supporting appropriate authorization of transactions.

Response

All disbursements directly from an inmate's account require both the inmate's signature and a DOC staff signature on a document called a CD 28. All CD 28's are retained as authorization to disburse funds in the Central Trust Office. The department agrees that all inmate transactions should have corresponding documentation and will continue to monitor the CD 28 for complete signature authority.

However, this finding is a canteen order form that does not process through Central Trust. These transactions are handled at the institution.

The department agrees that the canteen ordering process should include the collection and retention of the inmate's signature. We will continue to train canteen staff on this policy for all canteen orders.

1/14/05 2005-04 AFAMIS Application Controls Review

Purpose

The Department of Correction's (department) Automated Financial Accounting Manufacturing Inventory System (AFAMIS) is its main financial computer application. The purpose of this audit was to evaluate the effectiveness of computer controls governing AFAMIS, including system development, security, data integrity, and disaster recovery and contingency planning.

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Recommendation

System Development and Maintenance of AFAMIS Was Unstructured and Problematic: We recommend that department management adopt and apply comprehensive system development life cycle methodologies and project management strategies. In addition, department management should ensure that the most critical system development tasks or phases are successfully completed before proceeding further with the OneWorld XE upgrade project.

We also recommend that the department seek guidance and expertise from the Information Resources Management and State Controller's Divisions of the Department of Administrative Services to resolve information technology resource and expertise issues and explore system alternatives to address pending issues arising from PeopleSoft's decision to discontinue its support of the OneWorld XE application.

We also recommend that the department fully comply with state contracting rules and consult with the Department of Justice (DOJ) to resolve specific contract compliance issues identified.

Response

The Department of Corrections (DOC) agrees with the recommendation. In an effort to explore system alternatives, the department consulted with Solutions Consulting, LLC (a quality assurance contractor) earlier this year to review the project, consider options, identify weaknesses in the project, and make recommendations to the DOC. The study confirmed a number of valid criticisms regarding DOC's management of the project; as a result, the department is taking a more formal project management approach.

The department has implemented a comprehensive System Development Life Cycle (SDLC) methodology and plans to apply this methodology to all future information technology projects. The department will use information technology resources and expertise available from the Department of Administrative Services (DAS), as well as explore system alternatives through the completion of a comprehensive feasibility study.

The department restructured the project management effort by developing a "OneWorld Upgrade" steering committee to oversee the project. Also, a new project manager has completed an integrated project plan.

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The DOC agrees with the recommendation and will consult with the DOJ to resolve the contract compliance issues stated within the report.

Recommendation

AFAMIS Data and Programs Were Not Appropriately Safeguarded: We recommend that the department take immediate action to implement the recommendations included in our confidential report.

Response

The DOC agrees with this recommendation. The department has taken immediate action, has implemented some of the issues, and will develop plans for implementing the remainder of the issues included in the confidential report.

Recommendation

Application Controls Did Not Ensure Integrity of Key AFAMIS Data Files: We recommend that department management develop and implement plans to establish data integrity for key data files and maintain that integrity for key data files and maintain that integrity once it has been achieved. In doing so it should:

- Establish more effective automated and manual error prevention, detection and correction controls.
- Ensure that staff responsible for AFAMIS has a comprehensive understanding of accounting and information system controls.
- Develop and implement a functional chart of accounts.
- Perform periodic reconciliations of AFAMIS account balances to ensure integrity within the system and to ensure that balances are accurately posted to SFMA.

Response

The DOC agrees with the recommendation. It is important to note, however, that the data integrity issues are not related to the performance of the department's financial accounting software, but to the increased complexity of accounting transactions due to the growth of the department. To ensure data integrity, the department has developed and is implementing the following plan for key data files:

- The department's controller is monitoring the update to the chart of accounts to ensure functionality. An Accountant 2 is currently updating the expenditures and inventory accounts in the chart of accounts.

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- An Accountant 2 has been reassigned to reconcile AFAMIS to the Statewide Financial Management Application (SFMA) on a monthly basis to ensure that balances are accurately posted to the SFMA.
- An Accountant 1 was hired and is scheduled to begin employment with the department in January 2005. This position is responsible for reviewing and approving payments prior to input into AFAMIS to ensure data integrity.
- The department will hire an Accountant 3 with a start date of February 1, 2005. This position will be responsible for reviewing and reconciling certificates of participation and other funds information entered into AFAMIS and SFMA.

Recommendation

Disaster Recovery and Business Continuity Planning Were Not Performed: We recommend that department management fully develop, test, implement and maintain disaster recovery and business continuity plans to better ensure timely recovery of critical systems and business functions.

Response

The DOC agrees with the recommendation. The department initiated a project to complete a Business and Disaster Recovery Plan for all business functions and corresponding automated systems. The methodology being employed includes all the elements mentioned in this report. Major milestones are:

- Development of a business impact analysis, scheduled for completion January 31, 2005.
- Identification and selection of recovery alternatives, scheduled for completion April 30, 2005.
- Finalization and documentation of the business continuity and disaster recover plans, scheduled for November 30, 2005.

2/22/06 2006-02 Madras Correctional Facility Construction Contract Review

Purpose

We reviewed the pre-construction and early work phases of the Department of Corrections (department) Madras correctional facility construction project. The purpose of our audit was to determine if project costs, change orders, and contract amendments were in accordance with contract terms and if payroll, equipment rentals, and travel costs were reasonable.

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Recommendation

Some Payroll Reimbursements Exceed Hours Worked and Allowable Rates: We recommend the department seek reimbursement for payroll overcharges.

Response

The Department agrees with the recommendation. The Department will seek reimbursement for all overpayments to the contractor.

Recommendation

Procedures For Review of Contractor Invoices Limited: We also recommend the department develop and implement procedures requiring the following:

- Periodic and regular review of contractor's payroll timesheets to ensure the number of labor hours billed does not exceed the documented number of hours worked
- Periodic and regular comparison of billed labor rates to contracted labor rates.

Response

The Department agrees with the recommendation. The Department will institute periodic and regular reviews of billed payroll and contract labor charges

2/28/05 2005-01 FEDERAL COMPLIANCE REPORT AND INTERNAL CONTROL REPORT

Purpose

To issue a report and express an opinion on the State of Oregon's financial statements in accordance with the Single Audit Act Amendments of 1996, Government Auditing Standards, and U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, for the year ended June 30, 2004.

This is a statewide audit and only the Department of Corrections' recommendations and responses are included below.

Recommendation

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04-06 Capital Asset Controls Need to be Strengthened: We recommend the department update its policy to agree with the OAM. The department should take physical inventories annually, and reconcile it to both SFMA and AFAMIS to ensure the accuracy of amounts reported in the financial records. The department should capitalize assets and construction projects listing to ensure all completed projects have been properly capitalized.

Response

The department agrees with the recommendation.

- a. Department policy will be changed effective within fiscal year 2005 to require physical inventories to be conducted on an annual basis. Such inventories will be performed department wide during the last half of the fiscal year.
- b. An Accountant 2 was hired effective June 1, 2004, as a dedicated resource to accounting of fixed assets. This resource has been reviewing and reconciling accounts and booking fixed assets monthly as acquired during fiscal year 2005. This accountant continues work on prior year's reconciliations as well as reconciling current year acquisitions timely.
- c. An Accountant 3 was hired effective February 1, 2005, as a dedicated resource for Certificates of Participation-funded capitol projects accounting. This accountant will track projects in process and provide work in process and completed project data to the Accountant 2 responsible for fixed assets. These two resources will address prior years' issues with Work in Process.

Recommendation

04-07 Mail Opening Procedures Need to be Strengthened: We recommend the department use two permanent employees for mail opening. Additionally, checks received should be restrictively endorsed immediately upon receipt.

Response

The department agrees with this recommendation.

- a. The department agrees it needs to improve the mail handling procedures in Central Accounting. The department has implemented the recommendation to have all checks restrictively endorsed immediately upon receipt.
- b. The department will conduct a 30-day evaluation of the incoming mail and the associated number of checks to assess the level of risk associated with incoming checks. Once that level of risk is determined, the department will work with its Internal Audit staff to review compensating controls that could include establishing a mail log process, rotation of the mail opening duty, and additional supervision of the mail opening process.

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Recommendation

04-08 Independent Review Needs to be Strengthened: We recommend that department management ensure independent reviews are conducted on all payments and other critical accounting processes. These reviews should examine transactions for accuracy and appropriateness.

Response

The department agrees with the recommendation. The department agrees that while Independent Review has been addressed as a result of findings from the 2003 statewide financial audit, there is still some room to improve and strengthen independent reviews.

An Accountant 1 was hired effective January 10, 2005, for the position of payment approver. This accountant has been trained in payment approval for all types of payments processed by the department. This accountant is supported by oversight from the Accounting Manager and Controller for all aspects of the payment approval role. Prior to submitting the payment interface file for processing, the Accounting Manager or Controller will randomly select and review batches. This corrective action is substantially implemented as of this writing.

07/11/05 2005-18 STATE AGENCY USE OF METERED EQUIPMENT

Purpose

To determine if state agencies are meeting their metered equipment needs in the most cost-effective manner. Examples of metered equipment reviewed include tractors, loaders, rollers and graders. DOC was one of six agencies assessed that own the majority of the state's metered equipment fleet.

Recommendation

The state has opportunities to improve cost effectiveness through interagency sharing of lightly used equipment. There are some potential opportunities for agencies to develop usage data and usage standards to help identify sharing or rental opportunities within their own metered equipment fleets, further improving their cost effectiveness.

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We recommend agency fleet managers consider development of information and utilization standards, facilitating an enterprise-wide approach to metered equipment utilization. This could include:

- Development of a centralized information system including standards for equipment descriptions, cost data and utilization records;
- Development of minimum use and exception documentation standards, as well as a process to identify those pieces with additional considerations (such as safety or availability concerns);
- Develop the interagency relationships, agreements, and oversight such that metered equipment can be viewed and managed as a statewide asset.

Response

We partially agree with the recommendations presented by the Secretary of State's Audits Division. We agree that State of Oregon agencies should maintain an efficient and right sized fleet of metered equipment. We also believe that there may be some cost savings through an inter-governmental equipment lending program (for minimally used equipment) and to continue using rental equipment when it is cost effective to do so. However, we disagree with certain assumptions used to substantiate the cost of retaining, maintaining, and replacing underused equipment.

Breakeven analysis or standard usage rates does not always take into account how the department spends and budgets its operational dollars. Competing priorities play a significant role in determining what is bought, how it is bought and how long it is deemed useful to the department. Most of the equipment is old and often has low hours. In our opinion, it is more cost effective to keep old equipment than buying new equipment at the end of each life cycle. Due to budget constraints, replacing the aging equipment is not always an option. Renting and borrowing equipment are two options that have always been used to minimize the cost to the department. Developing interagency agreements also has merits but we need to consider the total cost of administering the program.

03/23/07 2007-03 AUDIT MANAGEMENT LETTER FOR FISCAL YEAR ENDED JUNE 30, 2006

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Purpose

To give an opinion on the statewide financial statements contained in the State of Oregon's Comprehensive Annual Financial Report and to report on internal control and the state's compliance with laws and regulations.

Recommendation

The department had not fully complied with the Oregon Accounting Manual requirements for providing sufficient internal control over payroll transactions. Specifically, individuals who have the ability to enter transactions into the automated payroll system also receive and distribute payroll checks and stubs. In addition, gross pay adjustment reports were not being reviewed timely.

We recommend that the department fully comply with internal controls over payroll as outlined in the Oregon Accounting Manual. Specifically, department management should ensure that payroll functions are separated appropriately and gross pay reports are reviewed timely.

Response

No response required.

Recommendation

The department had not ensured that all required documents were received before releasing payments to counties. In addition we noted that the department had not obtained audited financial statements for 11 of 21 counties included in our review.

We recommend department management ensure that intergovernmental agreements are signed prior to distributing funds to counties and all required documents are obtained from the counties as required by the Oregon Revised Statutes.

Response

No response required.

Recommendation

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We found the department did not completely record accruals for four of its governmental fund accounts.

We recommend department management ensure that accruals are recorded for all of its accounts as appropriate at fiscal year end.

Response

No response required.

Recommendation

We found that the department had not reconciled the AFAMIS system with SFMA. We found an unreconciled difference of approximately \$648,000 in the Medical Services account that remained unresolved at the end of our audit.

We recommend department management perform regular reconciliations between AFAMIS and SFMA in compliance with the Oregon Accounting Manual to ensure all financial data in SFMA is accurate and complete. We further recommend department personnel research the difference in the Medical Services account and make corrections as appropriate.

Response

No response required.

02/06/08 2008-02 AUDIT MANAGEMENT LETTER FOR FISCAL YEAR ENDED JUNE 30, 2007

Purpose

This was not a comprehensive audit of the department. Instead, the audit work performed allowed us, in part, to achieve the following objectives: (1) express an opinion on whether the financial statements contained in the State of Oregon's Comprehensive Annual Financial Report were fairly presented, in all material respects, in conformity with generally accepted accounting principles; (2) determine whether the state's internal controls provided reasonable assurance of proper accounting, financial reporting, and legal compliance of transactions; and (3) determine whether the state has complied with applicable legal requirements that may have a direct and material effect on the state's financial statements.

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Recommendation

The department had not fully complied with Oregon Accounting Manual requirements for providing sufficient internal control over payroll transactions. Specific areas needing attention include the following:

- Individuals with the ability to enter transactions into the automated payroll system also received and distributed payroll checks and stubs;
- Gross pay adjustment reports were not always reviewed before the release of pay, and evidence of review did not exist for five of 12 reports we examined;
- Twelve of 39 timesheets we reviewed (28 percent) were not signed by the employee; and
- Eighteen months elapsed before payroll staff initiated a pay differential for one employee.

Department management should ensure that important payroll functions are appropriately separated, gross pay adjustment reports are reviewed and reviewed timely, timesheets are signed by employees, and pay adjustments are entered into the payroll system.

Response

Individuals with the ability to enter transactions into the automated payroll system also received and distributed payroll checks and stubs

This situation has already been corrected. The Payroll Manager has worked with locations around the state to ensure that payroll technicians no longer distribute payroll checks.

Gross pay adjustment reports were not always reviewed before the release of pay, and evidence of review did not exist for five of 12 reports we examined

As of February 1, 2008, Payroll is reporting to Accounting. A reconciliation accountant will be taking this over as of the February, paid March 2008, payroll.

Twelve of 39 timesheets we reviewed (28 percent) were not signed by the employee

The department payroll and time reporting policy will be updated to include the requirement of original signatures on timesheets. As the new policy is communicated, managers will also be informed of their responsibilities for signing and

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having staff sign timesheets. We will then work with managers and staff that are not signing to ensure that the policy is complied with.

Eighteen months elapsed before payroll staff initiated a pay differential for one employee

Payroll is reviewing many of their policies and procedures and controls. As changes are made to enhance controls, we believe these situations can be avoided in the future.

12/30/2008 Automated Financial Accounting Manufacturing Inventory System Computer Controls Review

Purpose

The purpose of this audit was to evaluate the effectiveness of key general and application computer controls governing the system. Our specific audit objectives were to evaluate controls governing data integrity, program modifications, backup and restoration processes, and system security.

Recommendation

We recommend that department management:

- Fully implement formal program change management procedures, apply SDLC methodologies to address pending system obsolescence issues, and assign a system owner responsible for making important system development decisions;
- Allocate sufficient resources to develop and test comprehensive disaster recovery procedures, including a written service level agreement with the State Data Center, to ensure timely restoration of the system in the event of a major disruption;
- Implement the security recommendations included in our confidential security report; and
- Formalize security expectations and requirements with the State Data Center using a written service level agreement and periodically obtain independent assurance that those expectations are being met.

Response

We agree that SDLC methodology should be fully implemented. Before the audit was completed, DOC had put program change management procedures and SDLC methodology in place. Information Technology projects, no matter how big

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or small, are required to follow the process. One individual is not able to put in a change process without controls. The assigned system owner for AFAMIS is the Assistant Director for General Services. For example, DOC had determined that the configuration of World and OneWorld could not work with the upcoming Vista operating system installation (projected to be in the spring of 2009). A group of AFAMIS support staff, representing Information Technology and Fiscal Services, created an option paper with a recommendation that was presented to the system owner for approval. Since completion of the fieldwork for this audit, DOC has implemented the decision to upgrade World and discontinue using OneWorld. A project manager was assigned and the system owner was kept up to date with budgets and status reports. As discussed above, SDLC methodologies were used to address the current system issues as they related to the Vista operating system. Contingent upon funding, DOC still plans to do a feasibility study using SDLC methodology to deal with the obsolescence of World in the future.

We agree. DOC is taking a holistic approach to Business Continuity (BCP) and Disaster Recovery. DOC has an assigned project manager for BCP, and is working on plans throughout the department for disaster recovery needs and related BCP workarounds. At this point in the project, we are still evaluating which, if any, applications DOC will bring up and in what priority.

We agree that we need to work with the State Data Center (SDC). As we finish up our DOC BCP, we need to communicate to SDC our plans and how we would operate. One of our next steps in the BCP project is to define a disaster recovery plan for restoring critical information within defined time constraints. We agree. DOC has received the report and will be working on a separate response to those recommendations.

We agree. We will work with the State Data Center.

01/30/2009 Audit Management Letter for Selected Financial Accounts for Year Ended June 30, 2008

Purpose

This audit work was not a comprehensive audit of the department. Instead, the audit work performed allowed us, in part, to achieve the following objectives: (1) express an opinion on whether the financial statements contained in the State of Oregon's Comprehensive Annual Financial Report were fairly presented, in all material respects, in conformity with

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generally accepted accounting principles; (2) determine whether the state's internal controls provided reasonable assurance of proper accounting, financial reporting, and legal compliance of transactions; and (3) determine whether the state has complied with applicable legal requirements that may have a direct and material effect on the state's financial statements.

Recommendations

We recommend department management fully comply with state accounting policy by ensuring that Gross Pay Adjustment reports are reviewed prior to the release of pay and reviewed by an appropriate agency manager. In addition, evidence of review should be noted on all reports.

We recommend department management review its process for housing subsidy payments to ensure adequate supporting documentation is obtained and reviewed for accuracy and reasonableness before the department releases payment to a vendor.

We recommend department management modify its year end closing process to ensure it accrues contract related expenditures.

Response

No response required.

08/26/2009 State Cell Phone Plans: Closer Attention to Usage Could Create Savings

Purpose

We evaluated use patterns to determine whether state agencies were using cell phones efficiently.

Recommendation

We recommend:

- Obtain from vendors cell phone billing and usage reports that identify cost saving opportunities and share those formats and analyses with other agencies as opportunities arise;

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- Regularly review cell phone bills and vendor reports to identify zero use phones and usage patterns that indicate a line should be terminated or a plan should be adjusted;
- Update cell phone inventories now and immediately turn off all phones unaccounted for; and
- Update inventories periodically in the future, including accounting for phone returns and line terminations for separating employees.

Response

We agree. DOC is currently working on the process to import billing information provided by our cell providers into our Telsoft call accounting software. This will create a central repository of billing information that will be used to provide monthly reports to managers for review of their staffs usage. Once implemented, DOC will gain an additional level of monitoring of cell phone usage. DOC has encountered challenges in this process such as the providers' ability to provide this information in a usable digital format. DOC will be willing to help other agencies implement this solution.

We agree. DOC already demonstrated success in assigning the correct service plans to phones. We will increase our efforts of reviewing the top users, in both cost and minutes, to optimize the assigned billing plans. DOC hopes the implementation of its central billing repository referred to above will also assist in increasing our effectiveness in this area. DOC has proactively moved the majority of the cell service into pooled minute's service plans. This eliminates unexpected costs if a cell phone is used outside of its lesser cost service plan. We will continue to review the staff usage for cost abnormalities, and the vendor services options to meet the business requirements within the best rate plan.

We agree. DOC is in the process of implementing new inventory and verification processes. A new inventory form for each cellular device will be sent to the responsible manager for inventory verification and to validate the current employee is in possession of the phone issued. This process will allow DOC to verify which staff each phone is assigned to. The staff member's manager will maintain a copy of the signed inventory form. The returned forms will be compared against the cell phone billing statements and will allow DOC to identify and address any anomalies. Unaccounted for cell phones will have their service cancelled.

We Agree. DOC has updated the cell phone policy including clarifying responsibilities when staff separate from the department. The policy prohibits redistribution of cell phones between staff when the staff terminates employment or no longer needs the cellular device. These policies and enhanced management processes will improve inventory and

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DATE REPORT
ISSUED NUMBER

tracking of cell phones. Monthly reports will be sent to managers detailing their staffs cell phone usage. This will allow them to track inventories at the same time.

01/07/2010 Audit Management Letter for Selected Financial Accounts for the Year Ended June 30, 2009

Purpose

This audit work was not a comprehensive audit of the department. Instead, the audit work performed allowed us, in part, to achieve the following objectives: (1) express an opinion on whether the financial statements contained in the State of Oregon's Comprehensive Annual Financial Report were fairly presented, in all material respects, in conformity with generally accepted accounting principles; (2) determine whether the state's internal controls provided reasonable assurance of proper accounting, financial reporting, and legal compliance of transactions; and (3) determine whether the state has complied with applicable legal requirements that may have a direct and material effect on the state's financial statements.

Recommendation

None

Response

No response required.

JOINT LEGISLATIVE AUDIT COMMITTEE

None

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Affirmative Action

Overview

The Department of Corrections updated its Affirmative Action Plan (AAP) for the 2009-11 biennium. Affirmative Action statistics are provided to senior managers to share with their management teams for the purpose of increasing awareness of the composition and diversity of the Department's workforce.

The Department's overall workforce composition has remained fairly consistent for the representation of both women and for people of color. As of June 30, 2008, the total representation of women is at 34.06 percent and the representation of people of color is at 11.1 percent.

Women

The Department remains strong in the upper-management category, with approximately 32 percent, or 28 of the 88 upper-management positions in the Department filled by women. Although the Department remains below parity in middle-management categories, the Department has seen an increase to 37.7 percent of women in middle-management positions (salary range 24-30). Women represent 46 of the 122 employees in these positions.

Women are under-represented in six of the 14 professional categories utilized in the Department. Parity has now been achieved in eight of the categories; Accounting/Finance/Revenue now exceeds parity by 1.4 percent. Women remain under-represented in the following categories:

- Lieutenant/Captain: Women represent 15.3 percent of the workforce in this category, with a parity of 15.50
- Physician/Dentist/Vet: Women represent 17.9 percent of the workforce in this category, with a parity of 33.4 percent.
- Computer Analyst: Women represent 32.40 percent parity in this category. There are 83 positions, 26 filled by women, equaling a group percentage of 31 percent.
- Social Services: We remain at 60 percent parity. There are 163 positions, 77 are filled by women, equaling a group percentage of 47 percent.
- Personnel/Employment: Women represent 57.60 percent parity; there are 47 positions, 26 filled by women, equaling a group percentage of 55 percent.
- Inspector/Compliance/Investigator: There are 24 positions, 7 filled by women, 4.5 under the 11.5 goal, a 48.10 percent parity.

Increasing the numbers of women in correctional security positions (correctional officer, corporal and sergeant) has been an on-going Affirmative Action Plan goal. The Department continues to attend to this area. On June 30, 2008, there were 473 women in uniform providing direct supervision and control of prison inmates. These 473 women represent 19.6 percent of the uniformed security staff

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Of note, 3 of the 14 prison superintendents are women. One oversees the men's minimum-custody prison in Baker City, one oversees the men's minimum custody prisons in Tillamook and Portland, and the other oversees the multi-custody prison accommodating, with few exceptions, all female inmates in Wilsonville. This is also the offender intake and assessment facility for the ODOC. There are two Institution Administrator positions, one filled by a woman.

Women are under-represented in the Para-Professional categories. As of June 30, 2008, we are at 38.9 percent in this category.

Women also continue to be under-represented in the Skilled Craft Worker categories. There has been a small amount of hiring activity for these positions. However, we currently only have two women in these non-traditional jobs.

Women are under-represented in the Service/Maintenance Worker job categories. As of June 30, 2008, there is a 25.1 percent female workforce versus a parity percentage of 37.8 percent.

People of Color

During the spring of 2005, the Department participated in the EEO Reporting Project to validate the actual ethnicity of current employees. Prior to this project the Department was only able to report out on approximately 50 percent of its workforce. Our current numbers reflect 100 percent of current employees.

The representation of people of color within the Department was 9.5 percent on June 30, 2004. As of July 1, 2007, the number of people of color has increased to 11.1 percent, where it remains as of June 30, 2008.

The largest job occupation group within the Department is the security series. As of June 30, 2008, there were 2,414 correctional officers, corporals and sergeants. Of these, 288 were people of color. People of color represent 12 percent of uniformed, represented security staff versus a parity of 10.9 percent. Parity has been exceeded in representation of Hispanics in the security series.

Of the 163 captains and lieutenants, 10.42 percent are people of color; this is below the parity goal of 15.3 percent. All individual ethnic groups are represented, with parity exceeded in representation of Native Americans. The Department of Corrections management recognizes the importance of continued progress toward building and maintaining strong diversity within the correctional security staff. The Department sees a need to develop a strategy to effectively recruit minority applicants.

In upper-management positions, there were nine people of color on June 30, 2008. They represent 10.22 percent of the 88 senior executive managers, with parity at 12.2 percent. People of color represent 10.6 percent of the Department's middle-management positions, with parity at 13.6 percent. The Department recognizes the need to continue to recruit individuals from all ethnic groups for both upper-management and middle-management positions.

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Of note, 2 of the 14 superintendents are People of Color. One oversees the largest facility in the state located in eastern Oregon with 3,000 prison beds. The other oversees two minimum custody facilities in Salem.

In the Professional job category, women, African American and Hispanics represent areas where the Department is doing well in our efforts to reach parity.

In the Technicians category, as of June 30, 2008, the people of color and Hispanics in the Health job category are above parity at 16.88 percent and 11.68 percent, respectively. The Department is above parity in representation of people of color in the Administrative Support category with 10.47 percent on 6/30/08. Parity is 9.7 percent. In this category the Department exceeds the parity for Hispanics with 4.93 percent actual versus parity of 3.6 percent.

People with Disabilities

Representation of persons with disabilities continues to fall significantly below the target of 6 percent in state agencies. Although roughly 60% of the Department's positions are in security classifications where strict physical standards and requirements exist pursuant to the Department of Public Safety Standards and Training (ORS 259-08-010), the Department continues to strive to improve recruitment efforts toward people with disabilities. Efforts to close the gap include continued meetings with staff of the Vocational Rehabilitation Division to discuss the number of non-security positions that are available, as well as providing education and awareness of the variety of career paths available to individuals within the Department of Corrections. The Recruitment Unit has made progress in establishing better working relationships with both public and private vocational rehabilitation agencies and has found that working one-on-one with disabled individuals is proving to be the best approach to helping them secure employment with the Department.

Summary

The sustained expansion of the Department throughout the state is providing us with the opportunity to both promote more women and people of color and at the same time increase diversity in the eastern, and less populated regions of the state. We see this as one option we can utilize to ensure we are bringing diversity not only to the workplace but the communities as well. Our newest institution is in Madras in Central Oregon. The local community provides us with a diverse applicant pool to draw from while continuing to transfer seasoned professionals into the community, creating an increased level of diversity.

The Department continues to focus on recruiting women in security positions, people of color in both mid-level and upper-level management positions, as well as into positions in areas such as health and fiscal services, and persons with disabilities in non-security positions. In addition we are seeking to place more women into the Trades/Maintenance area of the Department; an area long overlooked as being a more male-oriented career path. Actual numbers to achieve equity in these positions are reflected in the parity goals established by the Governor's Affirmative Action Office. The Department will continue to review current recruitment strategies for

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people of color and with disabilities to see what actions have been successful in bringing applicants to the Department. Selection officials will take into consideration protected class status applicants specifically where there is clearly established statistical under-representation and where we are below parity standards in that particular job.

Recruitment and Selection

Interview Panels: Managers and selecting officials will make every reasonable effort to ensure that interview panels are diverse. The Department will ensure both hiring and promotion panels, where practical, have membership composed of racial/ethnic and gender diversity. In order to maintain some neutrality for hiring and promotions to management and executive level positions, the panel should include at least one member from outside the functional unit where the vacancy exists. The Department provides a Supervisor's Recruitment Guide for hiring managers that delineates the appropriate process for selecting and setting up interview panels.

Newspaper Advertisements: In an effort to reach a broad range of job applicants, staff in Human Resources Recruitment and Career Services Unit will place ads for vacant positions in major local newspapers within the state including *The Oregonian*, *The Statesman Journal*, *The East Oregonian*, *The Eugene Register Guard*, *The Hermiston Herald*, *the Argus Observer*, *Malheur Enterprise*, *Baker City Herald*, *The Record Courier*, *La Grande Observer*, and the *Democrat Herald*. Newspapers designed to reach all populations will be used. These publications include *El Hispanic News* and the *Goal Latino* for Hispanics; *The Asian Reporter* for Asians; *The Skanner* and *The Portland Observer* for African Americans. Provided there are sufficient funds, national papers published by minority organizations, such as *EOE Journal* and *Affirmative Action Register*, may also be used.

Internet Advertising: The Department has found minority-focused websites to be effective and economical. The Department will use iMDiversities.com (formerly Minorities Job Bank) when recruiting for diversity. This site contains "virtual villages" aimed at African Americans, Asian Americans, Hispanic Americans, Native Americans, and women. HireDiversity.com includes channels for African Americans, Asian Americans, Latinos, job seekers with disabilities, and women. JobAccess includes job postings and is a web site that focuses on assisting people with disabilities find employment.

Radio: The Department will use local radio stations that have a particular ethnic or racial minority audience or that offer special programming specifically addressing minorities to share information regarding career opportunities with Corrections. KWEI, Spanish Radio, covers the Oregon-Washington-Idaho area and targets a large Hispanic audience, which is an excellent marketing resource considering the Oregon-Washington-Idaho area had one of the highest Latino population growth rates in the nation in 2000. Efforts will be made to expand the number of stations identified who offer these special services.

Community Organization Outreach: Contact with organizations representing the special interests of people of color will be maintained by having staff from the Department attend group meetings and conferences. In addition, the intent is to have senior staff represented at

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key, influential and large statewide organization conferences which address minority community and employment issues. Staff will pursue the opportunity to meet personally with officials representing minority organizations.

Job Information Fairs: The Department will participate, when financial and staffing resources permit, in job fairs held around the state focusing on women, people of color, and people with disabilities. DOC recruitment staff will work with the recruitment and career services section of the Human Resource Services Division to determine the location and schedule of job fairs being held in the state.

College/University Career Days: Employees of the Department will attend college and university career days and job recruitment functions. Each institution will make staff available to attend career days being held at community colleges and universities located in their geographical area of the state. Recruitment and Career Services staff has visited with various schools throughout the Northwest such as Portland Community College, Western Oregon University, Southern Oregon University, University of Nevada, Boise State University, Idaho State University, Rick's College, and Central Oregon Community College.

The Department participates in the School-to-Work week in April which invites students to accompany their parents to work. There is participation throughout the Department in providing students with career exploration activities.

Video: The Department has developed a new video which will show the staff working in some of the primary institutions and in the administration. The purpose of the video is to use as an information tool to be shown at career days and job fairs.

Policies: The Human Resources staff will ensure that the Department's formal, written procedures on selection includes statements to the effect that appointing officials are to seriously consider gender and ethnic status in hiring and promotion decisions where positions exist which are seriously under-represented and the affirmative action goal in this plan has identified this particular job group.

Vacancy Type and Order: Where affirmative action goals have been established for the particular classification and representation remains clearly below parity standards, the first priority when considering the type of application to develop, is open competitive. The second would be for advertising the position as a state wide vacancy. Managers should have to justify reasons to open announcements which are limited to agency promotions. There are a considerable number of potential applicants in the state labor force which have work experience in public safety occupations. By opening up the majority of announcements to job applicants from the general public, the diversity mix of candidates is increased considerably.

Driver License Requirements: Greater care will be given to reviewing position descriptions for current job vacancies that are being opened. Before writing up the vacancy announcement the recruitment staff will check to determine if the requirement for a valid driver license is truly a bona fide occupational requirement of that position. If not, the requirement will be eliminated. Where there are essential

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and critical job requirements for a driver license, the announcement should indicate that providing alternative means of transportation is acceptable in those instances where this is a possibility.

Applicants with Disabilities: Job applicants with severe disabilities work with a Job Match Coordinator at the Department of Administrative Services, or a Vocational Counselor to learn of job openings through the H.I.R.E. Program. The H.I.R.E. Program maintains a database of qualified applicants with disabilities and provides it monthly to agencies for their consideration. The Department has facilitated numerous referrals from the H.I.R.E. Program. Recruitment staff meets with Vocational Rehabilitation Counselors regularly to discuss Department openings. Additionally, the Recruitment and Career Services staff provides informational interviews to applicants with disabilities interested in qualifying for Department career opportunities.

Career Development

Career Counseling: Individual Career Counseling is available to all Department employees by contacting the Recruitment and Career Services Unit or the assigned Human Resources Manager.

Succession Planning Staff Development and Leadership Track: A Departmental commitment encourages management/leadership development, building a talent pool within the Department, and ensuring leadership continuity. A performance plan is designed to provide a general outline to guide and facilitate staff development.

Training

The Department spends a considerable amount of resources on staff training. In making decisions as to who will attend training other than mandatory DOC training, women, people of color and/or people with disabilities will be considered if that career field is clearly under-represented by members of protected classes or if it will enhance the prospects for career advancement and if it provides the Department with an employee developing a needed job skill.

Leadership/Supervisor Training: The Department has developed a Director's Academy leadership training program and is developing a new supervisor training program to be called Management Basic Training. Topics to be covered in the new supervisor training will include affirmative action, diversity, and ADA issues. The leadership training program covers a broad range of subject matter and includes a focus on interpersonal relationships and valuing others. An online resource titled the Human Resource Quick Reference Guides speaks to the topics of Cultural Competency as well as provides links to both the Department's AAP and the State of Oregon AAP, and will be published in 2009.

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In-Service Training: Annual in-service training includes a segment on valuing others. All managers in the Department were required to attend Sexual Harassment and Respectful Workplace training provided by the Department of Justice in 2004. Department staff was again offered Respectful Workplace training provided by the Department of Justice in 2007. Respectful Workplace training is available as an on-going component of annual In-Service Training.

DOC Strategic Initiative-Cultural Competency: The Department has identified Cultural Competency as a Strategic Initiative. A work group has been formed to further promote the work of the AAP. A major part of this work group's plan in promoting Cultural Competency is a strong training effort.

Other Programs

Reports: The Department's Affirmative Action Officer will review affirmative action goals and the progress of the entire Department on a quarterly basis. This person will develop and distribute to managers a report based on the DAS Affirmative Action Progress Report, summarizing employment movement (hires, promotions, separations, etc.).

Position Descriptions: As position descriptions are written and/or revisions made, conditions that might limit or restrict people with disabilities from consideration will either be eliminated or will be clearly justified on the basis of essential duties and basic requirements of the job. Only where there are bona fide requirements should duties be identified which might limit people with disabilities from consideration. Human resources analysts, classification and recruitment staff are to work closely with managers and supervisors to ensure that position descriptions are not inadvertently biased against people with disabilities.

Bilingual Pay Differential: The Department will continue to utilize particular staff members to provide language skills for communication and translation purposes. The position description must clearly specify this duty in order to receive pay differential. In 2007, the Department increased the percentage assigned to staff for this differential.

Additional staff members need to be identified who have these skills and who can provide translation services. Since a large portion of the inmate population speaks Spanish and languages other than English, there are important safety and security reasons to expand the number of staff members who can exercise these special skills.

In the future, the Department will consider ways in which specific positions are identified for which language skills are a job requirement, so they can be used for target recruiting and advertising.

Special Observances: Functional unit managers are encouraged to address cultural diversity awareness issues through topics at staff meetings, planning special observances in recognition of minorities, encouraging staff participation in special events in the community

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related to minority heritage and in special training sessions. The emphasis should be placed on resolving problems, combating stereotypes and highlighting the advantages of cultural diversity.

The types of observances include, but are not limited to: Women's Equality Day, Martin Luther King Jr. birthday (January), Cinco de Mayo (May), Native American Indian Heritage Month (September), Women's History Month (March), Black History Month (February), Asian Heritage Month (April or September), and Disabilities Month (October).

Internal Dissemination

The Affirmative Action Plan will be brought to the attention of employees in the following ways:

- The director's Affirmative Action Policy Statement shall be disseminated to all staff along with DOC policies, ADA and Reasonable Accommodation and Promotion and Maintenance of a Respectful Workplace available at each worksite outlining the procedure for filing a complaint.
- Affirmative Action progress reports of statistical data by functional unit will be disseminated to superintendents and members of the Department's Executive Management Team and posted in an electronic public folder for access by all Department staff and managers.
- Affirmative Action accomplishments and diversity issues will be published in the Department's employee newsletters and on bulletin boards.
- Recruitment and Career Services Newsletter will include statistics and information regarding diversity.
- New Employee Orientation shall include a two-hour module on a respectful workplace. Annual training has a three-hour module on valuing and respecting others available.
- The Department's policy statement on Respectful Workplace will be posted on employee bulletin boards, in public lobbies, employee lounges, and meeting rooms.
- Biennial training will be held with Department managers and supervisory staff to inform them of the Department's Affirmative Action Plan.
- Meetings will be held with union officials to inform them of the Affirmative Action Plan and to request their continued cooperation.

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- Non-discrimination clauses shall remain in all collective bargaining agreements.
- Affirmative action goals and progress will be on the agenda of key Departmental staff meetings dealing with personnel.
- Supervisors will conduct meetings with employees to discuss the Affirmative Action Plan.
- Copies of the Affirmative Action Plan distributed to DOC Human Resource Analysts. Additional copies can be obtained by contacting the DOC Human Resources Division.

External Dissemination

The Affirmative Action Plan will be represented to outside sources through the following means:

- The Department's employment advertisements shall state that the Department of Corrections is an "Equal Opportunity/Affirmative Action Employer in compliance with the ADA." Advertising shall occur, when adequate financial resources are available, in local publications frequently read by individuals who fall within a protected class.
- Recruiting sources, including minority, and women's organizations, and organizations for the people with disabilities; churches, community agencies, and colleges shall be informed of the Department's equal employment policy.
- Articles and pictures in Department of Corrections' newsletters, publications, and recruitment brochures will include or feature employees in protected classes at various levels and in non-traditional jobs.
- Contractors will be informed of the Department's policy of equal opportunity and affirmative action.
- The Assistant Director, DOC Human Resources Division and/or designee(s) shall establish communication and maintain relationships with outside organizations representing the interests of protected classes and individuals in the field of equal employment opportunity.
- Copies of the Affirmative Action Plan will be provided to the Governor's Office of Affirmative Action.
- Copies of the Department's Affirmative Action Plan will be distributed to the Department labor organizations.

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- Copies of the Department's Affirmative Action Plan will be provided to other state government agencies upon written request.
- Copies of the Department's Respectful Workplace, Affirmative Action and Equal Employment Opportunity and related policies are available to the public and state agency personnel on the Department of Corrections internet site:
http://www.oregon.gov/DOC/INSPEC/rules_policies/.