

**HOUSE COMMITTEE ON AUDITS**

January 20, 2005 Hearing Room D

8:30 A.M. Tapes 6 - 7

Corrected 02-14-05

**MEMBERS PRESENT:**        Rep. Jerry Krummel, Chair

Rep. Diane Rosenbaum Vice-Chair

Rep. Alan Brown

Rep. Jackie Dingfelder

**MEMBER EXCUSED:**        Rep. Tom Butler, Vice-Chair

**STAFF PRESENT:**         Jim Keller, Committee Administrator

Kellie Whiting, Committee Assistant

**MEASURES / ISSUES HEARD:**

Department of Administrative Services (DAS)- Informational  
Meeting

**These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.**

TAPE/#	Speaker	Comments
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**TAPE 6, A**

010 Chair Krummel Calls the meeting to order at 8:34 a.m. and opens the informational meeting on the structure and overview of the Department of Administrative Services.

**Department of Administrative Services - INFORMATIONAL MEETING**

020 Laurie Warner Acting Director, Department of Administrative Services (DAS). Presents the missions, goals and organization of DAS (**EXHIBIT A, Page 2**).

036 Chair Krummel Asks who the customers represented by DAS are.

040 Warner Replies that these include legislators and the Governor's offices.

050 Warner Continues to present the Organization Chart 2005-07 on page three. Explains the different divisions that function for DAS.

072 Chair Krummel Asks if these divisions include the Capitol Building.

073 Warner Responds that it does not.

080 Warner Continues to present the different divisions including the Personal and Policy Boards.

096 Rep. Rosenbaum Inquires about the number of vacant positions.

100 Warner Responds there are 90 vacancies and 30 of these positions are being recruited for.

101 Rep. Rosenbaum Inquires if these are permanent positions.

103 Warner States they are permanent.

106 Chair Krummel Inquires if the Office of Budget Administration is under the Department of Budget and Management.

112	Warner	Responds that these offices offer the components to administer budget execution.
121	Chair Krummel	Inquires if there is an Office of Budget Administration within DAS.
123	Chair Krummel	Refers to page three and points out that the Operations Division executes DAS's budget.
126	Warner	Explains the difference between the Operation and Management divisions.
136	Chair Krummel	Clarifies that the Operations Division manages the DAS budget and approves expenditures for DAS.
138	Warner	Concurs.
144	Chair Krummel	Inquires if there is a time that they would not approve expenditures.
150	Warner	Responds that there are many times expenditures have been disapproved due to not having the initial authority.
151	Chair Krummel	Inquires if expenditures would be disapproved because the director does not think it is necessary.
154	Warner	Responds that the director's office would deal with that issue.
160	Warner	Moves on to page four and explains the Governor's recommended budget. Discusses operating totals, general fund appropriation, grants, transfers and other revenues. Explains the assessments, fees and different positions.
190	Chair Krummel	Inquires if there has been an increase in the positions since 2003-2004.
191	Warner	Responds that it is fewer.
196	Chair Krummel	Inquires if the full-time equivalents are also at a decrease.
199	Warner	Responds that the positions in 2005 were fewer.

204	Chair Krummel	Inquires about the difference between assessments and rates.
210	Warner	Refers to page five and explains the difference between the assessments and fees for service.
231	Chair Krummel	Clarifies that the fees for services are in fact rate based.
234	Warner	Concurs.
250	Chair Krummel	Inquires if project managers from DAS facilities are mandatory in order for agencies to accomplish services.
254	Warner	Responds that the agencies can choose and negotiate who and what they want to use.
270	Chair Krummel	Inquires if the assessments are within the data center.
276	Warner	Refers to page five to clarify when they use the assessment system. States that more information will be provided to clarify the differences between rates and fees.
300	Chair Krummel	Comments on the mandatory stipulations of using the consolidated data centers rather than private sectors and the expenses that follow.
311	Warner	Explains that DAS provides these services to be cost effective to the state agencies and the services are competitive to achieve savings.
342	Chair Krummel	Inquires if DAS bids on project manager positions.
350	Warner	Concurs. Reiterates that DAS has to be competitive.
356	Rep. Rosenbaum	Inquires if DAS pays fees and assessments when grants are received and if the amounts are negotiable.
361	Warner	Responds that the grants in DAS are small.
387	Warner	Introduces the different roles for statewide management and direct services on page six.

**TAPE 7, A**

005	Warner	Continues to present the statewide management on page seven.
015	Chair Krummel	Inquires if the Director's Office is where agency management and directors get their economic data to determine what their cash positions are.
024	Warner	Responds that they would not find economic information there. States that information would be found within the Statewide Financial Management Systems, which is ran through the State Controller's Division.
039	Warner	Continues to present the functions of the Director's Office, including internal audits on page seven.
057	Rep. Dingfelder	Inquires if the Secretary of State Audits Division conducts audits for agencies with already existing internal auditors.
060	Warner	Responds the Secretary of State's Audit is the outside audit and develops the work plan each biennium to determine what audits to perform. Clarifies that the Secretary of State's Audit Division and the Internal Audits Division are two different offices with two different functions, but collaborates together.
073	Rep. Dingfelder	Asks if the one hundred million threshold is the operating threshold they currently work under.
077	George Dunford	Manager of Internal Audit Function for DAS. States that there are currently twenty eight agencies that have internal auditors. Explains the importance of having the separate divisions and functions.
100	Warner	Presents page eight and describes Statewide Management, Budget Management and the State Controller.
124	Chair Krummel	Asks if the general public can access the Oregon budget tracking system.
134	Warner	Responds that it not possible due to securities. States that the Governor's recommendations for agencies are accessible from the website.

158	Chair Krummel	Inquires if managers can access information regarding revenue, cash flow and expenditures.
167	Warner	Responds the budgeting staff can access that information.
173	Chair Krummel	Explains that managers not asking for or receiving information in regards to their cash flow is of concern. Expresses that DAS is responsible for providing that type of information and the agency directors are responsible for asking for it.
188	Bill Finkin	Administrator for the Operations Division for DAS. Explains that the information needed on a day-to-day basis to manage the organization can be found through the agencies budget and accounting sections.
213	Warner	Comments on how each agency translates the information to the managers within their departments.
220	Warner	Continues to describe the State Controllers listed on page eight.
233	Chair Krummel	Requests a list of the agencies to whom the State Controller provides accounting and budgeting services for.
262	Chair Krummel	Inquires if there are outside agencies who contract from the state within the Human Resource Divisions.
274	Warner	Responds that there are none.
277	Chair Krummel	Inquires if the Oregon University System contracts with DAS.
280	Warner	Responds that Oregon University Systems are independent in regards to management.
290	Warner	Presents the direct services for DAS including facilities, purchasing, flee, surplus, risk management and public employees' benefit board on page 10 and 11.
310	Chair Krummel	Asks if the property taxes are paid when a agency leases property from a private sector.
314	Warner	

Responds that the agencies continue to pay the tax unless DAS owns the property.

- 361 Chair Krummel Explains that there are complaints about the smart buy project in regard to the administrators and process.
- 366 Warner Responds that they want the feedback. Continues to explain the finance audits by the Department of Administrative Services on page 12.

#### **TAPE 6, B**

- 011 Chair Krummel Requests a copy of each audit report.
- 023 Dunford Explains that the audits are looked at internally and he will provide the findings.
- 051 Chair Krummel Requests the solutions and the findings.
- 077 Chair Krummel Requests the history of DAS.
- 083 Warner Explains that DAS used to have two separate agencies, General Services Department and the Executive Department. Notes that Governor Roberts had combined the two to form the Department of Administrative Services.
- 091 Chair Krummel Inquires if that was done in Senate Bill 265 from the 1993 session.
- 099 Warner Responds that they will bring back the history and the background.
- 147 Chair Krummel Closes the informational meeting on the overview and structure of the Department of Administrative Services and adjourns the meeting at 10:03 a.m.

#### **EXHIBIT SUMMARY**

**A. Department of Administrative Services, Mission, Goals and Organization, Laurie Warner,  
13 pp**