

Administrative Services Division

January 23-24, 2007

DIVISION OVERVIEW

Three operating units comprise the Administrative Services Division (ASD) – the Director's Office, Finance and Administrative Services. These groups provide services that support the entire department. In addition, parts of ASD serve clients and external customers including local governments.

SERVICE DELIVERY

Director's Office

The Director's Office provides overall guidance and leadership to the department. The focus is on leading DHS to become a more client-focused organization, driven to achieving better outcomes for clients by becoming a highly performing, accountable and transparent department. The DHS leadership works to ensure that the department achieves its outcomes, manages funds responsibly, and complies with state and federal law. The Office also is responsible for coordinating activities with the Governor's Office, the Legislature, other state agencies and local governments, advocacy groups, the private sector, and others.

The major services provided by the Director's Office include the following functions:

Audit and Consulting Services – This function provides managers with independent and objective information by:

- Identifying and mitigating overall risks in DHS operations;
- Providing objective audits of DHS operations and offering recommendations for improvement;
- Performing special consultations and investigations as requested by DHS management; and
- Coordinating all external audits and the agency's response to any findings or corrective actions required.

Office of Public Policy and Government Relations – This Office is responsible for the overall department leadership, policy development and oversight for governmental, tribal, and legislative relationships and programs. This Office provides:

- Legislative coordination and department agenda setting;
 - Tribal relations, which work to improve the department's relations with the nine federally recognized tribes and urban Native American communities in Oregon; and
 - Department-wide coordination and compliance with the Administrative Procedures Act and Public Meetings Law.
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Governor's Advocacy Office – This Office provides a forum for Oregonians to address specific issues and concerns relating to human services by providing:

- Ombudsman functions for all DHS programs and services, including a Children's Ombudsman;
- Coordinating and presenting information on the management of chronic and intractable pain for all Oregonians through the Pain Management Commission; and
- Providing services under the Alternate Format/Americans with Disabilities Act (ADA) to ensure that individuals with disabilities are provided the required accessibility so they may equally participate and benefit from all DHS programs and services.

Office of Investigations and Training – This Office acts on behalf of mentally ill or developmentally disabled Oregonians by:

- Investigating allegations of abuse or neglect in the Oregon State Hospital, the Blue Mountain Recovery Center (formerly known as the Eastern Oregon Psychiatric and Training Centers), group homes and residential programs;
- Overseeing county investigations of abuse and neglect; and
- Providing investigative, prevention and risk reduction training to county staff and other care providers.

Finance

In 2006, based on the recommendations of an Operations Review Team, DHS realigned the financial services functions of the department and hired a Deputy Director of Finance. Finance and Policy Analysis (budget, planning and fiscal analysis) and Financial Services (accounting) now report to the Deputy Director of Finance.

Finance and Policy Analysis

Finance and Policy Analysis (FPA) provides program and administrative budget planning, forecasting, actuarial services, financial analysis, and planning services across the department. These services are provided for department leadership, program/policy and field managers, staff and external policy makers.

FPA is structured around the following major service areas:

Budget, planning and fiscal analysis – FPA provides these services through five units organized around the program areas of the department (Children, Families and Adults Division; Seniors and People with Disabilities Division; Division of Medical Assistance Programs; Addictions and Mental Health Division; Public Health Division; and Administrative Services Division) and a Central Processing Unit that supports the department. Services provided include:

Budget development, preparation of the department's biennial budget documents and leadership of the DHS budget with the Governor's Office, Legislature, Department of Administrative Services, Legislative Fiscal Office and DHS partners.

Initiating, coordinating, and developing the department's budget rebalance plans and Emergency Board items.

Providing fiscal analysis of proposed legislation and responses to inquiries regarding fiscal impacts of policy changes.

Management of the department's allotment.

Management of the approximately 10,000 budgeted positions of the department.

Client caseload forecasting – This function:

- Produces semi-annual caseload forecasts for various DHS divisions and programs;
- Monitors actual client counts compared to the forecast; and
- Tracks and researches local, state and national trends affecting client caseloads.

Federal financial policy – This function:

- Provides analysis, development and evaluation of federal and state financial policies and practices to ensure policy continuity, policy and regulatory compliance, and to maximize revenue opportunities across DHS.

Actuarial rate services – This function:

- Works with a contracted actuary to set managed care organization rates for the Oregon Health Plan;
- Provides contracted actuary with data by service area;
- Ensures data integrity and consistency in methods of reporting encounter data and submission of rate changes; and
- Analyses effects of new and proposed policies on rates.

Office of Financial Services

The Office of Financial Services is the steward of the agency's financial resources. It provides accurate, accountable and responsive financial management and business services to DHS clients, stakeholders and employees in support of the DHS mission and in compliance with state laws and federal policies, rules and regulations.

The Office of Financial Services is organized by functional area with the goal of maximizing operational efficiency. In 1999 DHS converted to the Statewide Financial Management Application (SFMA) system as its book of record. At the time of conversion the agency was comprised of seven divisions (with unique agency numbers), each with a separate accounting structure. In July 2003 DHS was combined into a single accounting agency, and the structures and financial records for each of the prior divisions were combined into a single entity. As a legacy to the varied nature of the business of each of the prior divisions, there remain approximately 22 payment applications and six receipting systems that interface with SFMA.

Financial Services is organized into the following functional units:

Agency-wide Disbursements/Travel Unit – This group processes invoices for goods and services including rent, utilities, supplies, interagency services and SPOTS VISA cards, and processes travel claims for the department's employees and other authorized non-state individuals.

Accounts Receivable Unit – This unit produces invoices, collects funds due to the department, and provides DHS Accounts Receivable collection data annually to the Legislative Fiscal Office. ARU also receives and processes garnishments levied on the department.

General Accounting Unit – This unit prepares annual financial report information for inclusion in the statewide Combined Annual Financial Report; maintains, analyzes, reviews, and reports on various grant types such as entitlement, block and categorical grants; and submits, receipts and distributes federal draw requests for federal expenditure disbursements. The Forgery Services Section handles and researches overpayments, forged, counterfeit and altered checks.

Interface Resource Unit – This unit takes financial data from the various DHS proprietary payment and receipting systems, converts the data, and interfaces the data into the state accounting system (SFMA). Interfaced transactions include payments, payment cancellations, accounts receivable and recoupments.

Portland Accounting Unit – This unit provides accounting services for Public Health Division programs in Portland including accounts payable; monitoring sub-contractor expenditures, purchase order and travel payments; correcting payroll interface errors; cash receipting; handling accounts receivable; audit coordination; and grant financial review and reporting.

Receipting and Trust Unit – This unit deposits all negotiable instruments received by the department; accurately records the revenue and reduction of expense transactions into SFMA for these receipts, as well as from credit card and ACH activity in the DHS Treasury accounts; and account for the receipts, expenditures and reporting of all client trust accounts.

Reconciliation Unit – This unit completes all reconciliation reports and compares results in SFMA, the State Treasury and DHS proprietary systems.

Payroll Unit – This unit processes agency payroll data, and ensures that each DHS employee receives proper compensation in pay and benefits for work done.

Contract Payments Unit – This unit processes contract payments for services with providers and local governments, ensures payments are within contract limitations, and processes contract settlements as needed.

Program Support Unit – This unit develops, maintains and implements the department-wide cost allocation plan to allocate indirect administrative expenditures to federal, state and other sources; and maintains and updates SFMA accounting structures.

Administrative Services

The Office of the Chief Administrative Officer coordinates administrative services activities within DHS and among DHS and the Department of Administrative Services, Department of Justice, other state agencies and governmental partners, and vendors. This work is coordinated by eight major offices – the Office of Information Services, Office of Human Resources, Office of Payment Accuracy and Recovery, Office of Contracts and Procurement, Office of Facilities, Office of Communications, Information Security Office, and Office of Document Management. In addition, the Office of the Chief

Administrative Officer houses a number of positions responsible for managing policies and functions such as performance measurement, process improvement, project management and leadership development, all of which impact the entire department.

Office of Facilities – Facilities provides coordination of the department’s facilities statewide, supporting the agency’s move toward greater integration of services. DHS Facilities manages more than 2 million square feet of space in 165 facilities throughout Oregon with a vacancy factor of less than .5 percent. The Office has three units – Facilities Management, Central Services and Telecommunications.

Office of Contract and Procurement – OCP supports the DHS mission through procurement of goods and services. OCP manages more than 8,600 contracts per biennium with a combined value of \$6.4 billion. The Office makes purchases and processes contracts with other government agencies, businesses and service providers.

Office of Communications – OC informs employees, partners, policy makers, the media, the general public and other audiences about the department, its programs, and its mission and overall direction. In addition, the Office sets agency-wide policy and procedures in Web development, publication design, crisis communication and other areas. The Office receives and handles approximately 200 inquiries per month from news organizations. In addition the Office writes and distributes several on-line newsletters each month to the agency’s approximately 9,500 employees.

Office of Human Resources – HR is a full-service human resources organization serving more than 9,500 employees in 165 locations throughout Oregon. Services provided are labor relations; performance management; recruitment services; criminal background screening of employees, volunteers and providers; and training/employee development. Nearly 24 percent of the DHS workforce is assigned to 24-hour-a-day institutions and facilities – Oregon State Hospital, Eastern Oregon Psychiatric and Training Centers, and State-Operated Community Programs. The centralization of human resources functions helps ensure consistent policy and practice throughout DHS.

Document Management – This Office provides an array of services in the area of forms and document management. Services include maintaining physical archives; forms development, printing and distribution; language translation; and alternate formats including Braille. The Office also is responsible for processing Medicaid provider claims. Office staff enter an average of 109,000 claims a month from dentists, doctors, hospitals, nursing home and other Medicaid providers, and electronically images more than 500,000 pages of documents each month.

Office of Information Services – OIS provides information technology services for all 9,500 DHS employees as well as many partner organizations. Its major functions include managing major systems modernization programs such as the Medicaid Management Information System (MMIS) and the State Automated Child Welfare Information System (SACWIS); managing more than 300 applications that support all DHS programs; providing project management support for IT projects and systems architecture/data base management services; providing customer service and support including Service Desk and field support; coordinating IT asset management and change management; and coordinating with the State Data Center on network and computing operations.

Information Security Office – ISO is responsible for meeting the department’s information security and privacy needs, and for coordinating the department’s Business Continuity Management (BCM)

activities. ISO provides leadership and services that assist DHS in securing the confidentiality, integrity and availability of its information assets. During the 2005-2007 biennium, ISO responded to 128 privacy concerns and 122 security incidents. ISO also coordinated activities resulting in an 80 percent reduction in misdirected e-mails containing sensitive information.

Office of Payment Accuracy and Recovery – Established in July 2005, OPAR is a collection of 11 previously separate DHS units brought together under a common organizational umbrella. OPAR's mission is to ensure program integrity by improving payment accuracy and recovery. The program, working closely with other DHS divisions, recouped more than \$58 million in overpayments and other amounts due the department in FY 2005.

DIVISION HISTORY

Service integration, efficiencies and reorganization

Senate Bill 303 (1999) gave the DHS director increased flexibility to manage resources across the various divisions of DHS. A reorganization that began in 2000 resulted in the standardization and consolidation of administrative functions. Senate Bill 2294 (2001) dissolved the former divisions, clearing the way for major reorganization that included the consolidation of separate field service offices.

The department centralized its human resources, facilities, contracts, document management, public affairs, information services and financial services, gaining a number of efficiencies and reducing expenditures.

DHS continues to look for ways to increase efficiencies and centralize administrative services, while working toward more efficient community-based delivery of human services.

Improving information security

The department created the Information Security Office to implement the Federal Health Insurance Portability and Accountability Act (HIPAA) regulations and provide leadership and services that assist DHS in securing the confidentiality, integrity and availability of its information and systems.

Enhancing forecasting capacity

The department's Forecasting Unit was established to ensure that forecasts use a scientifically valid and reliable methodology and are timely, flexible, clearly communicated and responsive to program, budget and legislative needs.

During the past year, the unit has worked toward building the infrastructure necessary to support the forecasting function, added a formal external peer review process, and developed modeling tools to produce caseload forecasts in April and November of each year.

Professional services and purchasing contracts

All areas within DHS use professional services contracts to effectively implement and administer programs. The largest portion of services is contracted through intergovernmental agreements with local governments and contracts with health care providers. The decision to contract for professional services is made for a variety of reasons including statutory requirements, a lack of expertise within a particular discipline, a cost benefit, or a critical short-term need.

Cost control and coordination

To reduce costs and improve coordination of activities, the department has undertaken the following actions.

Financial Services

- Use of a single travel reimbursement process throughout the department.
- Implementation of a comprehensive cost allocation plan that encompasses all of DHS.
- Instituting warrant authority to enhance collection of overpayments on TANF and food benefits.
- Increasing the number of employees who use the automated time reporting system.
- Executing an agreement with the Department of State Lands restoring access to abandoned client funds held by DSL.
- Continuing to work on automating more transactions and paying providers electronically.

Office of Payment Accuracy and Recovery

- Realigned 11 organizational units to form the Office of Payment Accuracy and Recovery in July 2005.
- Increased staffing in the office to enhance collections in the TANF, food benefits and Medicaid programs.
- Identified opportunities for process and systems improvements to maximize identification and recovery of funds.
- Completed a business case regarding the replacement of core systems used within OPAR in collaboration with the Office of Financial Services.
- Instituted the formal review and tracking of on-line published newspaper obituaries throughout the state. This new process has identified a number of former clients and/or surviving spouses who otherwise might not have been identified for purposes of asserting an estate claim.
- Implementation of STAIRS (System Transactions for Accounts – Institutional Revenue Section). This project has improved and streamlined the accounting and report-writing activities for the Institutional Revenue Section.

Office of Contracts and Procurement

- Efficiencies gained since consolidation of contract and purchasing processes within DHS have allowed the agency to absorb new work without an increase in staff.
- Development and standardization of DHS policies and procedures, as well as common procurement documents, has caused contract and solicitation activities to be predictable and streamlined.
- Training to other business units has helped them better administer contracts and reduce risk-exposure for the agency.

Document Management

- Aligned workflows to partner with Oregon Health Plan and reduce the number of times documents are handled.
- Aligned workflows to partner with Division of Medical Assistance Programs to prevent Medicaid claims containing invalid or missing information from entering the MMIS system and thereby causing payment delays.
- Contracted with DAS to perform distribution functions historically completed by DHS.
- Continue partnership with the Jobs Plus Work Experience Program to increase the number of clients who retain and maintain full-time employment. This training program reduces the overall cost to DHS of processing provider claims due to the federal match rate associated with the Jobs Plus Work Experience Program.

Leadership in statewide initiatives to increase efficiencies, including strategic sourcing and the data center and network consolidation.

MAJOR CHANGES DURING 2005-2007

In 2005, the department realigned all of its II units focused on financial accuracy and/or recovery to form the Office of Payment Accuracy and Recovery. The consolidation of these services under one unit has assisted to increase the departments approach and functionality in its recovery efforts. The unit has successfully recovered millions of dollars, which can be redirected to provide services for the neediest citizens of Oregon.

In 2006, the department commissioned an Operations Review Team to review the department's financial services functions. As a result of recommendations made by their final report the department hired a Deputy Director of Finance and realigned the Finance and Policy Analysis (budget, planning and fiscal analysis) and Financial Services (accounting) offices to report directly to this position.

PERFORMANCE MEASURES AND PROGRESS

ASD's supports the achievement of the DHS mission and their direct performance by assisting in the areas of information technology solutions; recruitment and retention of competent staff; cost effective contracting and procurement services; and electronic document management services.

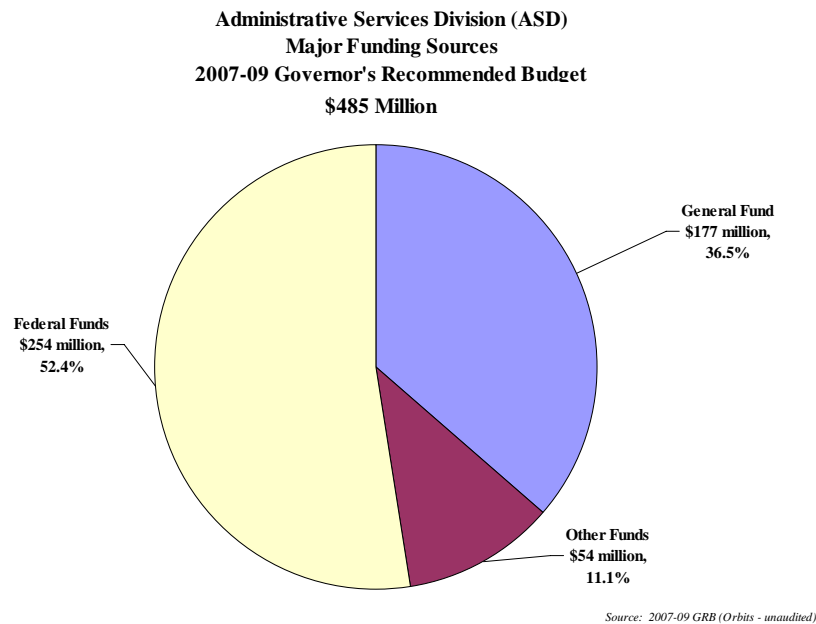
During 2006, ASD operating offices developed strategic plans and performance measures in order to become more responsive to customer needs and demonstrate success in creating a culture of accountability and high performance. To complement that work, a customer survey was developed to gather feedback to help guide strategies and activities now and into the future.

ASD has focused on customer service, gaining visibility through the new expectation from DAS to measure customer service, which is being reported by every agency through the key performance measure process.

OUTSTANDING ISSUES

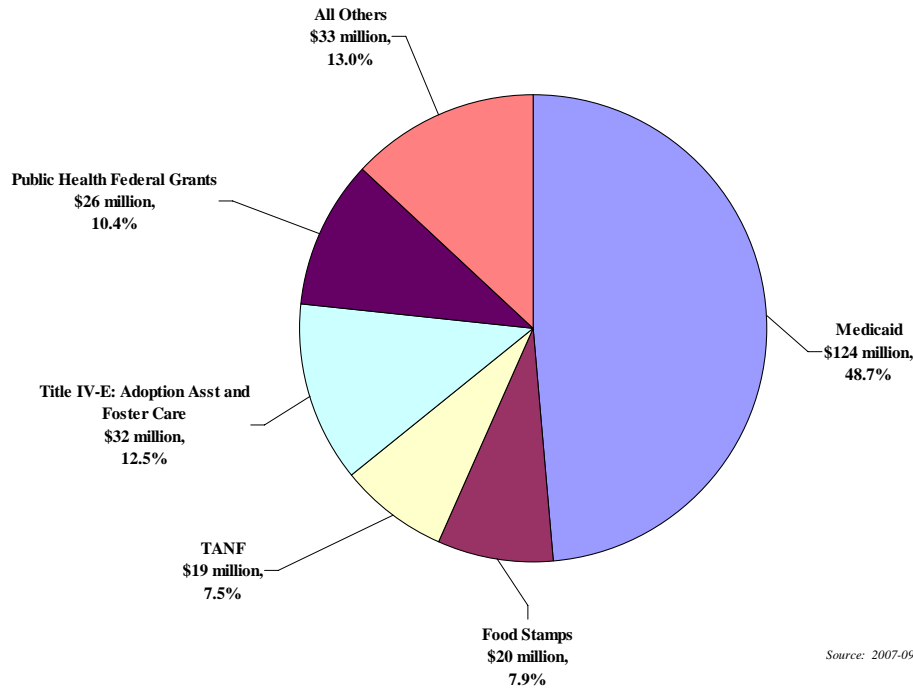
During 2007, the Administrative Services Division will under go a pilot project to review processes, most critically in the financial areas, to make sure the department is working in the most efficient and effective ways possible using ‘Lean’ methodology.

BUDGET OVERVIEW



**Administrative Services Division (ASD)
Major Federal Funds Revenue Sources
2007-09 Governor's Recommended Budget**

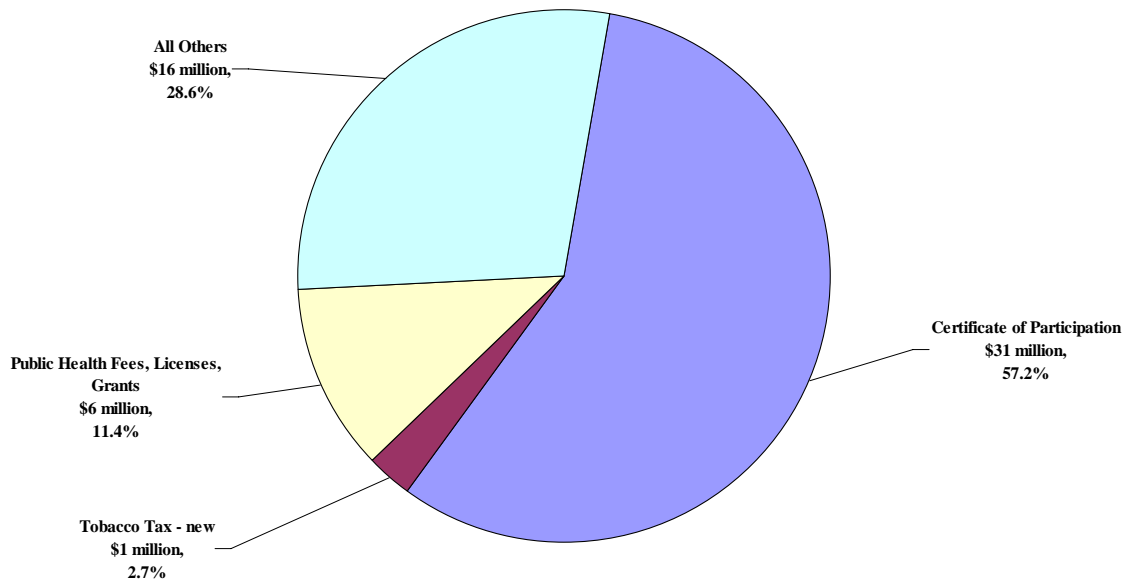
\$254 Million Federal Funds



Source: 2007-09 GRB (Orbits - unaudited)

**Administrative Services Division (ASD)
Major Other Funds Revenue Sources
2007-09 Governor's Recommended Budget**

\$54 Million Other Funds



Source: 2007-09 GRB (Orbits - unaudited)

**Administrative Services Division (ASD)
2007-09 Governor's Recommended Budget
Total Fund Expenditures
\$485 Million Total Funds**

