

## **Client Agency Policy & Operations Manual**

**SECTION: Financial Management**

**NUMBER: SCS-30-030**

**TITLE: Non Compliance- Errors/Omissions/Negligence**

**EFFECTIVE DATE: 4-12-02**

**APPROVED: Signature on file at the State Controller's Division**

**PURPOSE and/or RESULTS DESIRED:**

This policy sets forth the Shared Client Services (SCS) position on statewide fiscal compliance when material errors and omissions or negligence occur. It also sets procedures for the investigation of material non-compliant actions and follow-up business processes.

**AUTHORITY:**

[ORS 291.015](#) Fiscal responsibilities of department; delegation of fiscal functions.

[ORS 291.100](#) Financial management, duties of Oregon Department of Administrative Services.

[ORS 293.590](#) Department to supervise state agency accounting, furnishing accounting services.

**APPLICABILITY:**

Client agencies assigned and/or contracting for accounting, budgeting, and financial reporting services with the State Controller's Division, DAS.

**DEFINITIONS:**

**Non-compliance** – Failure or refusal to comply with Oregon Revised Statutes, the Oregon Accounting Manual, other DAS issued statewide rules and regulations; Secretary of State audit findings and recommendations; State Treasury rules and procedures, and inappropriate or deceptive actions or negligence on the part of the Client Agency employee or members of their Boards and Commissions.

**POLICY:**

Client Agencies contracting with the Shared Client Services section of the State Controller's Division will maintain compliance with all Oregon Revised Statutes, the Oregon Accounting Manual, all other DAS issued statewide rules and regulations; Secretary of State audit findings and recommendations; and State Treasury rules and procedures. Shared Client Services is in part responsible for the enforcement of statewide financial management rules, regulations, business processes, and procedures of their contracted client agencies.

Client agencies will be in compliance with DAS Risk Management Division [Employee Dishonesty Policy Manual](#).

**GUIDELINES:**

SCS will assist Client Agencies in the management and administration of operational compliance with all statewide rules and regulations. Assistance includes policies, training, and fiscal oversight of Client Agency fiscal controls and business transactions. Non-compliance may include but is not limited to:

- I. Excessive, unauthorized or otherwise inappropriate expenditure decisions; waste, abuse or misuse of State/Agency resources; failure to exercise professional due care.
- II. Employee dishonesty or negligence in the interpretation or application of, or the failure to apply the requirements of the Oregon Revised Statutes, the Oregon Accounting Manual and other DAS-issued statewide rules and regulations; Secretary of State audit findings and recommendations; and State Treasury rules and procedures.
- III. Non-compliance is not always a criminal act. However, SCS may refer allegations of criminal, fraudulent, or gross negligent acts to the appropriate authority for investigation and prosecution.

**PROCEDURES: Reported by Client Agency Head**

<b><u>Step</u></b>	<b><u>Responsible Party</u></b>	<b><u>Action</u></b>
1.	Client Agency Head	When a material non-compliant act is suspected, notify the SCS Manager and request a meeting. If there is evidence, provide it at the meeting.
2.	SCS Manager	Receive notification of act and/or evidence. Hold meeting to listen to claim and receive evidence. Research the claim and/or verify the evidence. Notify the State Controller of the claim and meeting. Open an incident file. Document all actions, discussions, and decisions. Notify the Client Agency Head and/or employee involved of the specific requirements to correct the action and recover State resources, if appropriate. Notify the Board/Commission chairperson as appropriate. Work with Agency to correct the non-complaint act.
3.	State Controller	Receive Shared Client Services Manager notification. Review with Shared Client Services Manager, if appropriate. Follow-up to ensure incident completion.

**PROCEDURES: Reported by Client Agency Employee, Board Member, or other Stakeholder**

1.	Employee/ Stakeholder	When material non-compliant act is suspected, notify the Client Agency Head and SCS Manager to request a meeting. If there is evidence, provide it at the meeting.
2.	SCS Manager	Receive notification of act. Hold meeting to listen to claim and receive the evidence. Research the claim and meeting. Open an incident file. Document all actions, discussions, and decisions. Notify the Client Agency Head and/or employee involved of the specific requirements to correct the action and recover State resources, if appropriate. Notify the Board/Commission chairperson as appropriate. Work with Agency to correct the non-compliant act. Develop or strengthen existing policies and procedures or implement methods to prevent a reoccurrence.

3. State Controller Receive notification from the Shared Client Services Manager. Review with Shared Client Services Manager, if appropriate. Follow-up to ensure incident completion.

**PROCEDURES: Reported by Shared Client Services**

1. SCS Staff When a material non-compliant act is suspected, notify the SCS Manager to request a meeting. If there is evidence, provide it at the meeting.
2. SCS Manager Receive notification of act and/or evidence. Hold meeting to listen to claim and receive evidence. Research the claim and/or verify the evidence. Notify the State Controller of the claim and meeting. Open an incident file. Document all actions, discussions and decisions. Notify the Client Agency Head of the material non-compliant incident. If necessary, hold a meeting to discuss and present evidence. Determine specific requirements to correct the action and recover State resources, if appropriate. Notify the Board/Commission chairperson as appropriate. Work with Agency to correct the non-compliant act.
3. Client Agency Head Receive notification from the Shared Client Services Manager. Review with Shared Client Services Manager, if appropriate. Assist in determining steps to correct the non-compliant incident. Implement mutually agreed actions. Follow-up to ensure incident completion.
4. State Controller Receive notification from the Shared Client Services Manager. Review with Shared Client Services Manager, if appropriate. Follow-up with Client Agency Head as necessary to ensure incident completion.
5. SCS Manager Develop or strengthen existing policies and procedures or implement method to prevent a reoccurrence.
6. SCS Manager If the action requested of the Client Agency Head, the Board or Commission Chair, and/or the agency employee involved to correct the non-compliance issue is not performed timely and to the satisfaction of the SCS Manager; the State Controller; the Client Agency Head and/or the Chairperson of the Board or Commission will be notified in writing and requested to rectify the situation. Confer with legal authority, if necessary. The State Controller will be notified of the new request. Document all actions, discussions, and decisions. Conduct and document appropriate follow-up as required under the circumstances.
7. State Controller Receive written request for compliance from SCS Manager. Confer with manager as necessary and appropriate. Give direction and follow up to ensure incident completion.
8. SCS Manager If the SCS written request does not correct the situation in a timely and satisfactory manner, a formal request to the Client Agency Head and the Board/Commission Chairperson will be prepared to be signed by the DAS Director.

9. State Controller State Controller will brief the DAS Director of Operations. DAS Director of Operations will call the Client Agency Head or Chair of the Board and Commission to seek resolution. If necessary, will authorize and sign written request for compliance.
10. SCS Manager The SCS Manager will follow through to ensure compliance. If necessary, the SCS Manger will arrange a meeting of all principal parties to discuss the situation, the final resolution, and any future actions to be taken. Document all actions, discussions, and decisions. Conduct and document appropriate follow up as required under the circumstances.
11. State Controller Follow-up with SCS manager, Client Agency Head as necessary to ensure incident completion. Notify DAS Director of Operations of agency actions and incident completion.
12. State Controller If the written formal request and/or meeting of the Agency and principal parties brings no closure to the situation in a timely manner, the State Controller will brief the DAS Director of Operations to discuss appropriate follow-up actions.