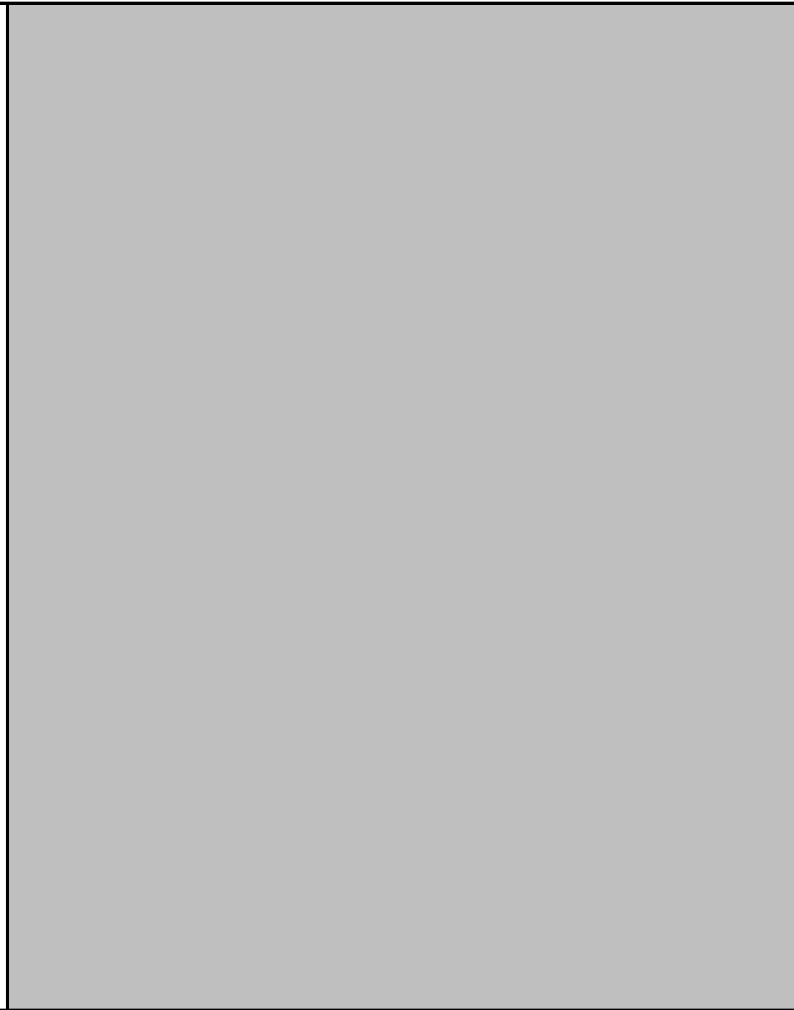


<b>September 2011 Issues Identified in the Secretary of State's Follow-Up Audit for the Oregon Commission for the Blind (OCB)</b>	<b>October 2011 Issues Identified in the Rehabilitative Services Administration (RSA) Monitoring Report of the Business Enterprise Program (BEP)</b>
	<p><u>Findings:</u> The reviewers indentified several flaws (e.g., issues of representation, compliance with provisions of the <i>Public Meetings Act</i> , and provisions of materials in alternative formats) in the operation and management of the BECC. The Oregon Commission for the Blind has an obligation to see that the BECC operates in compliance with state public meeting laws and those agendas and other materials are provided in an accessible format. The BECC needs to exercise care in the way in which it construes it right to dismiss and appoint members unilaterally, without consultation or involvement of the broader vendor community.</p>
<p>Vending revenue was not effectively tracked or collected, although the agency had developed a tracking mechanism. (Page 1) . The agency reported a tracking system to ensure vending revenue is collected; however, we found the system was not up to date, complete or accurate, making it impossible for the agency to provide assurance that it received all vending revenue it should receive. (Page 6) An ongoing concern pertains to the Business Enterprise Program's set-aside fund. During the review, auditors found that the agency did not have adequate procedures in place to ensure appropriate set-aside amounts are received and properly accounted for. (Page 9)</p>	

The agency has incurred sizeable legal fees to address numerous complaints and grievances from its Business Enterprise Program clients. (Page 1). An analysis of the agency's procedures to pursue vending opportunities may help to reduce the number of complaints filed.



Develop and implement policies and procedures to guide staff who make client purchases, restrict purchases to those necessary and reasonable client purposes and ensure all purchases are appropriately reviewed and approved. (Page 16).

In order to ensure the most prudent and appropriate fiscal management practices of its resources, we recommend OCB hold agency management accountable by: 1) Reviewing previous audits and their recommendations; 2) Reviewing agency policies and spot-checking expenditures for reasonableness and appropriateness; 3) Monitoring regular reports from agency staff on fiscal and operational matters such as asset inventories, contributions, employee caseloads, and litigation issues; 4) Ensuring that expenditures from contributions are necessary and reasonable. (Page 10) Ensure assets susceptible to theft are adequately controlled as required by state policy. (Page 19)

Weaknesses in several areas of the Business Enterprise Program, including poor contracting procedures (Page 8)



The agency has hired consultants to review the Business Enterprise Program, with consultants identifying several problems that had been reported by a prior consultant. (Page 8-9)

Findings: The reviewer identified critical problems in the relationship between OCB management and representatives of the program's blind vendors serving on the BECC. The consequences of these problems include a disproportionate number of filed or proposed grievances and repeated statements from both agency managers and members of the BECC that they lack confidence in one another's stewardship of the program.

Findings: It was determined based on review of data/information that the training program, for new vendors in the Randolph-Sheppard program, was insufficient to meet trainee's needs. This will potentially disadvantage the program in the long-term and harms the participant when he or she is admitted to participate as a vendor. Since this issue is deemed important, RSA will follow up with Oregon's SLA within six months of the issuance of the final report to inquire about the progress realized in relation to this recommended action.

<p><b>2013 Issues Identified in the CliftonLarsonAllen,LLP Risk Assessment for the Oregon Commission for the Blind (OCB)</b></p>	<p><b>Late 2013 to Present unrectified audit issues from documentation obtained from the Oregon Commission for the Blind (OCB) and/or through public records (court cases, ERB ruling, etc.)</b></p>
<p style="background-color: #cccccc;"> </p>	<p>* 1) In March 2014 a public meeting lawsuit against OCB/BECC, which is still in progress, was filed in Multnomah County Circuit Court (Case No. 140302797). This lawsuit's pleadings deal with public meetings law violations associated with a quorum of the BECC making a decision, not in a public meeting, to unilaterally remove the BECC Chairperson and also making decisions without a quorum, in another meeting, to name a few.</p>
<p><u>High Risk.</u> Concerns related to the fiscal responsibility of the vendors in the Business Enterprise program. OCB currently does not maintain controls to review and/or validate the accuracy and completeness of vendor's financial statements (profit/loss information) which drives the revenue generation for the program. (Page 7) <u>Moderate Risk:</u> Cash Receipts - OCB currently has a significant outstanding receivables balance that is greater than 30 days past due. (Page 4)</p>	<p>* 1) OCB has allowed \$36,645 in vending revenue for set-aside to be uncollected beyond 30 days, although invoiced. * 2) The set aside debt increased by \$7,903 in 4th quarter of 2014, which is close to 1/3 of the set-aside invoiced by OCB for this same time period. * 3) There are still no controls in place for OCB to validate the accuracy and completeness of financial statements for cafeterias, espresso, or manager operated vending routes which are cash and credit ran businesses.</p>

High Risk. OCB has not performed an in-depth and detailed review of the effectiveness, impact, fiscal spending and potential legal risks to the organization for specific programs that are being offered. (Page 7)

*\*Current Risk in 2013-15 Biennium :* Legal and hearings officers costs for various litigation matters are high - as of October 2014, OCB's legal fees were projected to be over legislative approved budget by \$382,921 for 2013-15 biennium budget: **\*1)** Employment Relations Board (ERB) Case won by Leslie Jones, former HR/Fiscal Director for OCB (Case No. MA-002-14), *OCB was found not to have terminated in good faith or met the reasonable objective employer standard*; **\*2)** Oregon District Court Civil Rights (Employment Discrimination) Case filed by Maricruz Caravantes, former OCB employee in Oregon Industries for the Blind (OIB) program (RFC Case No. 3:2013cv00355); **\*3)** US District Court case filed by Jerry Bird, Licensed Blind Manager in Business Enterprise Program, to which OCB has been joined as a "necessary party as Defendants" (Case No. 3:14-cv-00843-ST); **\*4)** Multnomah County Circuit Court Case filed by Linda Haseman, Interested Party & Stakeholder of Oregon Commission for the Blind (Case No. 140302797). **\* 5)** Several official complaints by Licensed Blind Managers have been filed on various OCB's administration issues in the Business Enterprise Program.

<p><u>High Risk:</u> Comprehensive and documented policies and procedures are not in place to allow for consistent processes across the organization and a documentation trail in the case of personnel turnover. Examples include, but are not limited to, the following: grants, case management, payroll, human resources, programs, inventory, accounts payable, cash receipts, etc. (Page 6)</p>	<p><b>* 1)</b> In the last quarter of 2014, alone - \$7,903 of the \$23,375 invoiced in set-aside was not collected in the Business Enterprise Program, with a total accumulation of past due set-aside amounting to \$36,645. The Oregon Commission for the Blind administration has allowed this to occur despite repayment agreements and the likes with a couple of Licensed Blind Managers and when questioned about it in February 2015, OCB administration states it wasn't a priority. <b>* 2)</b> December 2013 - Oregon Industries for the Blind closed due in large part to years of Oregon Commission for the Blind's fiscal mismanagement and regulatory non-compliance distress.</p>
<p><u>High Risk:</u> Processes and internal controls are not consistent and streamlined across the organization. Processes and internal controls should be continually assessed and/or improved to mitigate the potential risk of financial loss, operational/IT inefficiencies and breakdowns, fraud activity and regulatory violations. (Page 6)</p>	<p><b>* 1)</b> August 2013, the Oregon Commission for the Blind had to write off over \$13,000 in debt due to not having proper accounting records to support the debt amount listed for a Licensed Blind Manager. <b>* 2)</b> December 2013 - Oregon Industries for the Blind closed due in large part to Oregon Commission for the Blind's on-going, for years, fiscal mismanagement and regulatory non-compliance distress. One example of fiscal mismanagement and regulatory non-compliance distress identified in the ERB ruling was in November/December 2013, OCB had to pay \$141,000 out of the donations fund to cover back wages for failure to file an annual Federal Department of Labor Special Wage Certificate since 2010. There are many more citations of fiscal mismanagement and regulatory non-compliance by OCB in the ERB Ruling.</p>



	<p><b>* 1)</b> Tracking of Intergovernmental Agreement (IGA's) expiration dates continues to be intermittent in the Business Enterprise Program. <b>* 2)</b> Ability to finalize IGA's in a timely manner is a concern in the Business Enterprise Program. One example: In November 2014, a Licensed Blind Manager brought to the attention of OCB's Administration that one of OCB's Intergovernmental Agreements impacting three Licensed Blind Managers with Multnomah County was due to expire on January 3, 2015, and the IGA still is not renewed as of April 2015. Other similar IGA concerns have been brought to the attention of OCB administration.</p>
	<p><b>* 1)</b> In approx October 2013 the agency hired the Confluence Center for \$50,000 to engage in a consensus work group model to complete the Business Enterprise Program's Rules &amp; Regulations. The process led to an adopted product in February 20145 by the Business Enterprise Program's BECC members which has ended up being completed reworked in November 2014 - February 2015 through an entirely different process, without the Confluence Center's involvement. <b>* 2)</b> An official complaint was been filed with OCB by three (3) Licensed Blind Managers in March 2015.</p>

\* 1) Since 2008 to present, no new vendors have entered into the Business Enterprise Program in Oregon.

\* 2) A training program was briefly discussed in a December 2014 OCB board meeting, when the BEP Director briefly overviewed a national training program was to be rolled out nationally through a special interest group, but OCB administration did not provide an effective date for implementation, if any, nor has an approval vote been made by the Business Enterprise Consumer Committee.