

Office of the Secretary of State

Kate Brown
Secretary of State

Barry Pack
Deputy Secretary of State



Audits Division

Gary Blackmer
Director

255 Capitol St. NE, Suite 500
Salem, OR 97310

(503) 986-2255
fax (503) 378-6767

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Contact: Gina Mattioda
503-986-2368

Secretary of State recommends better contracting procedures for the Department of Energy

SALEM - A state audit released on Thursday found that the Oregon Department of Energy should strengthen its contracting procedures and take other actions to improve its business processes.

Since 2009 the Department of Energy has experienced substantial growth and change, with a new management team and a \$70 million budget increase, largely resulting from the federal American Recovery and Reinvestment Act. In February 2010, Interim Department Director Mark Long requested the Secretary of State audit three areas: contracting and procurement, accounts payable and receivable, and information security.

The auditors concluded that the department needed to improve its contractor selection, its sponsorship decisions, energy supplier assessment data monitoring, accounts receivable collection, and electronic information security. A contracting issue identified during the audit prompted an investigation by the Department of Justice, and other legal actions, which prevented the release of the audit report until June 16.

Auditors found the department's contractor selection procedures could better ensure impartiality, some contract deliverable requirements lacked specificity, and selection decisions needed better documentation. Similarly, auditors found that decisions to sponsor energy-related conferences and organizations were lacking in documentation. The department spent \$157,500 from fiscal year 2008 through fiscal year 2010 to sponsor 63 efforts, but auditors found no evaluations of benefits relative to costs, or procedures for determining which efforts to sponsor.

"It's a fundamental necessity if we are going to make government more effective and efficient that state agencies ensure best practices in contracting, sponsorships, and accounting are used," said Secretary of State Kate Brown.

The audit report including the agency response can be found at www.sos.state.or.us/audits

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