

AUDIT REPORT

Oregon Commission on Asian Affairs: Change of Director Audit



Bill Bradbury, Secretary of State
John Lattimer, Director, Audits Division

Summary

PURPOSE

This review was conducted to comply with *Oregon Revised Statute 297.210*, which requires the Audits Division to perform an audit or review when the executive head of a state agency leaves his or her position.

RESULTS IN BRIEF

We found that the Oregon Commission on Asian Affairs (commission) could improve controls over time sheets and fixed assets and obtain cost savings by using a motor pool vehicle. We noted that the commission should ensure that only appropriate and allowable expenses are approved for payment.

RECOMMENDATIONS

We recommend that the commission:

- Require all time sheets to go through a supervisory review process to ensure completeness and accuracy.
- Control inventory items that have a high risk of loss.
- Obtain a state motor pool vehicle when it is most cost effective to do so.
- Ensure that only appropriate expenses are approved for reimbursement.

AGENCY RESPONSE

The Oregon Commission on Asian Affairs generally agrees with the recommendations.

Background

The Oregon Commission on Asian Affairs (commission) was created in 1995 and operates under the provisions of *Oregon Revised Statute (ORS) 185.610 to 185.640*.

The commission's mission is to work for the implementation and establishment of social, economic, and educational opportunities for Asian Pacific Americans and to maintain a continuing assessment of the issues and needs confronting Asian Pacific American residents in Oregon.

The commission is comprised of 11 board members and one fulltime Executive Director.

Gaelle Snell was appointed as the Executive Director of the commission on January 11, 1999; she resigned from that position effective July 16, 1999.

Review Results

Time Sheet Approval

We reviewed time sheets for the former, interim and current directors. We found that the former and interim directors' time sheets were not reviewed and approved as appropriate by a commission member. It does appear that the current director has been ensuring, for the most part, that her time sheet is reviewed.

When time sheets are submitted without review and approval there is a greater likelihood of errors and irregularities.

The State Controller's Division is developing policies to clarify roles and responsibilities for reviewing and approving payments to agency directors.

We recommend that the commission continue to review the director's time sheets to ensure that they are complete and accurate. In addition, we recommend that the commission implement the

forthcoming state policies for reviewing and approving payments to agency directors.

Agency Response: We agree with the recommendations to continue having the director's time sheets reviewed to ensure accuracy, which the current executive director, as instructed by payroll, has done each month by getting approval from the commission chair. When the forthcoming state policies for reviewing and approving payments to agency directors are available, the commission intends to follow its procedures accordingly.

Fixed Assets Procedures

Our audit included tests to determine whether the former director had returned all assigned state property. We found that the commission does not maintain a list of fixed assets; however, all of the items that we were told were assigned to the former director were appropriately returned to the agency.

During our review, we also noted that the commission does not attach

state of Oregon property tags to fixed assets and no one performs periodic inventory reviews.

The *Oregon Accounting Manual* section 01 02 00.IN.119 recommends that state agencies identify, record, and control inventory items that have a high risk of loss such as computer and electronic equipment, photography equipment, hand tools, and other items that management determines to be at a high risk of loss.

We recommend that the commission control inventory items that have a high risk of loss. This can be accomplished by maintaining a list of assets, affixing property identification tags to all high-risk assets, and performing periodic inventories.

Agency Response: *We agree with the recommendations to maintain a list of assets, and to affix property identification tags to high-risk assets. However, a general review of the value of the commission's inventory items that may have a high risk of loss was done last year, and the results were filed with Risk Management. The commission intends to file the same report again this year as requested by Risk Management. Meanwhile, the commission intends to keep a list of assets that may have a high risk of loss in its own files. It also plans to request Oregon property tags for its equipment.*

Private Vehicle Usage

While reviewing travel claims, we noted that the former and current directors were using private vehicles for travel at times when it would have been more cost effective to use state-owned motor pool vehicles.

The *Oregon Accounting Manual* states that when vehicle travel is justified, a state-owned vehicle will be used, unless travel in a private vehicle is more practical because of cost, efficiency or work requirements.

We recommend that commission obtain a state motor pool vehicle when it is more cost effective to do so. An analysis should be completed to determine the break-even point in mileage to determine cost effectiveness.

Agency Response: *We agree with the review's recommendations to obtain a state motor pool vehicle when it is more cost effective to do so.*

Questionable Expenses

During our review, we noted two expenses that did not appear necessary for the commission's purpose. The first expense, totaling \$95.00, was for two flower arrangements purchased to offer condolence to a legislator whose mother had died. The second expense, totaling \$106.78, was to hold a reception for the Superintendent of Portland Public Schools. The commission could not provide documentation on the purpose of the reception. Both of these expenses were made during the tenure of the former director.

The expenses appear to be questionable when compared to the duties of the commission as described in *Oregon Revised Statutes* (ORS) 185.620 to .625.

We recommend that the commission ensure that only necessary expenses are approved for reimbursement.

Agency Response: *We agree with the importance of ensuring that expenses reimbursed are in line with the commission's duties. Furthermore, we intend to have documentation available in the future for any meetings that may incur expenses. It is unfortunate that documentation could not be provided for the reception for the Superintendent of Portland Public Schools. If it had been available, it very likely would have indicated that community leaders met with the new superintendent to express their*

concerns and hope that more attention be paid to the educational needs of Asian Pacific American students in the Portland Public School district. Such a meeting would fall within the duties of the commission to assess the needs of the Asian Pacific American community.

Objectives, Scope and Methodology

This audit was conducted in compliance with ORS 297.210, which requires the Audits Division to perform an audit or review when the executive head of an agency leaves his or her position. The audit was conducted in accordance with generally accepted government auditing standards. Our audit objectives were to assure that appropriate actions were taken to cancel the previous director's access to state computer systems and return any state assets in her possession, and to assure that recent transactions authorized by the director were reasonable and complied with appropriate laws and regulations. Specifically we:

- Reviewed relevant statutes and laws;
- Determined that fixed assets assigned to the former director had been returned to the commission, and her access to state computer systems canceled;
- Tested travel and payroll transactions that were payable to or authorized by the former director during her last six months in office. We also tested travel and payroll transactions that were payable to or authorized by the interim and current directors;
- Determined that no contracts were entered into or authorized by the former director; and
- Were alert for signs of potential fraud, abuse, and illegal acts for the areas related to the review objectives.

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AUDIT ADMINISTRATOR: *Jason M. Stanley, CPA* • AUDIT STAFF: *Jennifer K. Kumm, CPA* • *Benjamin M. Wilson*

DEPUTY DIRECTOR: *Sharron E. Walker, CPA, CFE*

The courtesies and cooperation extended by the director of the Commission on Asian Affairs were commendable and much appreciated.

Auditing to Protect the Public Interest and Improve Oregon Government

OFFICE OF THE
SECRETARY OF STATE

Bill Bradbury
Secretary of State



AUDITS DIVISION
John Lattimer
Director

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

Auditing for a Better Oregon

The Honorable John Kitzhaber, M.D.
Governor of Oregon
254 State Capitol
Salem, Oregon 97310-4047

Pallen Lee, Executive Director
Oregon Commission on Asian Affairs
310 SW 4th Ave, Suite 612
Portland, Oregon 97204

The attached report contains the results of our change of director audit of the Commission on Asian Affairs (commission). Our objectives were to assure that appropriate actions were taken to cancel the former director's access to state systems and return any state assets in her possession. We also examined reimbursements approved by and paid to the former director. Finally, we reviewed the processes and controls in such areas as contracting, agency travel, and agency timesheet approvals.

This report includes recommendations for the commission to improve its controls related to timesheet approval. We also recommend that the commission inventory items having a high risk of loss, require use of a state motor pool vehicle when economically appropriate, and approve only business-related expenses for payment.

OREGON AUDITS DIVISION

John N. Lattimer
Director

Fieldwork Completion Date:
April 5, 2001