Secretary of State

AUDIT REPORT

Report No. 2001-32 • August 3, 2001

Adult and Family Services Division: Change of Administrator Audit

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

Summary

PURPOSE

This review was conducted in compliance 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 that position for any reason.

The purpose of this audit was to assure that appropriate actions were taken to cancel the former administrator's access to state systems, return any state assets in the former administrator's possession, and assure that recent transactions authorized by the former administrator were reasonable and complied with appropriate laws and regulations. For further details of procedures performed, see the "Objectives, Scope and Methodology" section of this report.

Sandie Hoback, who was appointed as the administrator of the Department of Human Services Adult and Family Services Division on October 1, 1996, resigned from that position effective January 1, 2001.

RESULTS IN BRIEF

- We found that the division could improve its procedures for safeguarding high-risk state assets from loss. Because the division did not maintain documentation of assets assigned to the former administrator, we could not conclude whether or not the former administrator returned all state property upon her departure. Alternate testing methods were used to confirm that many of the most common assets were returned.
- Travel reimbursements, payroll reimbursements, and personal service contracts authorized by the former administrator appeared to be reasonable and appropriate. In addition, the division took appropriate actions to cancel the former administrator's access to state systems.

OTHER MATTERS

The division could use state motor pool resources more cost effectively. Division administrative staff members frequently utilized their personal vehicles for business purposes. As a result, they received mileage reimbursement at a higher cost to the division than if they had used available state motor pool vehicles.

We also have provided updated information on the division's implementation of recommendations relating to prior audit findings contained in our report issued in 1998 on state subsidized child care payments. These results can be found starting on page 2 of this report.

Additional information regarding issues that we felt warranted the attention of the division but did not rise to the level of reporting in an audit report was conveyed to the division in Management Letter No. 461-2001-04-01, dated April 26, 2001.

RECOMMENDATIONS

We recommend that the department:

- Develop procedures to maintain records of state assets as assigned to employees and periodically perform physical verification of assets with a high risk of loss.
- Develop a formal written travel policy that reflects the state's interest in using the mode of transportation that is economical as well as practical.

AGENCY RESPONSE

The Department of Human Services generally agrees with the recommendations.

Audit Results

Improve Control Over High-Risk Inventory

We found that the division could improve control over its high-risk assets, since a record of assets assigned to the former administrator was not maintained. Subsequently, we were not able to ascertain that all state assets provided to the former administrator were returned.

Although the division maintained records of assets by serial number and by department, it did not document high-risk assets (palm pilots, laptops, cellular phones, pagers, etc.) that were assigned to the former administrator.

Using alternative methods, we were able to confirm that the former administrator returned the pager and key card she was assigned, and her state calling card was cancelled. Without knowing for certain the assets the former administrator had in her custody and control, however, we were not able to conclude that she returned all state assets upon her separation from state service.

The *Oregon Accounting Manual* recommends that state agencies identify, record, and control inventory items that have a high risk of loss such as computers and electronic equipment.

Also, the Department of Administrative Services' (DAS) Risk Management Division recommends that high-risk assets be checked into someone's personal custody and control.

By not tracking state assets assigned to an employee, in the case of loss, damage or improper use, it is difficult, if not impossible, for the division to identify who should be held responsible. Adequate safeguards to protect state assets should include inventory records reflecting state assets issued to employees.

We recommend that the department develop procedures to maintain records of state assets issued to employees and periodically perform physical verification of assets with a high risk of loss.

Agency Response: *We agree. Currently, Accounting and Human Resources are working on a departmental policy to track high-risk state assets assigned to employees.*

Other Matters

Justify Use of Personal Vehicles for Business Purposes

During our review of travel reimbursement claims, we became aware that division administrative staff did not always obtain vehicle transportation in the most cost-effective manner.

State travel policy, established by DAS, provides that travel shall be conducted in the most efficient and cost-effective manner, resulting in the best value to the state. OAM 06 01 00.PO .112, General Business Travel Expense Rules for Executive Management and Non-Represented Employees states, "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."

The division is responsible for determining the method of travel that meets the needs of the employee at the best value to the state; therefore, an important factor that should be considered when deciding whether to use a state vehicle or private vehicle is the method that is the most cost-effective. Other factors that should be considered include personnel time, travel objective, and state travel policies (i.e. employees cannot use state vehicles when combining personal activities with state business).

The division did not have a formal written travel policy. The unwritten policy appeared to allow personal vehicle usage for any state-related business. Staff members opted to utilize their personal vehicles for business purposes rather than using or considering the use of state motor pool vehicles. As a result, there were instances in which the most economical travel decisions were not made.

To provide for the transportation needs of state agencies, the state has invested millions of dollars to buy, operate, and maintain a vehicle fleet. Centralized motor pools for the common use of state agencies and employees provide access to state daily-use fleet vehicles. The state, as a whole, incurs additional costs when motor pool fleet vehicles are maintained and available but not utilized due to the use of private vehicles.

Our look at expenses reimbursed for administrative staff using personal vehicles for business use indicated that the division was spending more for employee transportation than necessary. Travel claims were reviewed for trips taken by the five administrative staff members when they used their personal vehicles. Our analysis identified approximately $1600 that the division could have saved if staff members had used either a state motor pool vehicle assigned to Department of Human Services or a state motor pool daily-use vehicle for selected business trips.

We recommend that the department develop a formal written travel policy that reflects the state's interest in using the mode of transportation that is economical as well as practical. This policy should include a requirement that specific written justification and written authorization be completed prior to using a private vehicle for business purposes.

Agency Response: *We agree. This will be addressed as we write departmental policies.*

Update on Prior Audit Findings

As part of our audit, we followed up on our audit report number 98-35 titled "Adult and Family Services Division Review of State-subsidized Child Care Payments," issued in 1998. This section summarizes the division's efforts to implement prior audit findings.

Prior Audit Findings and Recommendations

Finding No. 1: AFS did not actively pursue the collection of overpayments from inactive providers.

Recommendation

- ***AFS is in the process of formulating a corrective action plan. This plan includes a process whereby its overpayment collection unit will assume responsibility for the collection of overpayments written for inactive providers. AFS should complete and implement its action plan for*** *collecting overpayments from inactive providers.*

Implemented—The division has implemented collection procedures for the Overpayment Recovery Unit to collect overpayments from inactive providers. The division recently contracted with a private collection agency to assist in recouping provider overpayment accounts that had not had a payment on them for one year or more.

Finding No. 2: Some day care providers were inappropriately paid for school age children who were in part-time care.

Recommendations

- ***Enhance the payment system by adding a descriptor that indicates each child's appropriate fulltime or part-time childcare needs as determined by the case worker.***

Not Implemented—The division convened a workgroup to assess the issue. It was determined that the system enhancement recommended could not be done.

There was a system descriptor added that authorized additional childcare for special instances or needs. The descriptor was done by case, which was not child specific.

The above recommendation was accompanied in the audit report by the following short-term alternative recommendation to be used until the system enhancement was completed. The division implemented the alternative recommendation.

- ***Until system enhancements are implemented, utilize an internal auditor to regularly audit payments for school age children with younger siblings, including an evaluation of each child's eligible hours.***

Implemented—A new procedure, implemented in June 1999, was the monthly sampling and review of attendance logs. The Direct Pay Unit (DPU) conducts the reviews. DPU randomly selects a sample of 150 childcare cases each month for review. DPU reviews all childcare provider billings associated with the sample cases.

- ***Until a system solution is put in place to provide an accurate reflection of the child's required hours of care, remove the LIMIT field from the billing form so that the maximum amount a provider can charge does not appear.***

Implemented—A new billing form was created that removed the LIMIT field (LIMIT field gave the maximum amount that a pay provider could receive) from the billing form and replaced it with the maximum number of authorized hours of care (hours the provider is authorized to be paid). The provider is paid either the rate the provider charges, or the agency rate, whichever is lower.

- ***AFS has developed and started issuing to providers a prototype childcare attendance log that contains space for recording a child's arrival and departure times each day. Continue this plan and provide training to both providers and caseworkers for their proper use.***

Implemented—A provider guide (containing billing rules, billing instructions, and a sample attendance log) is given to each parent to give to his or her provider. Providers also are able to request a provider guide.

The division contracts with local entities, Child Care Resource and Referral agencies, to provide services to providers and parents such as training (First Aid, CPR, etc.), information on services available to providers, technical support, and assistance with the billing and payment system.

The division's Staff Development Unit provides training classes to caseworkers about every six weeks (seven to eight classes a year). One of the topics discussed is provider requirements. In discussing that topic, the proper use of attendance logs is addressed.

Finding No. 3: A large percentage of providers were inappropriately paid.

Recommendations

- ***Be attentive to and act on provider/client information provided by caseworkers and field contacts. Resolution of the information should be documented and questionable cases appropriately referred to the investigative unit.***

Implemented—According to the division, it is the responsibility of the caseworker to document information in a narrative format and to convey that information to the appropriate staff.

At the training classes provided by the division's Staff Development Unit, caseworkers review the topic of narratives, and are provided with a handout on the child care complaint process that identifies issues and the proper unit to which to refer them.

The field manual is provided to caseworkers in a hardcopy format and also is available on-line. The manual contains policies on referrals to the division investigator.

- ***Collect overpayments identified.***

Partially Implemented—The division reviewed the four cases of potential overpayments identified in the audit. Two cases had combined overpayments written for $10,621; of that, $1,322 had been collected. One case was determined to be unsubstantiated, so no overpayment was collected and the case was closed. The other case also was found to be unsubstantiated because the client and provider moved to different addresses in a new city. In this case, the provider screen was flagged in case the provider re-applies for listing.

Finding No. 4: Some providers who billed fulltime for childcare were also employed fulltime at other jobs, indicating that they may not have rendered those services.

Recommendations

- ***Utilize an internal auditor to develop a program to regularly audit fulltime providers with significant other income from wages. These factors should be included in AFS's profile for high-risk childcare providers.***

Not Implemented—Providers are not required to inform the agency if they have other employment. The division does not have the authority to access provider wage information through the Employment Department records or other sources without permission of the provider.

If suspicion exists that a fulltime provider has significant other income, the provider name is referred to the division's Investigative Unit for review and determination.

Finding No. 5: Some providers were paid twice for the same service.

Recommendations

- ***Change the current policy, which allows a duplicate payment to occur in the month of a provider change, to prevent paying for the same service twice.***

Partially Implemented—A staff member of the DPU reviews the Provider Payment Benefit Exceeded exception report (a system-generated report that lists if the maximum benefit was exceeded for childcare). If more than one provider provided the services, the staff member reviews the situation of the care provided. If the overlap is at most five days, the exceeded maximum payment is allowable per division policy (the five-day allowance gives providers a means to maintain their business due to clients changing providers during the month, client sick days, etc.). If the overlap is more than five days, the staff member requests attendance logs from the providers to write an overpayment. Overpayments are then submitted to an Overpayment Writer to perform further investigation and collection.

According to division staff, the current procedure requires providers to indicate the last day that they provided care on the billing form. Parents are to provide the information on getting a new provider (i.e. start date) to their caseworker so that they can get a new billing form for the new provider.

- ***Revise the policy of reviewing the monthly Provider Payment Benefit Exceeded exception report on an "as time permits basis" to reviewing it on regular basis.***

Implemented—A staff member of the DPU reviews the Provider Payment Benefit Exceeded exception report daily to identify providers billing more than a monthly maximum. The exceeded exception report is a system generated document, updated daily.

- ***Train caseworkers to counsel all clients that, prior to signing the billing form, they should check the child care hours the provider has billed for the month.***

Implemented—According to the division's Staff Development Unit, training is offered approximately every six weeks to caseworkers. Counseling clients on verifying hour billed by the provider is included in the training course, as the clients are responsible for paying for care not authorized by the division.

Also, the *Parent Guide* directs parents to review the charges prior to signing the billing form.

- ***Direct a study by the system support staff to determine if system enhancements can eliminate some of the overpayments.***

Implemented—A Child Care Single Billing Work Group (consisting of central office staff, field staff, Child Care Resource and Referral agency staff, and child care providers), convened on a monthly basis from November 1998 to March 1999. They reviewed feedback from branch staff and provider groups regarding the high number of provider payment errors that auditors found. The workgroup did not determine system enhancements to eliminate some of the overpayments, but came up with alternative ideas. They were: (1) require parents and field staff to indicate the date the new provider started giving care for the child, (2) require DPU staff to indicate the authorized dates of care on subsequent billing forms, and (3) have authorized child care hours indicated on all billing forms. According to the division, these three recommendations were implemented.

- ***Collect the remaining duplicate payments of approximately $28,500.***

Partially Implemented—Originally, the audit identified 58 potential duplicate payments to providers. During the audit, six payments were returned, two were cashed, and four overpayments were written and recovered. The status of the remaining 46 cases were reviewed. Of the 46 overpayments: 16 were written and collected, 24 have not been acknowledged by the division as duplicate payments, one was written but has not been collected ($564), one could not be written because it could not be determined which provider was incorrect, and four were acknowledged by the division but not yet written.

Finding No. 6: Some group home and family childcare providers were paid at certified center rates.

Recommendations

- ***Formalize the recently developed policies and procedures for confirming the certification and registration status of all new provider applicants with CCD during the initial listing process.***

Implemented—The policies and procedures have been implemented.

- ***Collect the $9,360 identified in overpayments made to family and group providers who were paid at center rates, and the $5,125 paid for private schooling for two school age children.***

Additional Action Recommended—Eight overpayments were identified by auditors; the potential estimate of the overpayments totaled $9,360. Division staff reviewed the eight cases and found that the overpayments actually totaled $3,604. The division waived collection on six of the cases, either because of low collection amounts or because it did not believe that it could recover overpayments resulting from its own administrative-related error of paying an incorrect rate. One case was determined to not be an overpayment; the other case was determined to be an overpayment and was collected ($27.30).

The audit also noted $5,125 paid for private schooling for two school age children. Division staff found that the overpayment was actually $6,366. No amount was collected on this overpayment because the division considered it to be an administrative error, as the caseworker repeatedly approved eligibility of the situation to provider and client for childcare payments.[1]

Agency Response: *We agree. We will consult with the Attorney General's Office on this matter.*

Finding No. 7: Some family providers exceeded the limit of number of children in care.

Recommendations

- ***Develop a process for regularly examining payment data to identify AFS providers who do not appear to be in compliance with OARs for the number of children in care. Establish a written procedure whereby CCD is notified when a non-complying provider is identified.***

Implemented—A regular process is in place to identify providers not in compliance with the number of children in care. DPU staff members receive a monthly report that segments providers into two categories: providers who care for six or more children, and providers who care for 10 or more children. The reports are reviewed for compliance with maximum and minimum numbers of children in care requirements.

Written procedures are in place to make referrals to the Child Care Division (CCD) when a non-complying provider is identified.

- ***Continue to follow up on exceptions and refer to CCD those providers with regulatory issues.***

Unable to Determine—An internal audit conducted in January 1998 reviewed 10 of the 12 exception cases. Of these, one was documented as not exceeding the limit, five were documented as a CCD issue, three were documented as a DPU issue, and one was documented as a probable overpayment. Continuation of action taken on the nine cases is not certain, however, as the division no longer had the related provider records.

Agency Response: *We partially agree. We have a Preliminary Report dated 6/10/98, which indicated 12 providers may be out of compliance with regulatory requirements. There was only one provider indicated in our Preliminary Report as having a possible overpayment. We researched and found a lack of evidence to support an overpayment. Child Care providers are required to keep backup documentation to support their billings for 6 months. The providers identified by the auditors as being possible exemptions were no longer required to have the documentation we needed for our investigation. We cannot take action when our investigation is inconclusive. We have since started a new monthly process to identify and investigate providers who are potentially providing care for more children than allowed by regulation.*

- ***Determine the extent of overpayments made to the provider suspected of having over-billed AFS and collect the overpayments.***

Unable to Determine—An allegation was reported to CCU and CCD on the provider exceeding the limit of children in care. CCU and CCD sent letters to the provider notifying the provider of the allegation. Also, CCU requested the division's Investigative Unit to confirm the allegation. Due to the records retention timeframe, however, the division no longer had the related provider records documenting actions taken.

For the department response, see the prior recommendation.

Finding No. 8: Some providers providing childcare services to AFS clients had significant outstanding warrants and criminal histories.

[1] Auditor's Note: According to the division, it did not seek legal advice as to whether these overpayments due to administrative errors could be collected in accordance with OAR 461-195-0511, which was in effect at the time. **We recommend** that the division seek legal advice to determine whether the overpayments can be collected.

Recommendations

- ***Continue its recently established policy of regularly rechecking backgrounds of active providers to assist in ensuring that state-subsidized childcare is health and safe.***

Implemented—Staff members in the Child Care Unit conduct background checks on all active providers in the provider database, as well as those living in the provider's home. Background checks are done initially and then every two years thereafter by comparing them to information in both LEDS (Oregon State Police's Law Enforcement Data System—criminal history) and SCF records (Adult and Family Services, Services to Children and Families—child protective services history).

Also, quarterly backgrounds checks on all active providers and their household members are performed using LEDS. If complaints exist about an existing provider, or a provider relocates his or her home or location of care, or the well-being of a child is uncertain, the provider's background is rechecked at that time.

- ***Develop additional controls to monitor providers that have been approved on a limited basis, by regularly performing LEDS and CPS criminal background checks, and making quarterly in-home visits.***

Implemented—Criminal background checks on all active providers and their household members, which includes limited providers, are performed initially and quarterly using LEDS. Also, child protective services records are checked initially, and then every two years, with SCF records.

A monthly report is generated on limited childcare providers. Quarterly reviews and quarterly in-home visits are conducted for limited providers. A caseworker, childcare resource and referral staff, or district office staff conducts in-home visits.

A staff member in the division's Child Care Unit monitors the quarterly reviews and in-home visits conducted on limited providers.

Finding No. 9: Some childcare payments were made for children 13 years and older who did not have special needs.

Recommendations

- ***Ensure that the payment system will deny automated payments for children 13 years of age or older who are not coded as special needs or disabled.***

Implemented—The payment system has a code to identify children who have special needs or are disabled. If the child is not coded as having special needs or disabled, in the month that the child becomes 13 years old, information is noted on the billing form that as of the next month the child will not be on the billing form. According to division staff, when the child is not on the billing form, no payment will be made to the provider for that child.

- ***Formalize in writing the procedure for the payment unit to review exceptions.***

Implemented—Written procedures are in place.

- ***Provide caseworkers with written guidelines and additional training on eligibility determination.***

Implemented—Written guidelines on eligibility determination are provided in the field manual as well as online.

According to division staff, eligibility determination is an area that is emphasized at the training classes provided to caseworkers.

- ***Develop a program whereby operations managers periodically review client files for compliance with OARs and federal regulations.***

Implemented—According to the division, client files are periodically reviewed for childcare compliance/eligibility in conjunction with food stamp reviews. The reviews are conducted at the branch offices monthly and files are selected randomly.

- ***Identify and correct the system problems that led to the overpayment errors and collect from clients $2,764 in overpayments.***

Additional Action Recommended—According to division staff, the primary problem that led to the overpayment errors was the use of manual vouchers. Manual vouchers authorized payment for up to a month of care and expired after 60 days from when the caseworker gave it to the provider. The use of manual vouchers sidestepped the computer system edits for provider payment. October 1999 was the last month that caseworkers were able to issue manual vouchers.

The division reviewed the 16 identified overpayments and determined that six were not overpayments; waived six overpayments because the division determined that the amounts were too low to be cost effective to collect; and concluded that it was not able to collect four because the overpayments were the result of the division's own administrative errors (caseworkers authorized care in error).[2]

Agency Response: *We agree. We will consult with the Attorney General's Office on this matter.*

- ***Utilize the internal auditor to develop a program to regularly audit childcare payment for children 13 and older.***

Partially Implemented—A study was completed May 4, 1999 by the

[2] See footnote 1.

division's internal auditor on children over 13 receiving day care. The study recommended that a review be conducted at least quarterly. According to the internal auditor, a review was conducted monthly for a year and then the division determined that it was no longer an area of risk, so it was discontinued.

- ***Collect the overpayments totaling $835 from the clients whose children were improperly coded as having a special need.***

Additional Action Recommended—The overpayments consisted of two cases. Division staff reviewed the cases. For one of the cases, it was determined that there was no billing for the older child as initially suspected, so there was no overpayment. The other case was waived because the division does not feel that it can collect the overpayment because it was due to a caseworker's authorizing the care.[3]

Agency Response: *We agree. We will consult with the Attorney General's Office on this matter.*

Finding No. 10: Some payments were made to providers whose social security numbers matched clients'.

Recommendations

- ***Formalize procedures for staff in the payment unit to follow when an error message occurs indicating that the SSN for a client and a provider are the same.***

Implemented—Formal written procedures have been completed. Also, division staff noted a system modification has been added that changed the SSN verification field default from "yes" to "no" when a new provider is entered into the system.

- ***Enhance the system to disallow payments when the SSN for a provider and a client match. Exceptions should be investigated and properly resolved prior to payment of claims.***

Implemented—According to division staff, there are valid instances in which the SSN for a provider and a client match; therefore, the division does not want the system to disallow payments. The system has a screen flag that appears when entering provider information into the system if the provider's SSN matches a client's. There are procedures in place for staff to follow when the screen flag appears.

- ***Until system enhancements are implemented, AFS should utilize its internal auditor's capability of using computer-assisted audit techniques to identify childcare payments issued when the SSN of a provider and client are the same.***

Implemented—The division's internal auditor completed a study in October 1999 on daycare providers that received childcare for their own children. The study revealed no cases in which a client was caring for his or her own children, or childcare for a provider's own children was during the same hours as providing childcare, or there were problems with the address and household composition. However, it was found that 13 out of 24 clients reviewed were not reporting their child care provider income to caseworkers. To assist in that issue, the DPU has started to notify the caseworker when a client is approved as a provider.

- ***Ensure that the remaining three payments sent to a client in error ultimately went to the provider. Collect remaining overpayments identified.***

Implemented—The division staff reviewed the three payments sent in error to the client that should have gone to the provider. The division has verified that for two of the three payments the client paid the provider. The remaining payment could not be verified because the client moved out of state.

An overpayment ($40.25) has been written and waived, as the division found the amount was too low to be cost effective to collect.

- ***Correct federal income reporting form 1099s for providers and clients who have been inappropriately credited or not credited with childcare income.***

Implemented—Division staff reviewed the three cases of provider payments that were sent to clients. Of the three cases, one provider received the proper amount from the client but earned less than $600, so the 1099 was not adjusted; one payment was received and included in the provider's 1099, so no adjustment was needed; and the final provider could not be identified.

Finding No. 11: Income documentation for self-employed clients could be improved.

Recommendations

- ***Comply with federal regulations by requiring caseworkers to review and retain income documentation for all working clients who receive benefits.***

Implemented—A review was conducted of all self-employed clients, approximately 70, who received childcare. The review of self-employed cases included the following factors: documentation of income, narration/explanation of income, and verification of hours claimed. This was done once; it was not an ongoing review.

The training sessions offered to caseworkers include the topic of self-employment income, application of self-employed income rules and treatment of self-employment income.

[3] See footnote 1.

According to the division, income documentation for self-employed clients is retained for a minimum of one year, depending on the type of income information disclosed.

- ***Provide training to caseworkers on verification and documentation of income for the high-risk self-employed population.***

Implemented—Caseworkers are provided with information on understanding the treatment of self-employment income, learning how to determine countable self-employment income, and applying self-employment income rules to cases when they attend Staff Development Unit training classes.

Objectives, Scope and Methodology

This audit was conducted in compliance with Oregon Revised Statute 297.210, which requires the Audits Division to perform an audit or review when the executive head of a state department leaves that position for any reason. Our audit objectives were to assure that the division took appropriate actions regarding the former administrator's control and access to state assets, and to ensure that travel reimbursements, payroll disbursements, and personal service contracts authorized by the former administrator were reasonable and complied with appropriate laws and regulations. Specifically we:

- Determined whether the former administrator's access to state and division automated systems was terminated upon resignation.
- Determined whether state assets in custody and control of the former administrator were returned to the division upon resignation.
- Reviewed the travel reimbursement claims that were either filed or authorized by the former administrator during the former administrator’s final six months of service, to determine whether reimbursements complied with state travel rules, and were authorized, proper, adequately supported, and reasonable.
- Reviewed payroll disbursements to the former administrator to determine if there were any unusual payments during the former administrator’s final six months of service. We also determined whether the former administrator was properly removed from the division payroll.
- Reviewed payroll disbursements for those employees whose timesheets were approved by the former administrator to determine if there were any unusual payments during the six months prior to the former administrator's departure.
- Reviewed a sample of personal service contracts, which the division entered into between January 1, 2000 and January 1, 2001, to determine whether the contracts complied with state and division policies and were reasonable, proper, and adequately supported.
- Determined whether the former administrator was subject to any internal or external investigation or disciplinary action pertaining to legal compliance during the former administrator’s final year of service.
- Reviewed the efforts by the division to resolve prior audit findings and recommendations.

We conducted this audit according to generally accepted government auditing standards. We limited our review to the areas specified above.

This report, which is a public record, is intended to promote the best possible management of public resources. Copies may be obtained by mail at Oregon Audits Division, Public Service Building, Salem, Oregon 97310, by phone at 503-986-2255 and 800-336-8218 (hotline), or internet at Audits.Hotline@state.or.us *and* http://www.sos.state.or.us/audits/audithp.htm.

AUDIT ADMINISTRATOR: *Charles A. Hibner, CPA* • AUDIT STAFF*: Karen Leppin* • *Curtis Mason*

DEPUTY DIRECTOR: *Cathy Pollino, MBA, CGFM*

The courtesies and cooperation extended by the officials and staff of the Adult and Family Services Division 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

[First and Last Name], Director
[Name of Agency]
[Street Address]
[City], Oregon 97…

The attached report presents the results of our [report title or subject] of the [Agency Name or Program Name]. This review of the….

During the review, we found that …… We make recommendations to improve the….

OREGON AUDITS DIVISION

John N. Lattimer
Director

Fieldwork Completion Date:
[Month] XX, 200X