

Secretary of State AUDIT REPORT

Report No. 2001-38 • September 13, 2001

State Board of Psychologist Examiners: 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 State Board of Psychologist Examiners (board) could improve controls over time sheets and fixed assets, and obtain cost savings by using a motor pool vehicle. We also noted that the board did not maintain adequate documentation to support out-of-state travel and a personal service contract.

RECOMMENDATIONS

We recommend that the board:

- Require all time sheets to go through a supervisory review process to ensure completeness and accuracy. In

addition, the board should follow the recently implemented Department of Administrative Services policy on time sheets.

- 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 all out-of-state travel is approved and documented.
- Maintain documentation to support all personal service contracts and adhere to the dollar amount specified in the contract.

AGENCY RESPONSE

The State Board of Psychologist Examiners's response can be found at the end of this report.

Background

The State Board of Psychologist Examiners (board) was created in 1963 and operates under the provisions of *Oregon Revised Statute (ORS) 675.010* through 675.150.

The board was created to determine qualifications, examine and license individuals to practice psychology in Oregon. The board may deny, suspend, revoke or restore licenses. It investigates alleged violations of the statutes and imposes appropriate sanctions, adopts a code of ethics, and enforces continuing education requirements.

The board is composed of seven members. Bethanne Darby was appointed as the Executive Director of the board on December 1, 1997, and resigned from that position effective December 31, 1999.

Audit Results

Time Sheet Approval

We reviewed time sheets for the former and current directors. We found that the former and current directors' time sheets were not reviewed and approved as appropriate by a board member. In addition, while reviewing payroll for the current director, we were unable to locate several of her time sheets.

The board's payroll is processed by the Department of Administrative Services Office of Business Administration (OBA).

In June 2001, OBA established a policy that will help ensure that all time sheets are received. The policy includes keeping a manual list of employees and checking names off the list as time sheets are received. OBA then follows up on any missing time sheets.

When time sheets are not submitted, or are submitted without review and approval, there is a greater likelihood of errors and irregularities.

The *Oregon Accounting Manual*, section 10.90.00.103, requires agencies to develop internal procedures for the review and approval of time reporting.

We recommend that the board develop procedures, in accordance with the *Oregon Accounting Manual*, for the review and approval of time sheets. In addition, we recommend that the board and OBA follow the recently implemented policy to help ensure timely and accurate payroll accounting.

Fixed Asset Procedures

Our audit included tests to determine whether the former director had returned all assigned state property. We found that the board 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 board does not attach State of Oregon property tags to fixed assets and no one performs periodic inventory reviews.

The *Oregon Accounting Manual*, section 10.50.00.122, 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 board control inventory items having 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.

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. For example, the current director was reimbursed \$250 for private vehicle mileage for a business trip to eastern Oregon. If a motor pool vehicle had been obtained, the charge would have been \$122, a saving of \$128.

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 the board 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.

Out of State Travel

While reviewing travel claims we noted that the current director had submitted claims for travel to Nevada, Washington, and Florida. The board does not have documentation to support the approval of these out-of-state trips.

Oregon Revised Statute 292.230 requires agency administrators or their designees, as designated in writing, to approve out-of-state travel.

We recommend that the board ensure that all out-of-state travel is approved and properly documented.

Contracting

We reviewed the board's only personal service contract. We found that the board had not maintained documentation to support the contract selection process. In addition, we found that the board made payments to the contractor for \$8,631.07 when the contract limit was \$7,750. The board has since amended the contract for \$10,300.

Oregon Administrative Rule 125-020-0510, section 2, outlines the documentation that should be maintained in the agency contract files. Some of the necessary items include a list of prospective contractors notified of the solicitation, the method used to advertise or notify prospective contractors, and all information describing how the contractor was selected.

We recommend that the board maintain documentation to support all personal service contracts. In addition, we recommend that it

adheres to the terms specified in the contract.

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 board, and her access to state computer systems was 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 current director;
- Tested personal service contracts entered into by the former director within the last six months of service; and
- Were alert for signs of potential fraud, abuse, and illegal acts for the areas related to the review objectives.



Oregon

John A. Kitzhaber, M.D., Governor

State Board of Psychologist Examiners

3218 Pringle Road SE, Suite 130

Salem, OR 97302-6309

(503) 378-4154

FAX (503) 378-3575

www.obpe.state.or.us

August 16, 2001

Jason Stanley, CPA
Audit Administrator
Secretary of State Audits Division
255 Capitol Street NE, Suite 500
Salem, OR 97310

Dear Mr. Stanley:

Thank you for the draft report your office prepared on the Oregon Board of Psychologist Examiners (BPE) Change of Director Audit. This letter will serve as the Board's formal response.

Time Sheet Approval

On July 11, 1997, Tammy Dohrman, formerly of DAS Accounting, met with the administrator and the administrative assistant of BPE at that time as well as with the administrators of the Boards of Social Workers and of Licensed Professional Counselors and Therapists, to discuss DAS recommendations for procedures incident to "disconnection" from DHS for these smaller health related licensing Boards. According to Ms. Mann, in response to a direct question at that meeting, Ms. Dohrman advised those present that it would be acceptable for administrators to sign their own time sheets. BethAnne Darby, BPE administrator after Bonnie Wilson, followed that procedure for the duration of her two-year employment with BPE, ending in December of 1999. When I began work at BPE in April of 2000, I was also instructed to do so. However, pursuant to preliminary exchanges with the Audit Division since the beginning of the Change of Director Audit, I have asked the Board Chair (or another Board member, when the Chair is unavailable) to sign my time sheets, and will continue to do so.

Fixed Asset Procedures

According to the Board's accountant, "fixed asset" refers to property valued at \$5,000.00 or more. The Board of Psychologist Examiners has no assets valued at \$5,000.00 or more. Therefore, BPE has no fixed asset list.

However, BPE does have an inventory list of expendable property (items valued at less than \$5,000), consisting of computers and peripherals, file cabinets, desks, chairs, phones, etc. These items are located in BPE's two-room office space, and are used every

Letter to Jason Stanley, Audit Administrator
August 16, 2001
Page 2

day. From that point of view, each BPE employee does a visual inventory review of those items dozens of times daily. If any of these items were missing, the loss would be immediately obvious and investigated so that office functions could resume.

The other less-used expendable property, consisting of a scanner and ten small recorders used for oral examinations, are controlled by being kept locked in BPE's office supply cabinet adjacent to the director's office. Those items are periodically reviewed; namely, whenever a BPE employee unlocks the cabinet to get office supplies.

BPE is arranging to indelibly mark each piece of expendable property. This process should be complete by September 30, 2001.

Private Vehicle Usage

The Board will conduct a break-even point mileage analysis in the future to determine the cost effectiveness of using a motor pool vehicle for future long-distance business trips.

Out of State Travel

Prior to November 1, 2000, it was the Board's understanding that only Board approvals for out-of-state travel were required, and these were duly secured and documented at the BPE. Since November 1, 2000, BPE has secured and maintained written pre-approval by the Board and DAS for out-of-state travel undertaken by the director and Board members at the Board's request, and will continue to do so.

Contracting

A new record keeping form was created at BPE in May 2001 to document and track personal services contract terms. This procedure should prevent over-expenditures in the future.

If you need further information, please contact me.

Sincerely,



Janis M. Côté
Executive Director

Cc: BPE Board Members

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

DEPUTY DIRECTOR: *Cathy Pollino, MBA, CGFM*

The courtesies and cooperation extended by the officials and staff of the State Board of Psychologist Examiners were commendable and much appreciated.

Auditing to Protect the Public Interest and Improve Oregon Government
