

Secretary of State AUDIT REPORT

Report No. 2001-39 • September 13, 2001

Oregon Commission on Black Affairs: Change of Director



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

Summary

PURPOSE

This audit was conducted in compliance with *Oregon Revised Statute 297.210*, which requires the Secretary of State to perform an audit or review when the executive head of a state agency leaves his or her position. The former director of the Oregon Commission on Black Affairs (commission) resigned from that position April 10, 2000.

RESULTS IN BRIEF

- The former director's timesheets appear reasonable. However, in review of Oregon State Payroll System records we determined that vacation leave used during one month of employment was mistakenly deducted twice.
- Policies and procedures have not been developed to provide guidance for business processes.

- Sixteen payables originating prior to the director's resignation still remain outstanding after approximately 15 months.

RECOMMENDATIONS

We recommend that the commission:

- Reimburse the former director \$857.20 for vacation leave mistakenly deducted twice from the director's leave balance.
- Develop and implement policies and procedures for business processes.
- Resolve all payables on a timely basis.

AGENCY RESPONSE

The Oregon Commission on Black Affairs generally agrees with the findings and recommendations.

Introduction

The Commission on Black Affairs (commission) was created to work for the implementation and establishment of economic, social, legal and political equality for Oregon's African Americans. The 11-member commission appoints the director.

Audit Results

Vacation Accrual

Upon his resignation, the former director received a payment for his vacation leave balance in accordance with state policy.

During our review, we found that vacation leave used during one month had been inadvertently deducted from the director's vacation leave balance twice, decreasing his leave balance an additional 40 hours. Based on the director's last pay rate, this amounts to \$857.20.

We recommend that the commission reimburse the former director for the additional 40 hours of vacation pay that was deducted from his leave balance in error.

Agency Response: We agree with the recommendations regarding vacation accrual and the recommendations made by the Audits Division.

Policies and Procedures

During our review, we noted that the commission did not have policies and procedures in place for fixed assets, record retention, and telecommuting.

- The commission was unable to determine if the director returned all state property because a complete list of fixed assets has not been created and maintained.
- The commission chairman stated that the former director did not return all commission records upon resignation. We were told that the commission entered into

one contract, but a copy was not available in the files.

- At times, the former director operated the commission from his home. The commission did not have a signed telecommuting agreement as outlined in state policy.
- Between the current and previous commission directors, temporary employees were responsible for performing the day-to-day business operations. During this time, many expenses incurred by the commission were not paid due to the temporary staff's unfamiliarity with the accounts payable process.

We recommend that the commission develop and implement policies and procedures for business processes as necessary, especially in the areas of fixed assets, record retention, telecommuting, and accounts payable.

Agency Response: We agree with the recommendation. The current

Executive Director is working closely with the Chair of the Commission, the Executive Committee and the entire Commission on developing and composing policies and procedures based on state rules and regulations. When completed, these policies and procedures will be in written form and will be recommended to be partially included in the Commission's Bylaws.

Delinquent Payables

During our audit, we noted that many of the commission's payables remained outstanding for several months.

As of December 31, 2000, the commission owed more than \$12,000 for 38 unpaid invoices from the Department of Administrative Services. Of these, 16 were invoiced prior to the former director's resignation in April 2000. A lack of oversight by the former director and lack of familiarity with the invoice process by temporary employees contributed to the large number of unpaid invoices.

Delinquent payables could cost the commission and the state unnecessary interest expense.

We recommend that the commission identify all outstanding payables and pay them in a timely manner.

Agency Response: *We agree with the recommendations. The current Executive Director and Chair worked to make sure that all*

delinquent accounts have been paid in full. As of July 1st, 2001, all (38) outstanding delinquent payables of the Oregon Commission on Black Affairs have been paid. Policies and procedures regarding payables will be included in the policies and procedures being written by the Commission. A policy has been instituted requiring the Executive Director to verify, record, and submit for payment all payables as quickly as possible, or within one calendar week after receiving invoices for said payables.

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 agency leaves his or her position. Our audit objectives were to assure that the commission took appropriate actions to protect state assets upon the former director's departure. Specifically, we:

- Determined whether state assets in the custody and control of the former director were returned to the commission upon his departure.
- Determined whether the former director's access to state and agency automated systems was terminated upon his departure.
- Reviewed reimbursement claims, including travel reimbursement claims filed by the former director during his final six

months of service, to determine whether reimbursements complied with state rules, and were authorized, proper, adequately supported, and reasonable.

- Determined whether a state procurement card was issued to the former director and, if so, whether purchases during his final six months of service were proper, adequately supported, and reasonable.
- Reviewed payroll disbursements to the former director to determine if there were any unusual payments during his final 16 months of service. We also determined whether the former director was properly removed from the state payroll.
- Reviewed payroll disbursements for those employees whose timesheets were approved by the former director to determine if there were any unusual payments during his final 16 months of service.
- Reviewed records of personal service contracts the commission entered into during the former director's final six months of service to determine whether the contracts were reasonable, proper, and adequately supported.

We conducted this audit in accordance with generally accepted government auditing standards.

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>.

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The courtesies and cooperation extended by the officials and staff of the Oregon Commission on Black Affairs were commendable and much appreciated.

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