

# AUDIT REPORT

## Department of Fish and Wildlife: Change of Director Review



Bill Bradbury, Secretary of State  
Cathy Pollino, Director, Audits Division

### Summary

#### PURPOSE

The Audits Division regularly performs an audit or review when the executive head of a state agency leaves that position for any reason. James (Jim) Greer, who was appointed as the director of the Oregon Department of Fish and Wildlife (department) on July 1, 1997, resigned from that position effective February 15, 2001.

#### RESULTS IN BRIEF

- The department's contracting policies are outdated and should be revised. We also noted problems with the department's contracting practices.
- The department does not keep a complete, up-to-date list of all assets issued to employees.
- Improvements can be made in the department's controls over computer system access. Specifically, we found inadequate procedures for terminating access when an employee resigns or when his or her duties change.
- The department does not have a policy for the collection of late timesheets. Over half of the timesheets reviewed were turned in late and one was not turned in until seven months after it was due.
- We found that neither the former director nor the employees whose timesheets he reviewed received any inappropriate payroll disbursements or leave accrual rate changes. We also determined that the former director was not subject to any internal or external investigation or disciplinary action pertaining to legal compliance during his tenure as director.

We reviewed the department's efforts to address recommendations we made in our November 1995 audit of the Point-of-Sale licensing system and our March 2000 audit

of commercial fisheries regulation. The results of the review can be found starting on page five of this report.

Information we gathered demonstrates that the department used various accounts and funds to meet cash flow needs rather than for their intended purposes. The legislature and department recently took steps to strengthen controls over the department's use of accounts and funds. While these controls appear reasonable at this time, their effectiveness over time may warrant a future review.

#### OTHER MATTERS

Information regarding issues that we believed deserved the attention of the department, but did not warrant reporting in the audit report, was conveyed to the department in Management Letter No. 635-2002-02-01, dated February 25, 2002.

#### RECOMMENDATIONS

We recommend that the department:

- Update its contracting policies, ensure that a complete file is maintained for all contracts in accordance with state rules, and consider hiring or appointing a contracts officer to oversee all contracting activities.
- Develop policies and procedures for implementing the new state policy that addresses property assigned to employees.
- Develop procedures to ensure prompt notification and removal of computer system access when an employee separates from the department or when duties involving access to agency or state systems change.
- Develop and implement a timesheet policy that includes procedures for collection of late timesheets.

#### AGENCY'S RESPONSE

The Department of Fish and Wildlife generally agrees with the recommendations.

### Background

The Oregon Department of Fish and Wildlife (department) is responsible for protecting and enhancing the state's fish and wildlife. The duties and responsibilities of the department are

established in *Oregon Revised Statute*, Chapters 496 through 513. The department director is appointed by a seven-member fish and wildlife commission. The commission provides direction to the department

and formulates fish and wildlife programs, policies, and regulations. Commission members are appointed by the governor and serve four-year terms at the governor's pleasure.

## Audit Results

### Improve Contracting Policies and Practices

During our review of two personal services contracts administered by immediate staff of the former director, we found the following weaknesses in the department's contracting policies and practices:

- The department's internal contracting policies are outdated and need revision. For example, it is not clear who in the agency has contracting authority for certain types of contracts.
- We found problems with the department's contract oversight. Specifically, the designated contract administrator for the two contracts had little knowledge of them and did not perform a substantive review of the invoices he approved. In fact, he stated that he was unaware that he was the designated administrator for one of the contracts. Department management subsequently indicated that the former deputy director was, in effect, the administrator for the two contracts. We also noted that invoices did not contain required information concerning the amount billed to date and that one invoice, which totaled nearly \$17,000, did not appear to have been approved by the contract administrator or other appropriate personnel.
- The department did not have complete contract files. For example, the contract file for one contract did not include the original solicitation or proposal. The other file did not include an explanation of why the contract was awarded by direct negotiation.
- Department management also told us that there is no official contract officer to oversee all contracting activities and indicated that it would be beneficial to have one.

State rules require that agencies appoint a contract administrator to represent the agency in each contract and be responsible for monitoring contractor performance and progress, authorizing contractor payments, assuring lawful contract administration and, if required, executing timely amendments. State rules also require that agencies maintain contract files that contain specific contract documents.<sup>1</sup>

The weaknesses we identified pose several risks. For example, out-of-date policies and inadequate oversight of contracting activities could result in contracting practices that do not comply with state rules. In addition, insufficient review of contractor performance and invoices could result in the department not obtaining the services it intended to acquire or paying for inappropriate charges.

**We recommend** that the department:

- Update its contracting policies and ensure that they clearly identify who in the agency has contracting authority. To provide for proper contract oversight, the policies should not only require that a contract administrator be assigned to each contract, but should clearly identify administrator duties. These duties should include reviewing invoices for appropriateness and ensuring that all contract deliverables are received before approving final payment.

*Agency's Response: We agree.*

*ODFW will update contracting policies and procedures that include these recommendations. However, the examples obtained by the auditors appear to be the exception rather than the rule. The personal service contracts mentioned, while valid and proper, were delegated inappropriately to an employee without communication, instruction*

<sup>1</sup> Oregon Administrative Rule nos. 125-020-0500 and 125-020-0510

*or oversight. Revised policies will be completed by July 2002. The person responsible is Wayne Rawlins, Business Services Manager.*

- Maintain a complete file for all contracts in accordance with state rules.

*Agency's Response: We agree.*

*However, the department has an existing, efficient and complete filing system for all personal service contracts and for all realty contracts. It also has recently implemented a recording process for all ORS 190 contracts (interagency, interstate, intergovernmental, etc).*

*While the filing system is serviceable, the policy explaining the process needs revision. This will be completed by July 2002. The person responsible is Wayne Rawlins, Business Services Manager.*

- Consider hiring or appointing a contract officer to oversee all contracting activities, including making sure that contracting policies are followed.

*Agency's Response: We agree.*

*ODFW has developed a program option package to be considered for the 2003-05 Agency Request Budget as approved by the Commission. Wayne Rawlins, Business Services Manager, is responsible for this action.*

### Strengthen Controls Over Fixed Assets

Our review included tests to determine whether the former director returned assigned property, which included a desktop computer, printer, laptop computer, cell phone, pager, a state-issued credit card, and building keys and access cards. We determined that his computer, printer, laptop, cell phone and pager were returned and that his state-issued credit card was destroyed. However, we found that the department does not have complete

listings of cell phones and pagers assigned to staff.

Department staff members stated that the former director returned all of his keys and cards, except for his office key, for which they could not account. In addition, they had no documentation to substantiate that his electronic entrance door card and an internal building key were returned.

In the course of our review, we also found that the Business Services section keeps a list of property issued to employees when they are first hired, but the list may not be updated when new assets are issued. Without a complete, up-to-date list of assets issued to each employee, it is difficult for the department to verify that all assigned assets are returned.

The State Controller's Division recently issued a new policy that addresses property assigned to employees.<sup>2</sup> The policy, which goes into effect February 1, 2002, states that agency management is responsible for establishing procedures to issue and inventory property assigned to employees. The policy provides examples of state-owned property that may be assigned to employees, including cell phones, pagers, keys and key cards, and credit cards. The policy further states that records of property assigned to employees should be updated annually and should be used to document and assure that all property is returned to the state upon employee termination.

**We recommend** that the department develop policies and procedures for implementing the new state policy governing state property assigned to employees.

*Agency's Response:* We agree.

*ODFW will develop policies and procedures for implementing the new state policy by July 2002. The person responsible is Wayne*

<sup>2</sup> Oregon Accounting Manual policy no. 10.55.00.PO

*Rawlins, Business Services Manager.*

### **Improve Procedures for Terminating Computer Systems Access**

During our testing to ensure that the former director's access to agency and state computer systems was properly cancelled upon his resignation, we found that the department could improve its systems security controls.

We determined that the former director's access to computer systems was cancelled several days after he resigned. Information we collected indicates that the following problems hinder timely cancellation of system access:

- Information Systems staff may not be notified promptly of an employee separation, and is not authorized to cancel systems access without such notification;
- There is no set procedure to ensure such notification; and
- Once notification is given, system access may not be cancelled for several weeks.

We identified other instances in which tighter systems security controls would be advisable. When an employee's duties change and the employee no longer requires access to certain restricted state systems, there is no established process in place that ensures that the employee's access is removed.

Also, we were told that when an employee resigns, even if prompt notification is given to information systems staff, the employee can request that his or her e-mail account remain accessible for as long as one month. During this period, the employee would retain previously granted access to department or statewide systems.

**We recommend** that the department develop procedures to ensure prompt notification and removal of system access when an employee resigns or when duties

requiring access to agency or state systems change.

*Agency's Response:* We agree.

*ODFW Information Systems does have a process in place to remove system access when an employee resigns or employee access changes, but will expand and strengthen this procedure to ensure prompt notification. The person responsible is Brian Alula, Information Services Division Administrator. This action will be completed by July 2002.*

### **Improve Timesheet Policies and Procedures**

During our testing to ensure that payroll and leave records were appropriate, we found that payroll disbursements to the former director and employees under his direct supervision were reasonable and appropriate. However, we noted the following problems related to timesheets:

- There appeared to be inadequate control over timesheet collection. Over half of the timesheets reviewed were not turned in by the department deadline. Several were more than a month late and one, which showed vacation leave taken, was seven months late and was not turned in until we asked for it. There is no formal policy for collection of late timesheets or any negative consequences for employees turning in timesheets late.
- All of the former director's timesheets, as well as several of his immediate staff's timesheets, were approved by a staff person with a lower classification. Department policies require that timesheets be reviewed and signed by the employee's manager/supervisor. A recent state policy, which became effective July 16, 2001, now requires that the agency director work with the commission to create a review and approval structure for certain transactions, including the director's monthly

time report.<sup>3</sup> The commission may delegate this authority to the commission chair, the agency second-in-command, chief financial officer, or may choose to retain an active role in the approval process.

- One employee's timesheet showed that 24 hours of vacation leave was taken, but 16 was shown in the total column and 16 was deducted from the leave balance.

**We recommend** that the department develop and implement a timesheet policy that includes procedures for collection of late timesheets. The department should ensure that procedures result in all leave recorded being deducted from leave balances, and that policies and procedures are in place to implement the new policy governing certain agency head transactions. The department also should adjust the above-noted employee's leave balance, as necessary, to reflect the actual number of vacation hours taken.

**Agency's Response:** *We agree.*

*ODFW has Timesheet Instructions attached to the Working Hours/Overtime/Compensatory Time/Standby Personnel Policy and Procedure. We will expand this policy to include procedures for collection of late timesheets. In addition, a letter has been distributed to agency staff regarding late timesheets. ODFW has been following the practice in the new policy governing certain agency head transactions and will confirm with the Commission Chair. Procedures are in place to ensure leave recorded is deducted from leave balances. The specific employee's leave balance has been adjusted to reflect the actual number of vacation hours taken. The policies will be completed by July 2002. The person responsible is Karen Pagh, Fiscal Services Manager.*

## Results of Other Areas Reviewed

We found that neither the former director nor the employees whose timesheets he reviewed received any inappropriate payroll disbursements or leave accrual rate changes. We also determined that the former director was not subject to any internal or external investigation or disciplinary action pertaining to legal compliance during his tenure as director. Finally, we reviewed purchases the former director made using his state-issued credit card. The results of this review are presented in the management letter referenced above.

## Follow Up on Prior Findings

The tables on the following pages present our assessment of actions the department has taken to resolve findings and recommendations included in our November 1995 audit of the Point-of-Sale licensing system and our March 2000 audit of commercial fisheries regulation. We commend the department for taking action to resolve or partially resolve these findings.

**Agency's Response:** *We appreciate the Audits Division commendation on results achieved on our actions taken on prior audit findings.*

<sup>3</sup> Oregon Accounting Manual policy no. 10.90.00.

Audit Findings	Audit Recommendations	Status
<b>Department of Fish and Wildlife: Licensing, Report No. 95-40</b>		
<b>Canceled Licenses</b>		
<p>We found the following problems relating to canceled licenses sold through the Point-of-Sale (POS) license system:</p> <ul style="list-style-type: none"> <li>• Agents did not consistently return canceled licenses.</li> <li>• Agents were late in returning canceled licenses.</li> <li>• Customers often were not aware that a license was canceled, even if for legitimate purposes.</li> <li>• The department's efforts to assure compliance with its canceled license procedures were ineffective. For example, the department was inconsistent about verifying canceled licenses.</li> </ul>	<p>Develop and implement procedures to monitor and enforce the cancellation policy. Consider some alternatives to help reduce the number of cancellations, such as having the POS screen include critical information for the customer to verify prior to the final sale.</p>	<p><b>Partially Resolved:</b> POS agents may cancel licenses only within the first two hours after making a sale. Cancellations are recorded directly into the POS system. Agents are automatically charged for all licenses they sell via an electronic funds transfer, except for those cancelled within two hours of sale. Cancellations more than two hours after a sale can be made only by department headquarters staff. Agents are trained to have customers verify critical information before authorizing a final sale. They also are trained in cancellation procedures. Customers, however, do not have to sign or initial the printed cancellation slip. As a result, licenses could be erroneously voided, either intentionally or accidentally, and the customer could be unknowingly hunting or fishing without a valid license. According to the department's license auditor, several years ago, there were approximately 40,000 canceled licenses a year.</p> <p>The department's efforts to verify canceled licenses appear to be limited. Specifically, the department verifies canceled licenses only on an exception basis (i.e. when there is a report of unusual canceled license activity). If fraud seems likely, the department will conduct an audit. The department conducts three to four audits a year.</p>
<b>Duplicate Licenses, Tags and Permits</b>		
<p>Duplicate licenses were sold to hunters/anglers who had not purchased a corresponding original license. The projected loss to the state resulting from these duplicate license sales was \$8,533 per year.</p>	<p>Develop a means to reduce losses from sales of duplicate licenses to individuals who have not purchased an original license.</p>	<p><b>Resolved:</b> According to department officials, the POS system does not allow a duplicate license to be sold if there is no corresponding original license in the database. Department management stated that now only daily fishing licenses are created manually and duplicates of licenses of this type are not sold.</p>

Audit Findings	Audit Recommendations	Status
<b>Licensed While Suspended</b>		
<p>People with suspended licenses were able to purchase new licenses of the same type. Specifically, five of 40 people tested had a current license of the same type that was suspended. State law prohibits individuals whose licenses have been revoked from engaging in that activity during the suspension period.</p>	<p>Research options to prevent license sales to suspended violators. The department should redesign the POS system to identify suspended individuals and prevent sales of new licenses to them. The department may prefer to not put the contract sales agents in the position of denying an applicant a license. If, for this or other reasons, the sales cannot be prevented, the department should develop a system report to identify the licensed while suspended individuals and provide that information to the State Police as soon as those violators can be identified.</p>	<p><b>Partially Resolved:</b> According to management, the department's Information Systems Division (ISD) staff provides a list to the State Police monthly that identifies licenses purchased by people with active suspensions.</p> <p>The department recently conducted a high-level analysis to determine the feasibility of programming the POS system so that it will not issue a new license to someone with a suspended license. According to the ISD director, it would be a significant project. He said that it was placed on a list of possible future POS system changes, but it is not a priority.</p>
<b>Residency</b>		
<p>Six of 100 resident licenses reviewed did not appear to be held by residents. Projecting these audit results to the population indicated that as many as 22,796 of the resident licenses issued in the first six months of 1995 may have been issued to non-residents and that the department could have lost up to \$737,000 in revenue.<sup>4</sup></p>	<p>Periodically test selected resident licenses to verify residency. Through the test results and by direct monitoring, the department can identify license agents who routinely fail to verify residency as required by the department's administrative rule and take corrective action.</p>	<p><b>Partially Resolved:</b> According to the department, agents are trained to request appropriate proof of residency and are instructed to do so at the first license sale each year.</p> <p>Department management stated that their ISD staff is developing a report showing residency status and current address, and their Administrative Services Division fiscal staff will verify, on a test basis, the accuracy of the residency status using this report.</p>
<b>Database Controls</b>		
<ul style="list-style-type: none"> <li>• Due to a lack of a single identifying number for each licensee, there can be multiple records for individuals in the sport licensing database.</li> <li>• For six of 40 (15%) of current suspensions reviewed, the database indicated a suspended individual was reinstated, but the department could not provide a revised court order or other court licenses supporting the reinstatement.</li> </ul>	<p>Continue to research options to develop a single identifying number. Also, review and correct the erroneously reinstated suspension records and revise the programming code to correct this problem.</p>	<p><b>Resolved:</b> The department added a new feature to the POS system that randomly generates a permanent customer identification number. This number is used to index all of a customer's records. The department started issuing the new identification numbers in December 2001.</p> <p>Also, department officials reported that programming was completed to correct the time period for suspensions, and all database records with erroneous reinstated suspension records were corrected.</p>

<sup>4</sup> This estimate of lost revenue assumes a constant price differential of \$32.33 between resident and non-resident licenses. This was the average price differential of the six licenses tested during the period reviewed.

Audit Findings	Audit Recommendations	Status
<b>POS Systems Contract</b>		
<p>In January 1994, the department negotiated an amendment to an existing contract between the Oregon State Lottery and the vendor maintaining the Lottery's Megabucks system. The amendment called for the vendor to install approximately 250 POS terminals and develop POS software at a start-up cost of about \$250,000. The department, however, was unable to provide documentation showing a cost-benefit comparison between other methods of obtaining new POS system software and hardware or using the lottery vendor.</p>	<p>Perform and document planning prior to the end of the current POS contract. Proper planning should include researching available vendors to determine what options exist beyond the current contract arrangement, and performing a cost-benefit analysis of purchasing POS software. In addition, the department should consider the inclusion of language in the amended contract, which allows ownership of, or an interest in, the computerized licensing software for the POS system.</p>	<p><b>Resolved:</b> The department now owns and operates the hardware and software for the POS system. The ISD director provided us with a feasibility report supporting the decision to develop and implement the current POS system and told us that the benefits of owning and operating the system were fully considered by the department and the legislature.</p>
<b>Oregon Department of Fish and Wildlife: Commercial Fisheries Regulation, Report No. 2000-10</b>		
<p>As discussed below, we found that the commercial fish enforcement structure contained weaknesses that allowed misreporting and illegal acts to occur.</p> <p>Oregon State Police (OSP) enforcement officers have permanent territory that they are responsible for monitoring. Officers also may have duties enforcing wildlife and hunting regulations, in addition to monitoring commercial fishing. Officers rarely travel outside their assigned territory to saturate other ports for any length of time. In addition, officers from other sections of the state police do not rotate in and out of the division to further increase enforcement presence.</p>	<p>Increase enforcement presence by varying enforcement schedules and types of enforcement. One way to do this more effectively is to deploy department employees, state police officers, or both into monitoring and enforcement roles from other regions or other divisions on a temporary basis in order to saturate ports and increase the unpredictability of enforcement.</p>	<p><b>Partially Resolved:</b> Department officials stated that the OSP continues to provide varying enforcement patrols based on an itinerary developed by each officer. Department officials noted that since release of the audit report, OSP has added a new officer in the Gold Beach area and continues to cross-train other OSP Fish and Wildlife Division personnel in commercial fisheries enforcement.</p> <p>Department officials also said that saturation patrols have not been conducted to date due to costs related to moving personnel and lack of training in complex laws and rules associated with the industry. OSP will continue to review itinerary schedules and provide cross training of OSP Fish and Wildlife Division personnel located in port areas to increase the number of officers knowledgeable and effective at enforcing commercial fish regulations.</p>
<p>Department personnel no longer conduct routine wholesale fish dealer or limited fish seller site visits with the intent of spot-checking compliance with commercial fishing regulations, nor do they periodically audit the underlying support for fish tickets.</p>	<p>Consider increasing the state fish ticket audit function in order to vary enforcement activities. Audits can be random, or targeted to dealers and limited fish sellers with a history of reporting problems or inaccuracies.</p>	<p><b>Partially Resolved:</b> Department officials stated that the department and OSP initiated a three-week coordinated field check of individuals with limited Fish Seller Licenses in the summer of 2001. Department officials also noted that department Fish Tickets and Fiscal staff worked with Marine Resources staff to coordinate weekly port reports from department port samplers to identify fish sellers and sale prices. This information is being used to check and match up records provided by Limited Fish Sellers at each port. Department officials hope to expand the department's coordinated efforts with OSP in this area, as Limited Fish Sellers permits are on the increase, and perform random audits of Wholesale Fish and Bait Dealers. Department officials pointed out, however, that no additional resources have become available for this type of program.</p>

Audit Findings	Audit Recommendations	Status
<p>Oregon's imposed fines and penalties for illegal fish sales and misreporting may be inadequate to prevent such activities. According to state police officials, violators of commercial fishing regulations can be charged with a Class-A misdemeanor, with fines of up to \$5,000, but courts often reduce these citations to a fine of \$100 and seizure of the proceeds from the illegal catch.</p>	<p>Propose increases to the civil and criminal penalties for underreporting and illegal acts. Increasing penalties and designating more violations as felonies might deter potential underreporting or criminal acts.</p>	<p><b>Unresolved:</b> As previously reported, the department and OSP agree that aggressive implementation of current civil and criminal authorities will deter potential underreporting and criminal acts. In many cases, however, Oregon courts do not impose penalties close to the maximum allowed by law. Department officials stated that the OSP has and will continue to talk with local judges and district attorneys about the level of penalties assessed but, to date, have had little success in increasing fines.</p>
<p>The department does not impose commercial fishing license revocations to the maximum extent allowed under Oregon law. State law gives the department the authority to revoke a license after only a single conviction, although its administrative rules require three convictions to revoke a license. According to department personnel, the department has not revoked a fisherman's license for at least several years. State police officials stated that many fishermen have accumulated three or more convictions under commercial fishing laws, yet are still licensed by the department.</p>	<p>Follow its established rule and revoke licenses after three convictions. Also, consider whether earlier revocation, as allowed by Oregon law, would improve compliance. As an alternative, the department should consider implementing a "point system" similar to Alaska's, if its point-based system proves to reduce misreporting activity.</p>	<p><b>Partially Resolved:</b> Department officials reported that the department and the OSP continue to struggle with the lack of a consistent reporting system to alert the agency to a fisherman's convictions of any fish and wildlife violations. Officials added that without such a system, the department's ability to begin revocation proceedings is severely hampered. An intern assisted OSP last summer to develop a database that would track both fish and wildlife convictions and the fines and penalties associated with them. This database is only partially completed and will be reinitiated if resources and staff become available.</p> <p>Department officials noted that initiation of a point system has not been explored in depth and that revocation of an occupation license requires a contested case hearing and therefore must be decided on a case-by-case basis. Officials added that the lack of consistent reporting of convictions makes implementation of such a system difficult.</p>

## Other Matters

During this audit, we became aware of concerns about the department's use of certain accounts and funds. Information we obtained showed that the department used statutorily dedicated accounts and agency obligated funds to meet cash flow needs, rather than for their intended purposes. A report issued by the Joint Legislative Audit Committee disclosed that the department transferred money from the statutorily dedicated Fish Endowment account to meet financial obligations.<sup>5</sup> The transfers, which were not brought to the attention of the legislature, were improper because the funds were dedicated to the purpose of supporting hatchery maintenance. We obtained additional information showing that the department used other statutorily dedicated accounts and obligated funds to meet cash flow needs.

The legislature and department recently took steps to strengthen controls over the department's use of funds. The measures taken include the following:

- Senate Bill 62, approved by the governor on July 20, 2001, established the Fish and Wildlife Account in the state Treasury, as well as distinct subaccounts within this account. The bill also identified the allowable uses of each subaccount. The bill provided that the department may borrow funds from the principal of the new Fish and Wildlife Deferred Maintenance subaccount (the successor to the Fish Endowment account) to meet cash flow requirements. Loans from this account must be paid back within six months with interest. The legislature further directed the department to track all revenues and use of funds in the subaccount and to provide regular monthly reports that

include information on any loans from the account for cash flow purposes.

- In order to enhance budget direction and authority, budget positions have been moved from agency divisions to a central budget office within the Administrative Services Division. The legislature directed the central budget office to provide reports to all divisions and programs detailing budget authorization, expenditures, and balances.
- The legislature required the department to provide quarterly financial reports to the Legislative Fiscal Office and the Budget and Management Division of the Department of Administrative Services on expenditures and revenues by division and program, and to periodically report to the Emergency Board concerning its budget execution. The legislature also requested that the Department of Administrative Services withhold the department's second fiscal year appropriations pending a review of a June 2002 report to the Emergency Board, and ensure that the department's allotment plan allots only 48 percent of the legislatively adopted budget in the first year of the current biennium.
- The legislature directed the department to provide a monthly balance sheet of all individual subaccounts in the Fish and Wildlife Account established by Senate Bill 62 and to track and report on revenues and expenditures from obligated funds.

Department management provided us with a copy of its first financial report produced in response to the legislative requirements. Management also provided us with copies of reports the department prepared for the commission that present information on the department's financial situation and

include an update on actions taken in response to all budget notes directed at the department by the legislature. Finally, management noted that they hope to restore the affected dedicated subaccounts and obligated funds to their proper levels by the end of the current biennium.

These measures appear to constitute reasonable controls over the department's use of accounts and funds. However, the degree to which the department is able to institutionalize appropriate controls over time, so that funds continue to be used according to their intended purposes, may warrant a future review.

*Agency's Response: We believe our actions taken in response to all budget notes are adequate to constitute reasonable controls over the department's use of accounts and funds.*

## Objectives, Scope and Methodology

Our audit objective was to assure that the department took appropriate actions to protect state assets upon the former director's separation. Specifically, we:

- Determined whether state assets in the custody and control of the former director were returned to the department upon his resignation.
- Determined whether the former director's access to department and any state automated systems was terminated upon his resignation.
- Reviewed the former director's travel claims approved during his final six months as director to determine whether they complied with state travel policy and whether they were authorized, proper, adequately supported, and reasonable.
- Reviewed payroll disbursements to the former director, as well as his leave accrual records, to

<sup>5</sup> *Financial Management Review of the Department of Fish and Wildlife*, Joint Legislative Audit Committee Report No. 00-4, December 2000.

determine if there were any unusual payments or leave accrual rate changes during his final six months as director. We also determined whether the former director was properly removed from the department payroll.

- Reviewed payroll disbursements and leave accrual records for those employees whose timesheets the former director approved to determine if there were any unusual payments or leave accrual rate changes during the six months prior to the former director's resignation as director.
- Reviewed the one personal services contract administered by

the former director's immediate staff during the former director's final six months as director to determine if it was reasonable, proper, and adequately supported. We also reviewed an earlier contract because it was related to the above contract. In addition, we determined whether payments made under these contracts were appropriate and whether deliverables were received.

- Reviewed purchases the former director made during his final six months of service using a state-issued credit card for small purchase (i.e. SPOTs card).
- Determined whether the former director was subject to any

internal or external investigation or disciplinary action pertaining to legal compliance during his tenure as director.

- Reviewed the department's efforts to resolve our prior audit recommendations.
- Reviewed issues related to the department's use of statutorily dedicated accounts and obligated funds.

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](mailto: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 Department of Fish and Wildlife were commendable and much appreciated.*

***Auditing to Protect the Public Interest and Improve Oregon Government***