

Secretary of State AUDIT REPORT

Report No. 2002-15 • April 15, 2002

Seniors and People with Disabilities: Change of Administrator Audit



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 his or her position.

Roger Auerbach, who was appointed as administrator of the Department of Human Services Seniors and People with Disabilities program (formerly named Senior and Disabled Services Division) on December 1, 1995, was separated from state service effective July 12, 2001.

The purpose of this audit was to assure that the program took appropriate actions to protect state assets upon the former administrator's separation.

RESULTS IN BRIEF

Our audit procedures did not disclose any noncompliance with state laws and rules. However, we found areas where the division could improve its separation procedures.

We determined that the program did not terminate the former administrator's access to computer systems in a timely manner. In addition, we found that the program did not have controls in place to track assets assigned to employees, and the program's payroll and reimbursement process could be improved.

AGENCY'S RESPONSE

We found the results of your work to be useful, and we very much appreciate the professionalism shown by your auditors. We are combining these results with our ongoing efforts to strengthen accountability in our business practices.

Background

The mission of the Seniors and People with Disabilities program (program) is to assist seniors and people with disabilities of all ages to achieve individual well-being through opportunities, for community living, employment, and services that promote choice, independence and dignity. On a monthly basis, the program assists approximately 234,000 elderly and disabled individuals, by providing services in the least restrictive setting possible. Services to individuals include congregate meals, transportation, legal assistance, case management, in-home services, and cash assistance.

Audit Results

Improve Procedures for Revocation of System Access

Program staff did not terminate the former administrator's access to computer systems in a timely manner. The former administrator was separated from state service on July 12, 2001; however, access to systems was not revoked until September 24, 2001.

Without controls in place to restrict access to the agency or state systems, it is possible for data, programs, and other electronic applications to be corrupted or accessed by unauthorized individuals.

We recommend that the Department of Human Services (department):

- Develop procedures to ensure timely action relating to

termination of user accounts upon an individual's separation from service.

Agency's Response:

We agree. Our current practice is that a termination list is distributed to several units to remove system, phone, and building access. But in this case support staff mistakenly thought they needed to keep the e-mail account active to take care of incoming messages. As the new termination policy and procedure is finalized, these details will be covered and access will definitely be revoked.

Improve Controls Over Fixed Assets

We verified that the former administrator surrendered custody or control of the most common types of assets, such as a computer, a cellular phone, a credit card, a calling card and a building key card. Because

program staff did not record what assets and equipment had been assigned, however, they were unable to confirm that all items were returned.

We recommend that the department:

- Establish control over items that have a high risk of loss. This can be accomplished by maintaining a list of assets assigned to, or in the custody of, each employee. The lists should be verified periodically, and used to ensure the return of all program property when staff members are separated from service.
- Implement a separation checklist, with instructions, to ensure accurate and complete processing of employee separations.

Agency's Response:

We agree, and we have adopted a new procedure (see the details at <http://www.hr.state.or.us/policy/fs/4013.htm>).

Improve Existing Payroll Controls

Overall, we found most leave balances had been properly calculated. During our testing, however, we did find some errors.

If an employee submits a request for a correction of his or her leave balances, after time sheets are input and recorded into the Oregon State Payroll Services' system, payroll department staff must make the changes manually. We found two employees who had inaccurate leave balances due to input errors made by payroll personnel.

In addition, while reviewing the former administrator's payroll disbursements, we found that, due to inter-departmental miscommunication, he was paid for four hours after his separation from service date.

We recommend that the department:

- Ensure that program employees understand that it is their responsibility to review their leave balances for accuracy.
- Recover the overpayment to the former administrator as practical and cost effective.
- Improve communication between units to ensure that directives made by one department are followed by other departments.

Agency's Response:

We agree. We do expect employees to review their leave balances. As noted above, we are documenting the steps to be taken when employees terminate service, and part of that will be written instructions to payroll.

Improve Controls Over Accounting

During our review, we found that cellular phone charges were not reviewed by an independent party. The former administrator reviewed charges to his cellular phone statement and made reimbursements to the program without an independent review of his statements. The administrator's assistant reviewed charges to her own cellular phone statement and submitted reimbursements to accounting, without supervisory review of her cellular phone statements.

Incomplete documentation accompanied a number of the reimbursements that we reviewed. Either partial statements or no statements were submitted with reimbursement checks. Without proper documentation, the audit trail is incomplete and the program may be unable to demonstrate its compliance with program and state rules.

We recommend that the department:

- Develop a process to ensure independent reviews of cellular phone charges are performed.
- Require proper documentation to accompany reimbursements made to the program.

Agency's Response:

We agree. On a broader scale, we have implemented new procedures on signatory authority and the requirements for approval of payments. (The form can be seen at <http://afsforms.hr.state.or.us/Forms/Served/DE0286.pdf>).

Objectives, Scope and Methodology

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. Our audit objectives were to assure that the program took appropriate actions regarding the former administrator's control and access to state assets, and to ensure that travel reimbursements and payroll disbursements were reasonable and complied with appropriate laws and regulations. Specifically, we:

- Determined whether the former administrator's access to state and program computer systems, if any, was terminated upon separation.
- Determined whether state assets in the custody and control of the former administrator were returned to the program upon separation.
- Reviewed reimbursement claims filed by the former administrator during his final six months of service.
- Reviewed payroll disbursements to the former administrator, and those for whom he signed

timesheets, during the last six months of service.

- Determined that a state procurement card was not issued to the former administrator.

We conducted this audit according to generally accepted government auditing standards. We limited our audit 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: *James D. Pitts* • AUDIT STAFF: *Leslie L. Finley, CPA* • *Aaron R. Hunter* • *David T. Moon*

DEPUTY DIRECTOR: *Charles A. Hibner, CPA*

The courtesies and cooperation extended by the officials and staff of the Senior and Disabled Services Division were commendable and much appreciated.

Auditing to Protect the Public Interest and Improve Oregon Government