

Secretary of State AUDIT REPORT

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Oregon Employment Department: Change of Director 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 that position for any reason. Virlena Crosley, appointed director of the Oregon Employment Department (department) in December 1995, resigned effective January 31, 2002.

The purpose of this audit was to assure that appropriate actions were taken to cancel the former director's access to state systems, recover any state assets in the director's possession, and assure that recent transactions authorized by the former director were reasonable and complied with appropriate laws and regulations.

RESULTS IN BRIEF

The department cancelled the former director's access to state systems and retrieved state assets in her custody. Although transactions approved by the former director complied with applicable laws and regulations, we noted opportunities for the department to better manage the use of motor vehicles and cellular telephones. In addition, we noted

that many of the contracts that the former director approved for interpreting services were inconsistently written.

RECOMMENDATIONS

We recommend that the department:

- More closely monitor its use of state and private vehicles for official travel to ensure that the most cost effective method is used.
- Adjust its cellular telephone agreements to ensure that each telephone's billing plan is appropriate for its usage.
- Develop standard contracts for interpreter services that clearly reflect the department's intent regarding consideration.

AGENCY'S RESPONSE

The Oregon Employment Department generally agrees with the recommendations.

Background

The Employment Department was created in 1993. The mission of the Employment Department is to promote employment of Oregonians through developing a diversified, multi-skilled workforce, promoting quality childcare, and providing support during periods of unemployment.

Audit Results

The department took appropriate actions to ensure that the former director's access to state systems was revoked, state assets as signed to her were returned, and she was properly removed from the department's payroll.

In addition to the above, we determined that:

- The former director's travel claims approved during her final

six months of service complied with state travel rules and were reasonable.

- There were no unusual payroll disbursements or leave accruals for employees that the director supervised during the six months prior to the former director's departure.
- Personal services contracts signed by the former director during her final 12 months of service were reasonable and adequately supported.

During our review, however, we noted three areas in which the department could take further action to improve its operations or reduce costs. Those areas related to the department's use of state motor pool vehicles, use of cellular telephones, and administration of contracts for interpreting services.

Use of Motor Pool Vehicles

Department of Administrative Services policy indicates that agencies are responsible for obtaining the most cost-effective means of transportation for their employees. Alternatives available for agencies include leasing vehicles for extended periods, daily rentals, or reimbursing employees for using their personal vehicles.

The department's executive staff did not always use the most cost-effective means of transportation. From July 2001 to January 2002, the former director and a former assistant director were reimbursed a total of \$1,243 for private car mileage. Had they used the department's leased state vehicle when it was available, or a regular motor pool vehicle when it was not, the department would have saved \$478.

Furthermore, from July 2001 to January 2002, the department did not use the department's leased vehicle enough to justify its cost. Given the usage, the agency would have saved approximately \$1,380 by utilizing daily motor pool rentals instead of leasing.

We recommend that the department more closely monitor its use of state and private vehicles to ensure that the most cost effective method is used.

Agency's Response:

We agree that the department should monitor its vehicle usage to ensure the most effective method is used. However, cost is only one factor in measuring effectiveness. For the period in question, the Executive Team made numerous trips around the state, often leaving on weekends or before the motor pool opened. In these cases, the cost of their time was factored into the decision whether to use an agency vehicle or their own. The auditor agreed that she did not take personnel costs into account.

We are continuing to monitor the use of the leased vehicles and are making staff more aware of their availability.

Cellular Telephones

The department's policy states that state-issued cellular telephones are not to be used when a less costly alternative is readily available, except in emergencies.

The department's executives did not always use the least costly option for telephone communications. The former director and one former assistant director used state supplied cellular telephones with per-minute charges. Cellular charges for these two telephones totaled more than \$3,300 for the period from July 2001 to January 2002.

Considering this usage, the telephones were not on the most economical billing plan. Had they been on a "bucket" plan where a flat fee is charged for a set number of minutes with no roaming charges, they could have saved approximately \$1,800 over the review period.

We recommend that the department adjust its cellular telephone agreements to ensure that each telephone's billing plan is appropriate for its usage.

Agency's Response:

We agree that cellular telephone calling plans should be periodically monitored. We were already working with DAS during this period to change to a more efficient plan, which took effect towards the end of the audit period. The phones have since been reassigned and their usage plans reevaluated.

Contract Language

The department frequently contracts to obtain oral interpreter services to assist in the conduct of administrative hearings.

We found that the contract provisions governing amounts to be paid to contractors were not consistent and did not reflect the department's intent. For example, many of the contracts included differing methods for applying the hourly rate to partial hours worked even though the department intended to pay the contracts in a consistent manner.

For the contracts we reviewed, payments to contractors matched the department's intent; however, it often did not always agree with the specific contract language.

We recommend that the department develop standard contracts for interpreter services that clearly reflect the department's intent.

Agency Response:

The department does have standard language for personal services contracts for interpreter services for the Hearing Officer Panel. The specific language regarding partial hours worked was worded slightly differently in some contracts because some parties demanded and negotiated a higher minimum guarantee for "no shows." While the wording changes as a result of negotiations were not always consistent, the intent of the parties was always clear. The specific language has now been standardized.

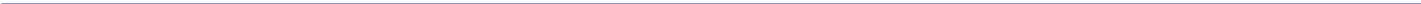
Objectives, Scope and Methodology

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

To achieve this objective we interviewed agency personnel and examined documents relating to the following:

- Assets assigned to the former director.
- The former director's access to automated systems.
- Travel claims approved during the former director's final six months of service.
- Payroll records and leave accrual records for the former director and the employees she supervised for six months prior to her leaving state service.
- Personal services contracts signed by the former director during her final 12 months of service.

We conducted this audit from February 13, to May 30, 2002. We performed the audit according to 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 telephone 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 Employment Department were commendable and much appreciated.

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