

# Secretary of State **AUDIT REPORT**

Report No. 2003-05 • February 18, 2003

## **Informational Report on the Secretary of State's Government Waste Hotline 1995-2002**



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

### **Summary**

#### **PURPOSE**

This report summarizes activity through the Secretary of State's Government Waste Hotline since its inception in 1995. Sections 177.170 and 177.180 of the *Oregon Revised Statutes* established this toll-free hotline for reporting waste, inefficiency or abuse by state agencies, state employees or persons under contract with state agencies. The hotline law also provides confidentiality for the identity of the callers, with the reported information remaining confidential unless it is confirmed.

#### **RESULTS IN BRIEF**

As required, this report describes the number, nature and resolution of reports made. Questioned costs of almost \$3.9 million are described in Table 1 of the report. These dollars represent monies spent that were not spent in accordance with applicable laws, or potential savings that could result from improved efficiencies or the elimination of waste or abuse.

### **Background**

The 1995 Legislature enacted legislation that became Oregon Revised Statute Sections 177.170 and 177.180, mandating the Secretary of State (Secretary) to establish a toll-free telephone line for reporting waste, inefficiency or abuse by state agencies, state employees or persons under contract with state agencies. The law requires all state offices to display notice of the toll-free line, known as the Government Waste Hotline (hotline). The law also provides confidentiality for the identity of hotline callers, with the reported information remaining confidential unless the Secretary finds that waste, inefficiency or abuse has occurred. If the report is confirmed, the reported information remains confidential until the investigation is complete. The identity of the caller is never disclosed without his or her permission.

For reports that may involve violations of the Oregon ethics law (ORS Chapter 244), the Secretary is to notify the Oregon Government Standards and Practices Commission. For reports that may

involve criminal activity, the Secretary is to notify the appropriate law enforcement agency. Upon completion of the investigation, the Secretary is to prepare a written determination. If the Secretary determines that officers or employees of another state agency or public body are involved in activities that constitute waste, inefficiency or abuse, the Secretary shall notify and deliver the written determination to the state agency or public body and, if requested, to the person who made the report of waste, inefficiency or abuse.

In addition, the Secretary is required to prepare a report and submit it to the Legislative Assembly and appropriate interim committees. The report shall describe the number, nature and resolution of reports made through the hotline and shall identify savings resulting from improved efficiencies or the elimination of waste or abuse resulting from reports received and investigations conducted under this law.

The hotline's toll-free number is 800-336-8218. This phone number connects to a voice mailbox for

callers to leave a message. In addition, interested parties can provide information via the Internet email address: [Audits.hotline@state.or.us](mailto:Audits.hotline@state.or.us).

### **Review Process**

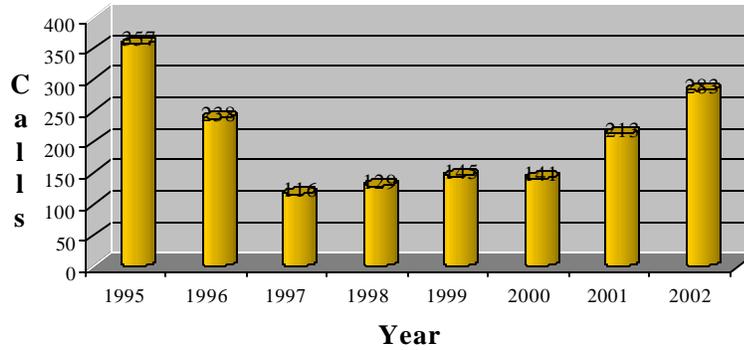
All hotline messages are logged into a database. As staff is available, the calls and emails are reviewed to determine whether sufficient information was provided, whether a callback is possible, and whether the described concern can be audited. Available information is evaluated to determine if an audit or review will be conducted. For example, some calls initiate audits or reviews, while other callers are referred to agencies appropriate to address their concerns.

### **Activity Summary**

For comparability, the following data is accumulated on a calendar year basis. The hotline began operation during January 1995.

As shown in Chart 1, the number of calls peaked in 1995, the first year of the hotline.

**Chart 1: Calls Received**

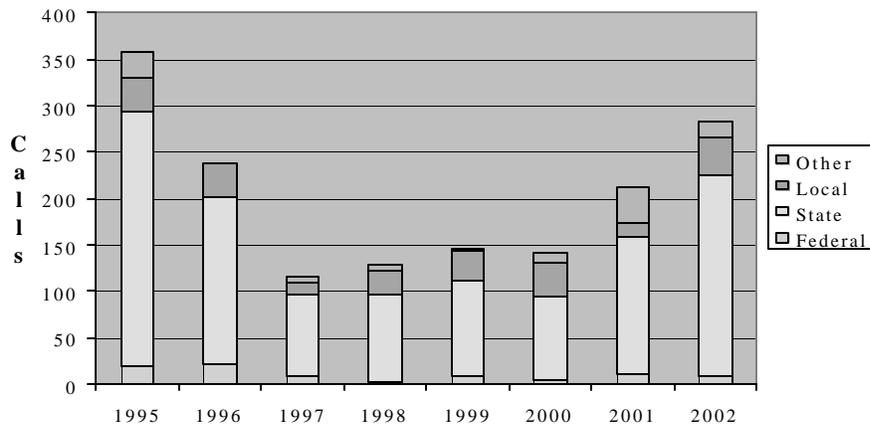


In 1995, a substantial number of calls were requests from state agencies for copies of hotline posters. The statute requires all

state agencies with public access to display the hotline notice. As shown in Chart 1, the number of hotline calls has increased since

1997 with a significant increase in 2001 and 2002.

**Chart 2: Agency Type**



	1995	1996	1997	1998	1999	2000	2001	2002
Federal	20	21	10	3	8	4	12	10
State	274	189	86	96	103	90	147	216
Local	35	36	14	25	33	37	15	40
Other	28	0	6	7	1	10	39	17
<b>Totals</b>	<b>357</b>	<b>246</b>	<b>116</b>	<b>131</b>	<b>145</b>	<b>141</b>	<b>213</b>	<b>283</b>

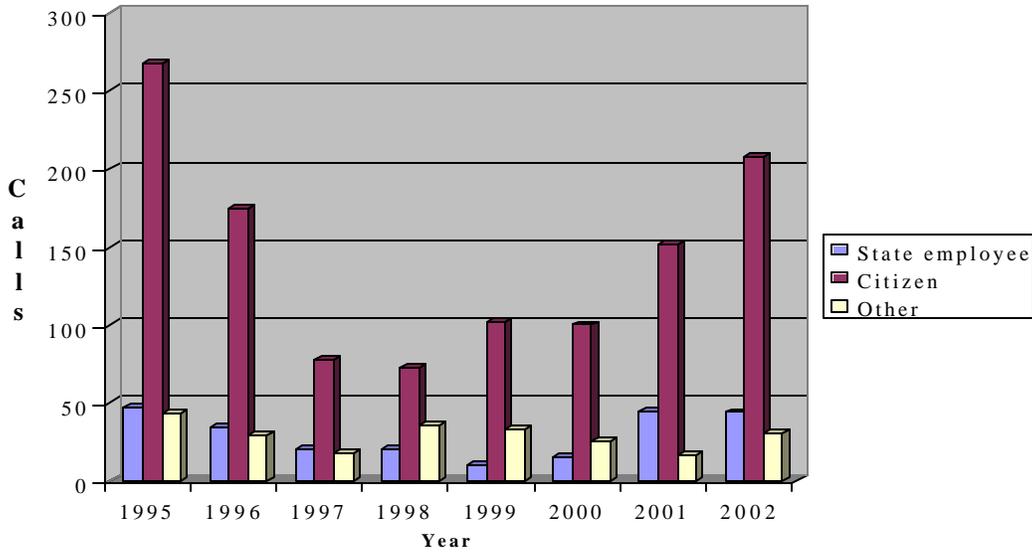
As shown in Chart 2, many of the calls related to state agencies; several were in regard to federal or local governments; and some,

labeled 'other' in Chart 2, regarded non-government matters.

Caller information occasionally related to more than one agency

type; thus, 1996 and 1998 totals exceed the number of calls for these years.

**Chart 3: Call Origin**



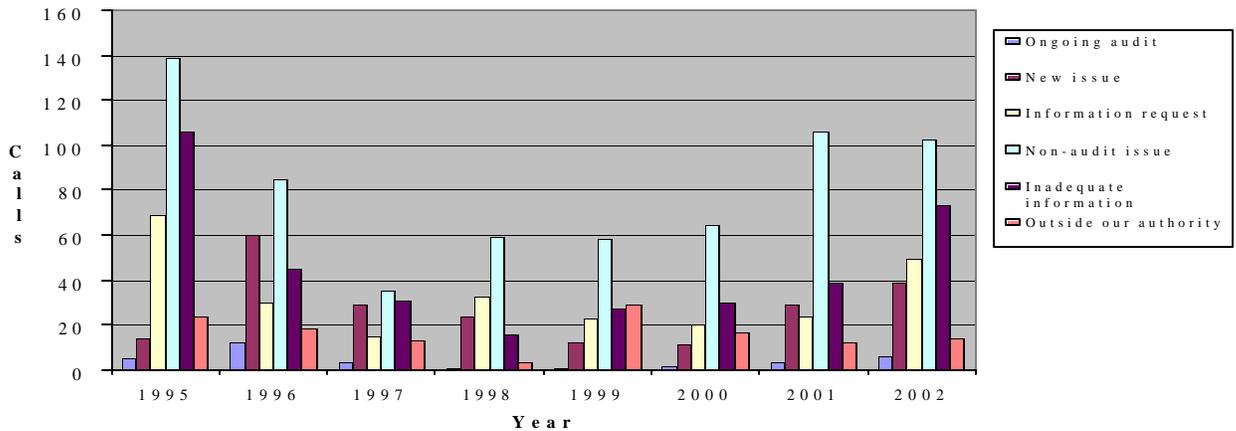
	1995	1996	1997	1998	1999	2000	2001	2002
State Employee	47	34	20	20	10	15	45	44
Citizen	267	175	78	73	102	100	152	208
Other	43	29	18	36	33	26	16	31
Totals	357	238	116	129	145	141	213	283

Chart 3 shows that a majority of calls came from citizens, with state employees and other unclassifiable types of calls accounting for the

remainder of calls. During the last four years, approximately 70 percent of all calls received on the hotline came from citizens.

'Other' calls included those that were anonymous, came from organization representatives, etc.

**Chart 4: Call Subject**



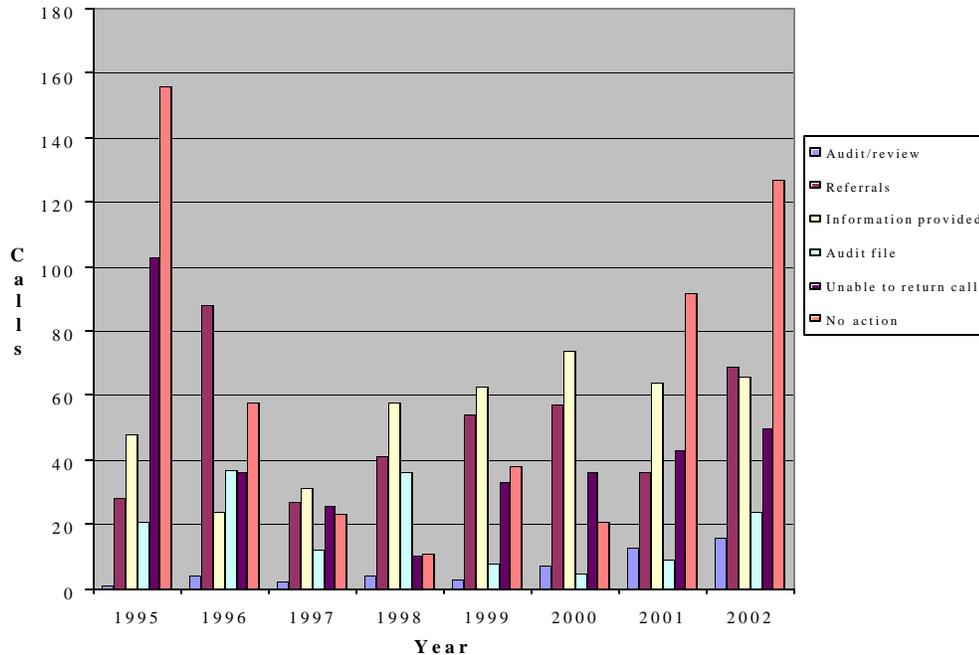
	1995	1996	1997	1998	1999	2000	2001	2002
Ongoing audit	5	12	3	1	1	2	3	6
New issue	14	60	29	24	12	11	29	39
Information request	69	30	15	33	23	20	24	49
Non-audit issue	139	85	35	59	58	64	106	102
Inadequate information	106	45	31	16	27	30	39	73
Outside our authority	24	18	13	3	29	17	12	14
Totals	357	250	126	136	150	144	213	283

Chart 4 shows that the hotline calls related to a variety of topics. Some issues fit more than one category, so the totals exceed the number of calls received some years. Some of the calls provided new audit information or related to ongoing audits. Other calls requested information such as copies of audit

reports or where to address a particular concern. Several of the calls, however, were not audit issues or were outside the Secretary’s audit authority. For example, these calls included concerns better addressed by another government agency, matters that were personal legal

issues, or simple statements of opinion. Calls categorized as ‘inadequate information’ were generally anonymous calls with insufficient information, or those in which callers could not provide sufficiently specific information to allow or merit follow-up action.

**Chart 5: Disposition**



	1995	1996	1997	1998	1999	2000	2001	2002
Audit/review	1	4	2	4	3	7	13	16
Referrals	28	88	27	41	54	57	36	69
Information provided	48	24	31	58	63	74	64	66
Audit file	21	37	12	36	8	5	9	24
Unable to return call	103	36	26	10	33	36	43	50
No action	156	58	23	11	38	21	92	127
<b>Totals</b>	<b>357</b>	<b>247</b>	<b>121</b>	<b>160</b>	<b>199</b>	<b>200</b>	<b>257</b>	<b>352</b>

After reviewing the initial call, Audits Division staff contacted the callers, when possible, to obtain more detailed information about the concern. For anonymous calls, the division’s ability to take action depended on the specificity and nature of information provided. Chart 5 depicts, in broad categories, the follow-up activity taken. Some issues fit more than one

category, so the totals exceed the number of calls received some years.

Audits or reviews may result in formal audit reports, or in management letters advising a particular agency of the Secretary’s findings. The ‘referrals’ category shows the number of calls referred to other state, local or federal agencies. This will be discussed further in the next section.

The number of informational responses has begun to level off after peaking in 2000. After the first year that the hotline was in operation, there was a notable decline in the number of callers we were not able to successfully contact for follow-up action. That number has remained relatively low over the years.

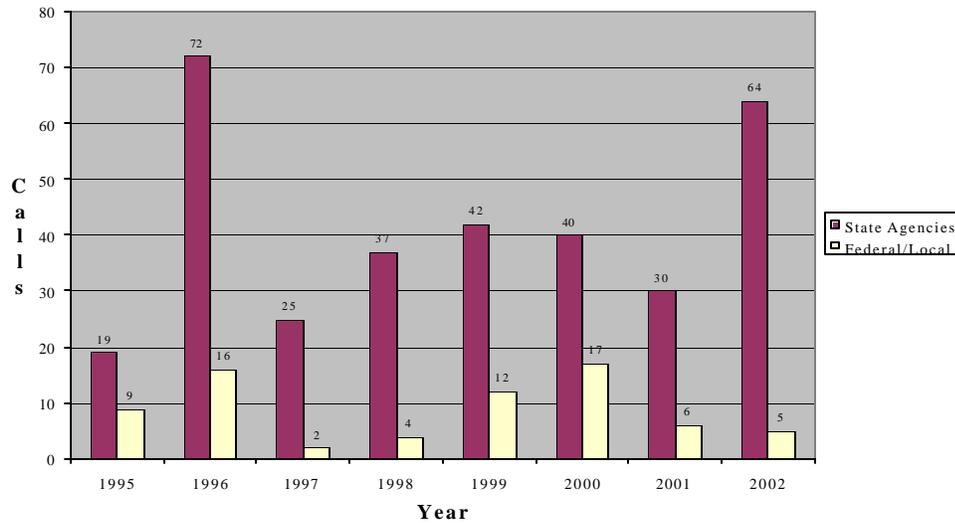
As shown in Chart 5, the number of hotline calls for which no action

was required or possible greatly increased the past two years, after consistently decreasing over the several prior years. This category includes calls such as those stating

opinions or anonymous calls with insufficient information for effective follow-up action. This increase coincides with the large increase in calls that provided

inadequate or non-specific information to investigate, as depicted in Chart 4.

**Chart 6: Referrals to Other Agencies**



As previously noted, referrals included providing a hotline caller's information to other state, local or federal agencies, as appropriate. When applicable, information was forwarded to more than one agency.

The hotline statute also requires the Secretary to report to the Oregon Government Standards and Practices Commission (GSPC), or to appropriate law enforcement agencies, when applicable. Referrals to the GSPC can result in findings of violations or fines, or

both. Referrals to law enforcement agencies can result in criminal prosecutions.

Table 1 details the reports issued stemming from issues referred to the hotline, along with the questioned costs identified during the audit, if identifiable.

**Table 1  
Reports Related to Hotline Calls**

Report No.	Report Name	Comments	Questioned Costs
95-36	Department of Human Resources, Services to Children and Families—Adoption Assistance/Foster Care	Recommended improved controls over payments for services.	\$59,342
95-39	Oregon Health and Science University—ServiceMaster Contract	Recommended that OHSU request the return of unearned fees and interest on public funds held by contractor, renegotiate annual fees, and improve other controls and procedures.	\$224,384
96-17	Department of Human Resources, Fairview Training Center—Lab Contract	Recommended that DHR enforce usual charge rule and seek refund based on lowest price guarantee.	\$37,000
Letter dated July 17, 1996	Oregon Health and Science University—Catheter Lab Recycling	Recommendations to improve internal controls and procedures for catheter tip recycling proceeds and overtime.	Not Quantified

Report No.	Report Name	Comments	Questioned Costs
96-49	Klamath County Fair and Race Meet	Recommendations to improve compliance and controls. Referred matters to Oregon State Police and GSPC.	\$132,853
97-73	Investigation of Allegations of Building Code Violations in Harney County	Recommended that Building Codes Division issue sanctions against this company and several state agencies take action to improve compliance with their respective requirements.	Not Quantified
97-80	Department of Administrative Services—Procurement of Custodial Supplies	Recommendations to improve compliance and internal controls and procedures. Recommendation to terminate the contract at the next practical opportunity and rebid.	Not Quantified
98-20	Rogue Valley Transportation District	Recommended that Oregon Department of Transportation ensure that RVTD recovers identified excess payments, improves controls and procedures to ensure compliance.	\$16,074
98-34	Crook County School District	Recommendations to improve compliance and internal controls and procedures.	\$18,395
98-44	Department of Administrative Services—Printer Contract	Reported apparent overcharges by contractor. DOJ has filed suit for civil recovery.	\$706,000
99-01	Southern Curry Cemetery Maintenance District	Recommendations to improve compliance and controls. Found receipts not deposited, payments on receivables not deposited, payments without a contract.	\$46,833
01-08	Department of Justice Division of Child Support: Receipting Unit Special Review	Recommendations to improve cash receipting procedures.	Not Quantified
01-34	Teacher Standards and Practices Commission	Recommendations to improve cash receipting procedures.	Not Quantified
02-04	Hispanic Affairs—Change of Director Audit	Recommendations to improve controls for approving director expenses and recover questionable costs.	\$18,980
02-23	Department of Education: Special Review—Personnel	Recommendations to improve personnel policies and review questioned costs.	\$275,880
02-43	Department of Human Services: Contracting Practices	Recommendations to improve contracting practices.	\$2,352,000
Mgmt Letter 410-2002-03-01	Department of Human Services: Parkway Building Lease	Recommendations to recover reimbursements made to the building owner.	\$9,391
<b>Total</b>			<b>\$3,897,132</b>

*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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If you have questions regarding this report, feel free to contact Jason Stanley, the Audit Administrator who oversees the hotline activity, or me.

OREGON AUDITS DIVISION

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