



Secretary of State Audit Report

Informational Report on the Secretary of State's Government Waste Hotline 1995-2003

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.

RESULTS IN BRIEF

As required, this report describes the number, nature and resolution of reports made. Questioned costs of almost \$4.13 million are described in Appendix A of the report. These dollars represent monies 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 an 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.

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

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. To meet this reporting requirement, we have presented summary level data on a calendar year basis beginning with January 1995, the date of inception for the hotline.

Background (continued)

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.

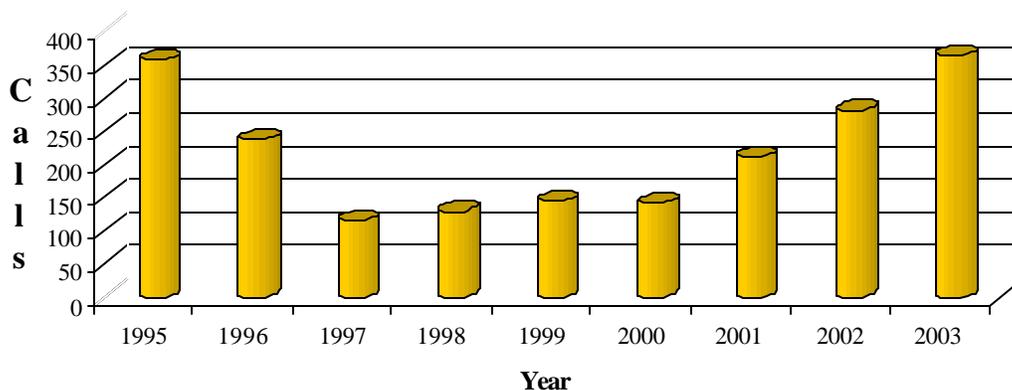
whether sufficient information was provided, whether a call-back is possible or necessary, and whether the described concern can be audited. Available information is evaluated to determine if an audit or review will be conducted. For example, some calls initiate audits or reviews, while other callers are referred to agencies appropriate to address their concerns.

Review Process

All hotline messages are logged into a database. As staff is available, the calls and emails are reviewed to determine

Activity Summary

Chart 1: Calls Received

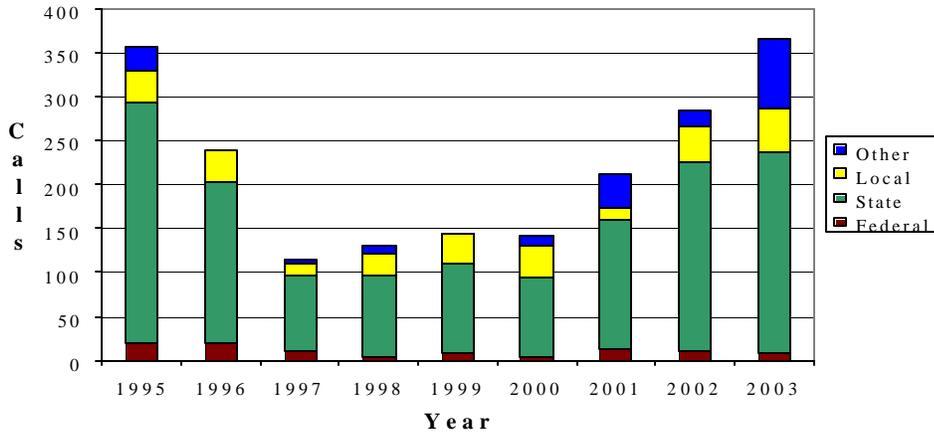


As shown in Chart 1, we received the greatest number of calls during the past year.

This continues the pattern of increasing call volume since 2000. We attribute the significant increase in calls during 2003 to an increase in publicity related to the hotline.

Activity Summary (continued)

Chart 2: Government Type

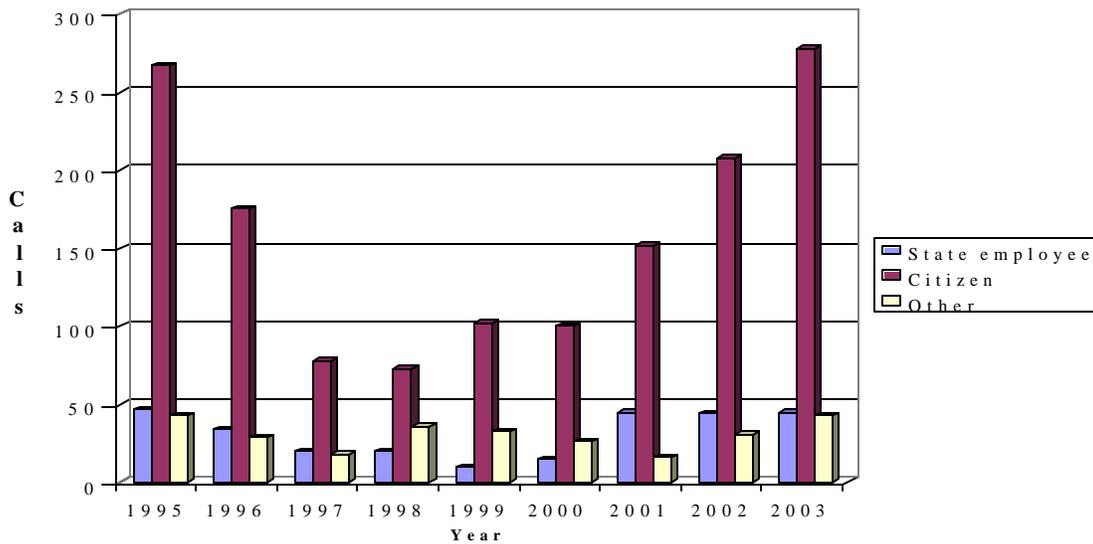


As shown in Chart 2, a majority of the calls related to state agencies; a lesser number of calls were in regard to federal or local governments; and some, labeled 'other' in Chart 2, regarded non-government matters.

Caller information occasionally related to more than one government type; thus, 1996 and 1998 totals exceed the number of calls for these years.

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, greater than 70 percent of all calls received on the hotline originated from citizens. Calls designated as 'Other' included those that were anonymous, came from organization representatives, etc.

Chart 3: Call Origin



Activity Summary (continued)

Chart 4: Call Subject

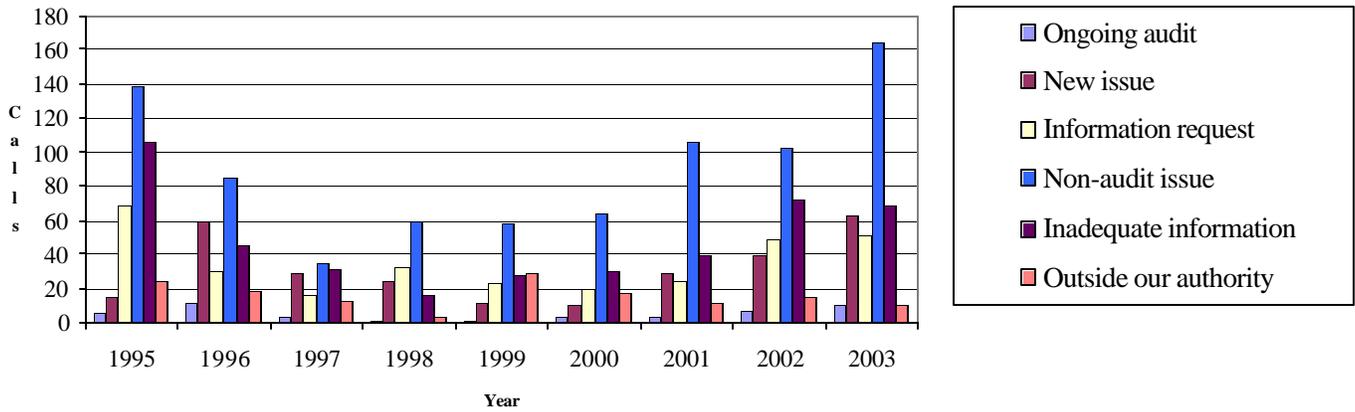


Chart 4 shows that the hotline calls related to a variety of topics. Some issues fit more than one category, so the totals exceed the number of calls received in most years. Some of the calls provided new audit information or related to ongoing audits. Other calls requested information such as copies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

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. Calls referred to other agencies will be discussed further in the next section.

The percentage of informational responses has remained relatively consistent at approximately 20 percent to 25 percent.

As shown in Chart 5, the number of hotline calls for which no action was required or possible increased the last three years. This category includes calls such as those stating opinions or anonymous calls with insufficient information for effective follow-up action.

Chart 6 indicates the number of hotline calls referred to other entities. As previously noted, referrals include 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.

Activity Summary (continued)

Chart 5: Disposition

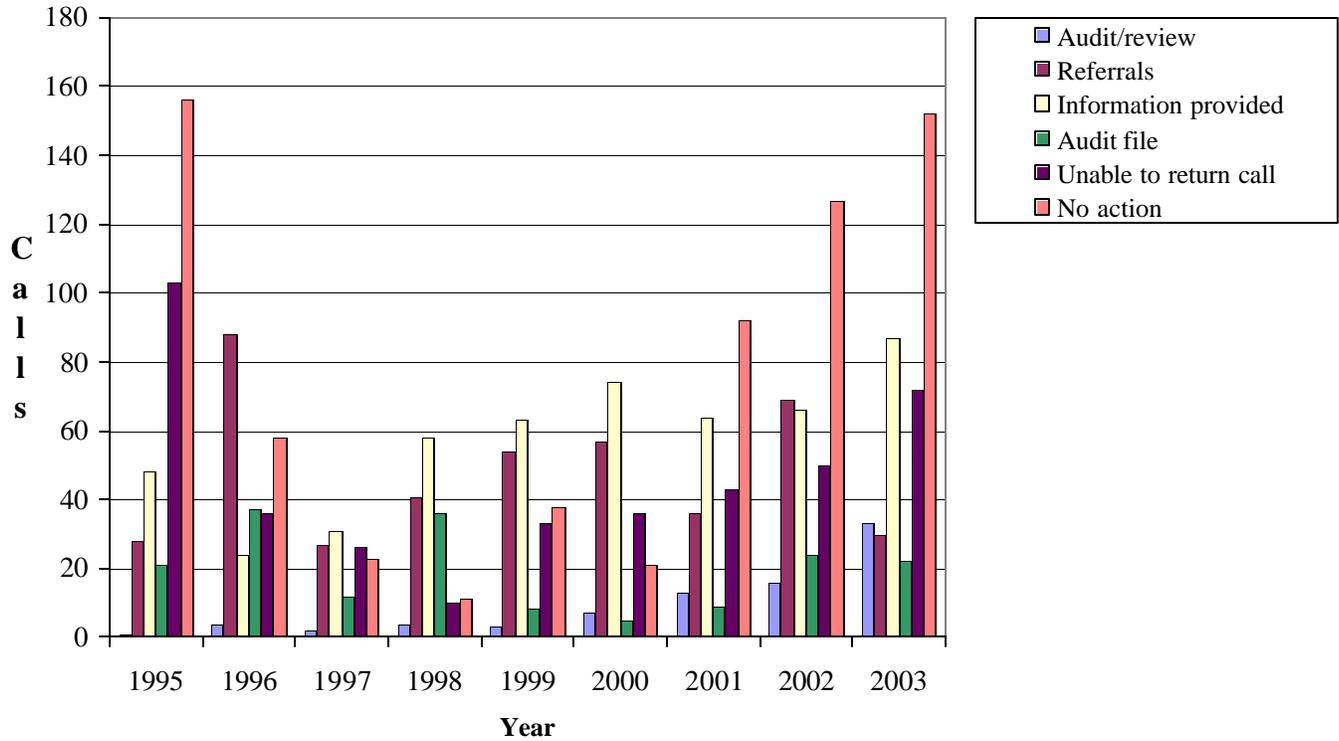
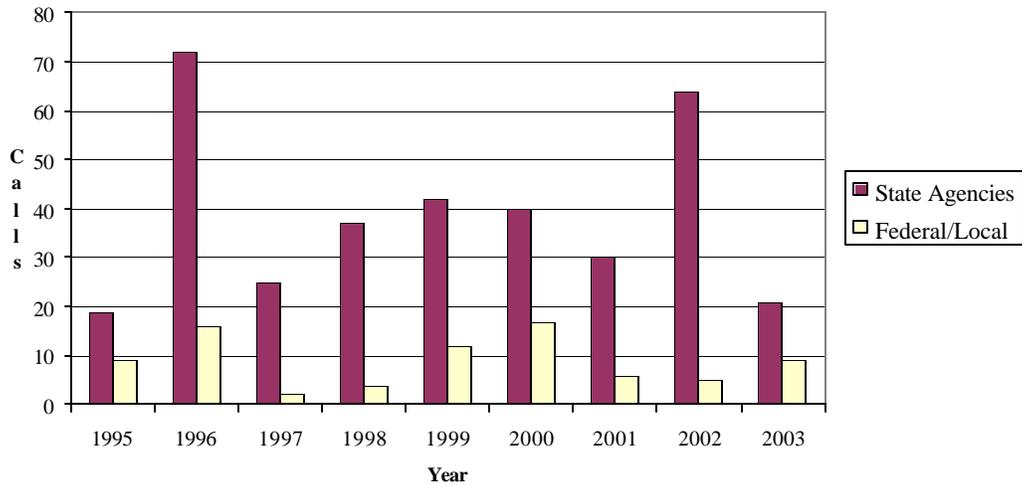


Chart 6: Referrals to Other Agencies



Appendix A
Reports Related to Hotline Calls

Report No.	Report Name	Comments	Questioned Costs
2003-23	Oregon Tourism Commission and Oregon Economic and Community Development Department: Loss of Funds	Recommendations to improve cash controls.	\$233,000
2002-43	Department of Human Services: Contracting Practices	Recommendations to improve contracting practices.	\$2,352,000
2002-23	Department of Education: Special Review—Personnel	Recommendations to improve personnel policies and review questioned costs.	\$275,880
Mgmt Letter 410-2002-03-01	Department of Human Services: Parkway Building Lease	Recommendations to recover reimbursements made to the building owner.	\$9,391
2002-04	Commission on Hispanic Affairs—Change of Director Audit	Recommendations to improve controls for approving director expenses and recover questionable costs.	\$18,980
2001-34	Teacher Standards and Practices Commission Special Review	Recommendations to improve cash receipting procedures.	Not Quantified
2001-08	Department of Justice Division of Child Support: Receipting Unit Special Review	Recommendations to improve cash receipting procedures.	Not Quantified
1999-01	Southern Curry Cemetery Maintenance District Special Review	Recommendations to improve compliance and controls. Found receipts not deposited, payments on receivables not deposited, payments without a contract.	\$46,833
1998-44	Department of Administrative Services—Printer Contract	Reported apparent overcharges by contractor. DOJ has filed suit for civil recovery.	\$706,000
1998-34	Crook County School District Special Review	Recommendations to improve compliance and internal controls and procedures.	\$18,395
1998-20	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
1997-80	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
1997-73	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
1996-49	Klamath County Fair and Race Meet	Recommendations to improve compliance and controls. Referred matters to Oregon State Police and GSPC.	\$132,853
1996-17	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
1995-39	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
1995-36	Department of Human Resources, Services to Children and Families—Adoption Assistance/Foster Care	Recommended improved controls over payments for services.	\$59,342
		Total	\$4,130,132



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Audits Division

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Oregon Government.*

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*The courtesies and cooperation extended by the officials and staff of all the
agencies audited were commendable and much appreciated.*

*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
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*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>*