



# Secretary of State Informational Report

## Oregon Secretary of State: Government Waste Hotline January-December 2007

### Summary

#### PURPOSE

The purpose of this report is to summarize activity reported through the Oregon Secretary of State Government Waste Hotline (hotline). In compliance with Oregon Revised Statute 177.180, we describe in this report the number, nature and resolution of hotline reports received from January 1, 2007, through December 31, 2007.

#### BACKGROUND

In 1995, the Legislative Assembly enacted law to establish the toll-free hotline for reporting waste, inefficiency or abuse by state agencies, state employees or persons under contract with state agencies. In 2007, the hotline statutes were amended to include reports received by any method in addition to the toll-free hotline (e.g., postal mail, e-mail, telephone and walk-ins). The law, promulgated in sections 177.170 and 177.180 of the *Oregon Revised Statutes*, requires an annual report to the Legislative Assembly. The Oregon Secretary of State, through its Audits Division (division), conducts a preliminary investigation of each report of waste, inefficiency or abuse made through the hotline by public employees and members of the public.

#### RESULTS IN BRIEF

The division received 414 reports in calendar year 2007. The nature of the reports varied from requests for information to reports that warranted further investigation. We resolved reports by providing requested information, referring callers to more appropriate contacts, conducting research, and performing audits or investigations. The number of reports requiring further research totaled 25 for 2007, of which fourteen warranted an audit or investigation.

This report summarizes the results of two investigations that we completed in 2007. As a result of the investigations, we identified areas in which state agencies could strengthen controls and improve accountability. In addition, questioned costs of approximately \$6.4 million have been identified since the inception of the hotline in 1995. Those amounts represent questionable expenditures, monies not spent in accordance with applicable laws or potential savings that could result from improved efficiencies or the elimination of waste or abuse.



**GOVERNMENT  
WASTE HOTLINE**

1-800-336-8218

or <http://fraud.oregon.gov>

**Hotline Activity  
January to December 2007**

**Hotline Background**

The 1995 legislature enacted legislation that became Oregon Revised Statute (ORS) Sections 177.170 and 177.180, mandating the Secretary of State (Secretary) to establish a toll-free telephone line, the Government Waste Hotline, for reporting waste, inefficiency or abuse by state agencies, state employees or persons under contract with state agencies. In 2007, the hotline statutes were amended to also include reports made to the hotline by any other method.

The Audits Division conducts an initial investigation of each report of waste, inefficiency or abuse made through the hotline and determines which reports will be investigated further.

We are required to notify the Oregon Government Ethics Commission for reports that may involve violations of the Oregon ethics law (ORS Chapter 244). In addition, we are to notify the appropriate law enforcement agency for reports that may involve criminal activity.

Upon completion of an investigation, we prepare a written report. If officers or employees of another state agency or public body

are involved in activities constituting waste, inefficiency or abuse, we notify and deliver the written report to the state agency or public body and, if requested, to the person who made the report of waste, inefficiency or abuse.

In addition, we are required to prepare an annual report and submit it to the Legislative Assembly and appropriate interim committees. The report describes the number, nature and resolution of reports made through the hotline and identifies savings resulting from improved efficiencies or the elimination of waste or abuse resulting from reports received and investigations conducted under this law. To meet the reporting requirements, we present summary level data on a calendar year basis.

The hotline’s toll-free number of 1-800-336-8218 connects callers to professional operators available to receive complaints 24 hours a day. Concerned individuals can also report on the Internet at <http://fraud.oregon.gov>.

**Review Process**

All hotline reports are logged into a database available to selected staff of the Audits Division. We review the reports on an on-going basis to determine whether sufficient information was provided, a callback is necessary or possible, and whether the described

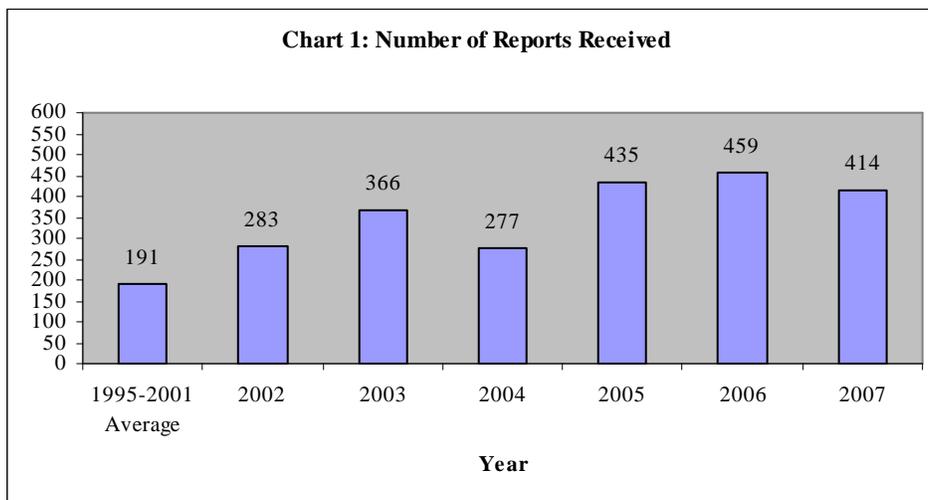
concerns can and should be investigated. For example, while some reports warrant audits or investigations, other reports do not involve waste, inefficiency or abuse of state funds and, therefore, are outside our authority under the hotline statutes. For those reports that we are unable to investigate, we try to provide callers with alternative contacts for reporting their concerns.

**Origin of Reports Received**

Of the reports received in calendar year 2007, 87 percent came through the hotline, while the remainder of the reports came through online reporting, electronic mail, postal mail, faxes, and walk-ins. Concerned citizens as well as state employees made the reports.

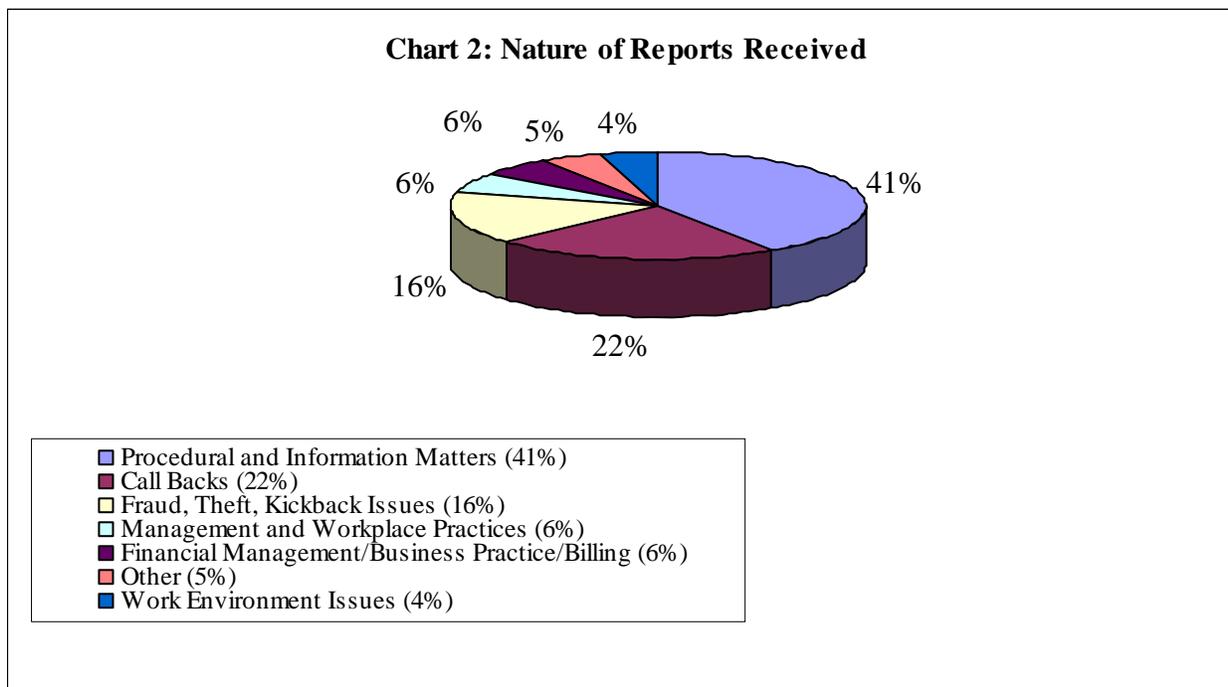
**Number of Reports Received**

As shown in Chart 1, we received 414 reports in calendar year 2007. The chart shows an increase in reports since the hotline’s inception in 1995, with declines in 2004 and 2007.



## Nature of Reports Received

The Hotline reports are related to a variety of topics as described below and shown in chart 2.



*Procedural and Information Matters* (41 percent) relate to policy clarification, frustration with procedures, and requests for information.

*Callbacks* (22 percent) represent callers providing additional information to a report they previously made to the hotline or requesting information about the status of their reports.

*Fraud, Theft or Kickback* (16 percent) issues relate to fraud, false claims, embezzlement, theft, false expense reports, bribery, and corrupt practices.

*Management and Workplace Practices* (6 percent) relate to noncompliance with policies and procedures, favoritism, conflicts of interest, job performance issues, payroll problems, improperly advertised positions, and disagreements with policies and procedures.

*Financial Management/Business Practice/Billing* (6 percent) relates to accounting practices, tax issues, cost reporting issues, contracts and agreements, vendor issues, over billing, and documentation issues.

*Other* (5 percent) relates to workplace safety, quality of service, privacy, security, and misuse of property issues.

*Work Environment Issues* (4 percent) relate to sexual harassment, unethical or improper behavior, unfair treatment, wrongful termination, discrimination, disagreement with disciplinary action, and other harassment issues.

### Report Resolutions

Our ability to take action on a report depends on the specificity and nature of information provided. If callers provide contact information, division staff may

contact them to obtain additional information as necessary.

We resolved reports by providing requested information, referring callers to more appropriate contacts for reporting their concerns, conducting research, and performing audits or investigations. The following information describes how we resolved the 414 reports received during calendar year 2007.

- Fourteen reports warranted an audit or investigation that has resulted in or may result in a formal audit report or management letter.
- Eleven reports required review to determine whether the described concerns could and should be investigated. For these reports, the allegations were not substantiated or we determined they did not involve state funds or resources. As a result, we did not identify

findings relating to the allegations and did not issue a report.

- Three hundred eighty-nine reports were closed after our preliminary investigation determined the reports were requests for information; did not involve waste, inefficiency, or abuse of state funds; should be referred to a more appropriate contact; or lacked sufficient information and the caller was unreachable.

### Summary of Investigations

The following summarizes management letters issued for investigations that we completed during 2007 in response to reports of waste, inefficiencies or abuse.

#### Department of Human Services: Leave Time and State Vehicle

In December 2006 and January 2007, the Audits Division received allegations that an employee of the Oregon Department of Human Services (department) was not reporting all leave time taken and another employee was using a state vehicle for personal use and possibly falsifying mileage on expense reimbursement report.

We found the first employee had not reported 43 hours of leave time taken during a 21-month period. As a result, the department corrected the employee's leave balances. The department determined a branch manager had approved the second employee's regular use of a state vehicle to commute between a branch office in the employee's resident city and the employee's assigned work station. Subsequently, the department directed the employee to stop this activity. There was no evidence the employee also received mileage reimbursement for travel between the branch offices.

Further details of this investigation can be found in Secretary of State Management Letter No. 100-2007-07-01.

#### Oregon Department of Transportation: Iron Mountain Rock Quarry

In December 2006, the Audits Division received allegations that rock was removed from the Oregon Department of Transportation's (department) Iron Mountain Rock quarry on weekends contrary to contract provisions, and rock taken from the quarry was not properly accounted for by department personnel.

The department's Audits Services personnel determined the allegations were unsubstantiated, but determined the department could improve contract monitoring by obtaining detailed reports from the contractor, requiring the contractor provide a schedule of hauls so department personnel could be present, and removing the contractor's lock on the quarry gate at the end of the season. We determined the department could further strengthen controls by monitoring and inventorying the rock removed or otherwise detect when rock hauls occurred by placing a department lock on the gate and requiring a department employee be present at each haul.

Further details of this investigation can be found in Secretary of State Management Letter No. 730-2007-08-01.

## Questioned Costs

Table 1 summarizes investigations and audits completed during calendar year 2007. Questioned costs of over \$6.4 million have been identified since the inception of the hotline in 1995. Those costs represent questionable expenditures, monies not spent in accordance with applicable laws, or potential savings that could result from improved efficiencies or the elimination of waste or abuse.

**Table 1: Questioned Costs Related to Hotline Reports**

ReportNo.	Report Name	Comments/Recommendations
Management Letter No. 100-2007-07-01	Oregon Department of Human Services: Leave Time and State Vehicle	<p>We recommended department management ensure managers conduct adequate reviews of staff's leave requests and timesheets to make certain that all leave taken is accurately recorded.</p> <p>We also recommended all employees be informed of and reminded of the appropriate use of state vehicles.</p>
Management Letter No. 730-2007-08-01	Oregon Department of Transportation: Iron Mountain Rock Quarry	We recommended ODOT management implement measures to further improve accountability for the rock removed from the quarry. Unless the department can monitor and inventory the rock removed, or otherwise detect when rock loads are taken from the quarry, it should consider placing a permanent lock on the gate and require a department employee to be present at each haul.

**1995 through 2007 Questioned Costs:                    \$6,419,148**



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

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*The courtesies and cooperation extended by the officials and staff of the departments referred to were commendable and much appreciated.*

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*<http://www.sos.state.or.us/audits/index.html>*

*by phone at 503-986-2255*

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