



Auditing for a Better Oregon

October 31, 2001

Stephanie Hallock, Director
Department of Environmental Quality
811 SW Sixth Avenue
Portland, Oregon 97204

Dear Ms. Hallock:

During our change of director review at your agency, we noted certain issues we felt warranted the attention of your agency. Since we did not feel that these issues rose to a level warranting reporting in our change of director audit report (No. 2001-49), we have summarized them below along with our recommended actions.

Contract Compliance

Issue

We identified the following instances in which contract terms were not followed:

- One contract specifically identified individuals who were authorized to perform the work in question. It also stated that department approval is required before the contractor uses any other personnel. We found that other individuals did perform work under the contract without the department having provided the required approval.
- In another case, the contractor invoiced for two months instead of monthly as the contract specified. In addition, according to the project officer, the contractor exceeded a dollar limit that the contract set for a portion of the required work.
- Invoices submitted by one contractor did not provide specific information required by the contract, such as who performed the work and the amount invoiced to date.

Recommendation

The department should take appropriate steps to ensure that contractors comply with contract terms.

Management Letter No. 340-2001-10-01

Travel Reimbursement Exceptions

Issue

We identified the following exceptions during our review of travel reimbursements:

- In one case, the department overpaid the former director's meal per diem by \$10.50.
- When the former rented a car on another trip, he did not rent from the company with which the state has a mandatory use agreement covering his destination airport. He also upgraded his car at a cost of \$15 per day. According to state travel rules, state personnel will normally rent compact or compact-size economy cars. On the same trip, the former director incurred lodging expenses that were above the allowable per diem. While he was reimbursed for only the allowable lodging per diem, he was paid for the room tax that applied to the higher lodging cost.
- The former director combined a personal trip to New York City with a trip to Philadelphia for a work-related conference. The state paid \$529 for two one-way tickets: one from Portland to New York City, and the other from Philadelphia to Portland. The round trip airfare between Portland and Philadelphia would have been approximately \$510. State travel rules provide that when employees combine personal travel with state business travel, payment will be based on the cost of round-trip coach airfare and the meal and lodging per diems to which personnel would have been entitled while traveling by air or by the least expensive reasonable means of travel.

Recommendation

The department should ensure that employees and those responsible for reviewing and approving their travel reimbursement claims clearly understand and consistently apply state travel rules. The department should also review the above transactions and determine whether recouping any overpayments is feasible.

Building Access Codes

Issue

The department's Human Resources Manager told us that building codes at the headquarters building are to be changed semi-annually, while an administrative assistant in the Management Services Division and a representative of building management said that they are to be changed quarterly. As of December 6, 2000, the codes had last been changed on March 21, 2000.

Recommendation

Department management should ensure that there is a comprehensive building security plan and that the plan is followed. The plan should include consideration of when access codes should be restricted or changed.

Resignation Form Checklist/Tracking Fixed Assets

Issue

The department's resignation form includes a checklist that can be used to document that assets assigned to an employee are returned prior to his or her departure. However, we were told that there is no formal requirement that this form be completed by staff when they leave. The form was not completed for the former director. We also found that there was no single list or record that identified all fixed assets assigned to the former director.

Recommendation

We recommend that the department require that the resignation form be completed for all employees, including the director, to ensure that all fixed assets are returned. The form should be updated periodically so that it accounts for all high-risk assets. The department should also consider modifying this form to record which assets are assigned to a given employee.

Terminating Computer System Access

Issue

There appears to be no formal process for granting and removing access to department computer systems. Access can be granted via email or verbally.

Recommendation

Department management should consider formalizing the process of granting and removing access to department computer systems. Specifically, we recommend that requests for such actions be made and approved in writing. The resignation form discussed above could be used to document that an employee's access to computer systems has been removed.

Should you have any questions concerning these issues, feel free to contact Will Garber or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

Charles A. Hibner, CPA
Acting Deputy Director

CAH:bk
enclosure