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*Auditing for a Better Oregon*

March 28, 2002

Aaron East, Director  
State Board of Parole and Post-Prison Supervision  
2575 Center Street NE, Suite 100  
Salem, OR 97301-4621

Dear Mr. East:

During our change of administrator review at the State Board of Parole and Post-Prison Supervision, we noted certain issues we believe deserve your attention. These issues are of lesser significance and did not warrant inclusion in our change of director audit report. The issues are summarized below along with our recommended actions.

### **Improve Controls Over Payroll Procedures**

According to board policy, the director is to approve timesheets for all employees except those members appointed by the governor. We reviewed salary and vacation time paid to the former director, as well as payroll disbursements for those employees whose timesheets were approved by the former director. Our objective was to determine if salary was paid for the correct amount and timesheets were properly authorized, and identify any unusual payments during the six months prior to the former director's departure.

Testing revealed that leave accrual records did not always reflect the hours reported on timesheets. We found that accrued compensatory time was not credited on the leave accrual register for the correct amount, and an instance in which an employee reported 24 hours of vacation leave on his timesheet, but was charged for only 14 hours of vacation leave on his accrual record.

We also found that some employees may not fully understand how to complete their timesheets. For example, one employee unnecessarily reported two hours of vacation leave. In another example, a timesheet was not totaled correctly, which resulted in the employee being paid an extra hour. Since the current director began service, however, employees have participated in training in how to properly complete timesheets. In addition, the current director is performing a more thorough review of each timesheet.

**We recommend** that the board correct the errors identified above. In addition, we recommend that the board further define and document its payroll policies and procedures

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Management Letter No. 255-2002-03-01

to ensure accuracy of time reporting. At a minimum, those processes should be documented and include the following:

- Periodic employee training to ensure that timesheets are properly completed.
- Independent review, approval and verification of time reported on the timesheets.
- Review of the leave accrual register to ensure accuracy of payroll records.

### **Strengthen Controls Over Assets and Computer System Access**

Employees are responsible for the furniture, equipment and keys issued during their employment with the board. In order to obtain access to the board's computer systems, an employee completes an access request form, which is to be approved before access is granted. The board's director maintains an inventory listing of furniture, equipment and keys located in each office. When an employee terminates employment, the office is inventoried to account for all items.

We noted that controls over the departure of employees could be improved. Specifically, the board does not have a formal process in place for employees terminating employment. Without adequate controls in place, the board is at risk of loss of assets and unauthorized access to its computer systems and information.

**We recommend** that the board develop a checklist for departing employees to verify the employee's return of agency assets and removal from agency and statewide computer systems.

Sincerely,  
OREGON AUDITS DIVISION

Nancy Young, CPA, CISA  
Audit Administrator

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