



Auditing for a Better Oregon

October 3, 2002

Dr. Benjamin de Haan, Interim Director
Department of Corrections
2575 Center Street NE
Salem, Oregon 97301-4667

Dear Dr. de Haan:

During our change of director audit at the Department of Corrections, we noted certain issues that we believe deserve your attention. These issues are of lesser significance and did not warrant inclusion in our change of director report (No. 2002-34). The issues are summarized below, along with our recommended actions.

Strengthen Controls Over Assets

We determined that the former director returned the state assets assigned to him and found no instances in which state assets were inappropriately used. We noted, however, that the department does not maintain a record of assets assigned to employees in accordance with state policy.¹ Without adequate controls in place, there is a risk of loss of state assets.

We recommend that management develop procedures for tracking assets assigned to employees to assure that all property is returned to the department upon employee termination.

Improve Travel Claim Review

Although the travel claims reviewed were appropriately authorized and included adequate supporting documentation, we identified the following instances that indicate the department could improve its travel claim review and approval procedures.

1. Employees are fully reimbursed for actual costs when meals are part of a conference. The former director and the deputy director were reimbursed \$31.50 and \$34.95, respectively, for dinner when documentation clearly shows the dinner was not part of the conference. They were entitled to a meal reimbursement of \$19; thus, they were overpaid \$12.50 and \$15.95, respectively.

¹ *Oregon Accounting Manual*, policy number 10.55.00.PO

2. The former director used his personal vehicle instead of the state vehicle assigned to him. No explanation was provided even though policy states that a state-owned vehicle will be used unless a private vehicle is more practical because of cost, efficiency or work requirements.²
3. For the travel claims reviewed, the former director always claimed time and/or mileage to his personal residence, instead of his official workstation as stated in the policy.³ In one instance, this resulted in an overpayment of \$25.55.
4. State law requires agencies to monitor the earning and use of travel award benefits earned by employees while conducting official state business travel, as use of these travel awards constitutes personal gain from state employment.⁴ Employees are required to disclose on their travel claims whether travel awards were or will be accepted. The former director's travel claim indicated that the director was not receiving travel awards; however, documentation supporting his travel indicated that the former director might have been receiving travel awards through his personal credit card.

In addition, although the director delegated the review and approval authority of his transactions to his deputy director in accordance with state policy, the department has not developed internal procedures related to the review and approval of the director's transactions such as time reporting and travel expense reimbursements.⁵

We recommend that the department:

- Ensure that employees and those responsible for reviewing and approving their travel reimbursement claims clearly understand and consistently apply state travel rules.
- Ensure that all employees understand the policy related to travel awards and disclose all travel awards earned.
- Review the above transactions and determine whether recouping any overpayment is feasible.
- Develop written policies and procedures related to review and approval of the director's transactions.

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

Sincerely,
OREGON AUDITS DIVISION

Kelly L. Olson, CPA
Audit Administrator

KLO:brk

² *Oregon Accounting Manual*, policy number 40.10.00.PO.112

³ *Oregon Accounting Manual*, policy number 40.10.00.PO.107

⁴ *Oregon Revised Statute* 292.30

⁵ *Oregon Accounting Manual*, policy number 10.90.00.PO.103