



Auditing for a Better Oregon

April 8, 2002

Bob Mink, Director
Department of Human Services
500 Summer Street NE, E15
Salem, OR 97301-1097

Dear Mr. Mink:

During our change of administrator review at the Oregon Health Division, 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 (2002-17). The issues are summarized below along with our recommended actions.

Travel Claims

We found that, during our review period, the former administrators were reimbursed for a total of over 17,000 miles driven in private cars. Current state policy, as well as policy in effect at the time of the travel, provides that when vehicle travel is justified, a state-owned vehicle will be used, unless travel in a private vehicle is more practical because of cost, efficiency or work requirements.¹ Considering the large number of miles the former administrators traveled on state business during our audit period, it may be more cost-effective for the department to obtain a permanently-assigned state motor pool car for the administrators and other personnel to use in the future.

We also found the following problems that indicated that the department could improve its travel claim review and approval procedures:

- Many travel claims were not approved by appropriate supervisory personnel. Specifically, of the 28 claims we reviewed, 13 were approved by non-supervisory personnel. An additional claim lacked an approval signature. State travel policy requires that employees file a travel expense detail sheet and that it be approved by the authorizing supervisor or manager.²

¹ *Oregon Accounting Manual* (OAM) policy no. 06 01 00.PO.112 and 40.10.00.PO.112.

² OAM policy no. 40.10.00.PO.121.

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- In two cases, former administrators were reimbursed per diem amounts in excess of what was allowed. These overpayments occurred because the administrators did not adjust their claims to account for (1) meals that were apparently provided at two conferences in May and November of 2000, and (2) the fact the one administrator traveled for only part of the day when he returned from the latter conference. State travel policy requires that when meals are provided to personnel attending a conference, and the cost of the meal is included in the fee, per diem shall be reduced for that particular meal.³ Travel policy also requires that the per diem claim be reduced for a partial day of travel.⁴
- Another former administrator claimed \$55.65 for phone calls home during a trip to St. Louis. Travel policy in effect at the time allowed for only “minus personal telephone calls.”⁵
- One former administrator mistakenly claimed more personal vehicle miles than he was allowed, resulting in an overpayment of \$55.20. The department subsequently indicated that the administrator reimbursed the department for the overpayment.

Recommendations

- The department should consult with the Department of Administrative Services to determine whether it would be cost effective for the department to obtain a permanently-assigned state motor pool car. If the department does obtain a state motor pool car, it should attempt to maximize the use of the car. The department should also develop and implement a formal written policy governing the use of private vehicles that reflects the state’s interest in using the mode of transportation that is most economical and practical. The policy should provide guidance regarding when it would generally be more cost effective for employees to use a temporary or permanently assigned state car, instead of a private car.
- 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 all but the last overpayment described above to determine whether recouping any overpayments is feasible.

Payroll and Leave Records

During our review of payroll and leave records, we found that the former administrators did not receive any inappropriate leave accrual rate changes, and that Mr. Wasserman and Mr. Hildner were removed from the department payroll in a timely manner. However, we noted the following while reviewing these records:

³ OAM policy no. 40.10.00.PO.110.

⁴ OAM policy no. 40.10.00.PO, Appendix A.

⁵ OAM policy no. 60.01.00.PO.107, effective 11/1/99, amended 5/15/00.

- Mr. Hildner, who served as a temporary employee, was paid for the Memorial Day holiday in the year 2000. According to state rules, temporary employees are not entitled to holiday pay.
- We found that eight of the 24 timesheets included in our review lacked a supervisor's approval.
- We were not able to obtain a timesheet for one of the former administrators for the month of September 2000.
- In some cases, leave usage was not reflected in the former administrators' leave accrual registers until two or three months after the month it was taken. This could increase the risk that such leave is never deducted.

On February 1, 2002, a new State Controller's Division policy went into effect that states that employees are expected to prepare and present accurate and timely documentation of their time and attendance. The policy also states that supervisors are responsible for timely review and approval of employee time records.⁶

Recommendations

We recommend that the department:

- Recoup the holiday pay provided to former administrator for Memorial Day 2000.
- Ensure that it has formal, written policies and procedures requiring that all employees' timesheets or electronic time records, including those of administrators, be approved by supervisory personnel on a timely basis. Procedures should also be in place to ensure that leave taken is deducted from employees' leave balances on a timely basis.

Controls Over Computer System Access

We determined that computer system access granted to the two administrators who left the department was terminated. However, Health Services staff noted that procedures for adding and deleting computer system access are not written.

Recommendation

The department should develop written procedures for adding and deleting computer system access that include documenting such actions.

Controls Over Assets

⁶ OAManual policy no. 45.07.00.PO

We determined that one of the two administrators who left the department (Mr. Wasserman) returned the assets assigned to him. However, while Health Services staff members told us that the other administrator (Mr. Hildner) was not issued state credit cards, a phone card, a cell phone, a pager, or other state equipment, they had no documentation showing whether or not such assets had been assigned to him.

The department has developed draft policies and procedures for documenting and tracking employee assigned property. These draft policies and procedures appear to establish reasonable controls over employee assigned property. In addition, the state now has a policy that provides guidance for maintaining records of property assigned to employees.⁷

Recommendation

The department should complete its development and implementation of policies relating to high-risk assets.

Should you have any questions concerning these issues, feel free to contact Will Garber or me at (503) 986-2276.

Sincerely,
OREGON AUDITS DIVISION

Charles A. Hibner, CPA
Deputy Director

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⁷ OAM policy no. 10.55.00.PO