



THE HONORABLE TED KULONGOSKI
GOVERNOR OF OREGON
STATE CAPITOL, ROOM 160
900 COURT ST NE
SALEM OR 97301-4047



Auditing for a Better Oregon

May 21, 2003

The Honorable Ted Kulongoski, Governor of Oregon
State Capitol, Room 160
900 Court Street NE
Salem, Oregon 97301-4047

Dear Governor Kulongoski:

We have completed a change of director review of the Office of the Governor's (office) former governor, John Kitzhaber, who ended his term in office on January 13, 2003. The review was conducted in compliance with Oregon Revised Statute 297.210, which requires the Audits Division to perform an audit or review when the executive head of a state agency leaves that position for any reason.

Our objective was to ensure that appropriate actions were taken to protect state assets when the former governor left his position. We reviewed representations from management and determined that his access to state and automated systems was appropriately terminated. Representations from management identified assets assigned to the former governor that had not been returned and/or canceled. We recommend that the office ensure all state assets assigned to the former governor are returned. We also recommend that the office develop and implement written policies and procedures to ensure that all state assets are returned and/or cancelled when an office employee leaves his or her position for any reason.

We reviewed travel and other reimbursements submitted by the former governor during his last three months as governor and determined that these claims complied with applicable laws and regulations. We also examined the former governor's recent payroll disbursements, which appeared appropriate and accurate.

During our review, we noted that employees were reimbursing the office for personal calls made on agency-issued cellular telephones. State policies place narrow limits on the personal use of state assets. We recommend that management inform all employees of the proper use of state resources and the importance of keeping personal and business activities separate, with reminders or updates on a periodic basis.

Management Letter No. 121-2003-05-01

In addition, we reviewed the governor-elect expenses incurred as required by Oregon Revised Statute 176.110. Our objective was to ensure that the payments were in compliance with applicable laws and regulations. We reviewed all expenses incurred and identified one instance in which two employees received reimbursement for the same expense, resulting in an overpayment of \$21. The agency has received reimbursement for this overpayment. We recommend that the agency prepare and follow written policies and procedures regarding employee reimbursements to ensure that duplicate reimbursements are not made in the future.

Based on our limited review, except for the issues noted above, we found that the Office of the Governor took appropriate action to protect state assets upon the former governor's departure. The office also took appropriate action to ensure that governor-elect payments were in accordance with applicable laws and regulations.

Should you have any questions concerning the review, feel free to contact Amy Palacios or me at (503) 986-2255.

Sincerely,

OREGON AUDITS DIVISION

Kelly L. Olson, CPA
Audit Administrator

KLO:brk

cc: Peter Bragdon, Chief of Staff
Gary Weeks, Director, Department of Administrative Services