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*Auditing for a Better Oregon*

February 6, 2003

Mike Niemeyer, Director  
Oregon Dispute Resolution Commission  
1201 Court St. NE, Suite 305  
Salem, Oregon 97310

Dear Mr. Niemeyer:

We have completed a change of director review of the Oregon Dispute Resolution Commission's (commission) former director, Susan Brody, who resigned from the director position effective April 30, 2002. 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 director separated from the board. We determined whether assets assigned to her were returned; her access to state and automated systems was terminated; travel and other reimbursements submitted or approved by her during her last six months of employment were appropriate and in compliance with applicable laws and regulations; her recent payroll disbursements and leave accruals were appropriate and accurate; and recent personal service contracts signed by her were in compliance with applicable laws and regulations.

During our review we noted certain issues that we believe deserve your attention. The issues are summarized below, along with our recommended actions.

### **Segregation of Duties for Disbursements**

We found that an employee has the ability to initiate and approve all payments under \$1,000. This individual received the commission's bills, prepared the forms requesting payment and sent the documentation to the Department of Administrative Services Client Shared Services. State procedure recommends that agency management develop control activities to ensure that directives are carried out and risks are addressed, including the segregation of key duties (Oregon Accounting Manual, policy number 10.10.00.PR.111).

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**We recommend** that the commission separate duties for the payment authorization step by assigning a different employee to perform this task. During the course of the audit, we found that the commission's new director had strengthened the internal control for this process by performing the authorization step.

### **Travel Claims Reimbursement**

During the review of travel claims, we found that employees sometimes used their personal vehicle when it was more cost efficient to use a state motor pool car. State policy requires that a state-owned vehicle be used unless a private vehicle is more practical because of cost, efficiency or work requirements (Oregon Accounting Manual, policy number 40.10.00.PO.112).

**We recommend** that the commission ensure that employees responsible for reviewing and approving travel reimbursement claims clearly understand and consistently apply state policy.

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

Sincerely,  
OREGON AUDITS DIVISION

James D. Pitts  
Audit Administrator

JDP:brk

cc: Gary Weeks, Director, Department of Administrative Services  
Jean Gabriel, SARS, State Controller's Division, Department of Administrative Services  
John Radford, Administrator, State Controller's Division,  
Department of Administrative Services