



Auditing for a Better Oregon

July 31, 2003

Nan Evans, Director
Department of Land Conservation and Development
635 Capitol St. NE, Suite 150
Salem, Oregon 97301-2540

Dear Ms. Evans:

We have completed a change of director audit as required by ORS 297.210 and issued our change of director report No. 2003-27. The following are issues that we felt warranted your attention, but were not significant enough to be included in our audit report.

- During our review of the former director's travel claims, we identified several instances where an incorrect travel per diem rate was used, and one instance in which the documentation did not support a night of lodging. The resulting net overpayment of \$48.40 appeared to be the result of employee error and untimely submission of travel claims.
- State policies place narrow limits on the personal use of state assets. During our audit, we concluded that department management had not provided sufficient guidance or training to employees on the separation of personal and business activities when using state resources. We noted that the former director used state credit resources to purchase personal airfare. Although the department identified the personal expenses and invoiced and received payment from the former director for charges incurred, the transactions are out of compliance with state policies.
- State policy requires telecommuting employees to sign and abide by a telecommuting agreement between the employee and the supervisor. Department policy further requires employees to have completed a 6-month trial service period to be eligible to telecommute. Such policies are intended to provide assurance that the agency is receiving the benefits that telecommuting is intended to provide, such as to improve employee productivity or potential savings to the agency. The former director telecommuted several times during his trial service period when he was not eligible to do so. Further, the department never required him to sign a telecommuting agreement.

Management Letter No. 660-2003-07-01

- State policy allows paid sick leave to be used only when an employee or qualifying family member is sick or has other medical-related business. When no other appropriate leave is available, state policy requires employees to take leave without pay (LWOP). In one instance, the former director was allowed to use sick leave, rather than taking LWOP, when he did not have sufficient vacation leave accrued to cover time off that had already been taken.

We recommend that the department:

1. Seek reimbursement for the net travel overpayments,
2. Ensure that travel and reimbursement claims are submitted timely and carefully reviewed for accuracy and compliance with state rules,
3. 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,
4. Ensure that agreements regarding telecommuting are documented and approved as required, and
5. Consider providing additional education to payroll staff regarding the types and proper uses of paid leave to ensure that all payroll and leave accruals processed are in compliance with state policies.

We appreciated the courtesies and cooperation extended by department staff during our review.

Sincerely,
OREGON AUDITS DIVISION

Kelly L. Olson, CPA
Audit Administrator

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c: Randall Franke, Commission Chair
Gary Weeks, Director, Department of Administrative Services