



---

*Auditing for a Better Oregon*

September 2, 2004

Theresa McHugh, Acting Director  
Department of Administrative Services  
155 Cottage Street NE  
Salem, Oregon 97301

Dear Ms. McHugh:

The Audits Division was notified through our Fraud, Waste, and Abuse hotline of the potential misuse of state owned equipment. The specific allegation was that an employee was utilizing state owned computer equipment to run a private business. We recently conducted an investigation with the assistance of DAS IRMD Cyber Security Center to determine whether the allegation was true.

We found that although the individual had a private business, evidence did not support the use of the state-owned equipment to run that business. However, we did identify the following concerns that warrant your attention.

1. Specific instances of possible inappropriate use of state equipment. Instances include:
  - Using non-state data on state owned equipment; and
  - Allowing non-state employees to use state owned equipment for training purposes.
2. The individual had SFMA data loaded on the computer equipment for which the business need is in question.
3. Lack of inventory identification and department tracking of the computer equipment the individual had at home.
4. Lack of formal department authorization for having the computer equipment at home.

Further, we found that not all computer equipment within the DAS Systems Development and Consulting section was inventoried and tracked.

**We recommend** that management take appropriate disciplinary action, if any, as a result of the potential inappropriate use of state owned equipment and data.

---

Management Letter No. 107-2004-09-01

**We also recommend** that management develop and implement formal policy and procedures regarding use of state equipment and data at a state employees home. The policy and procedures should apply to all state agencies having such agreements with staff and should include at a minimum the following elements:

- Formal authorization;
- Description of the purpose, use, and duration of the agreement;
- Periodic inventory of the equipment;
- Periodic verification of the appropriate use of the equipment and data.

Finally, **we recommend** that all computer equipment subject to high risk of loss be inventoried and tracked as described in the Oregon Accounting Manual procedure 10.50.00.102.

Sincerely,  
OREGON AUDITS DIVISION

Nancy L. Young, CPA, CISA, CFE  
Audit Manager

NLY:brk

cc: Theresa Masse, DAS State Chief Information Security Officer  
Linda Campbell, DAS Systems Development and Consulting Manager  
George Dunford, Internal Audit Director