



Auditing for a Better Oregon

August 17, 2004

Max Williams, Director
Department of Corrections
2575 Center Street NE
Salem, Oregon 97301-4667

Dear Mr. Williams:

We have completed change of director reviews of the Department of Corrections (department) former interim directors' Ben DeHaan, Nick Armenakis, and Mitch Morrow. The reviews were 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 interim directors resigned from their positions during 2003. We reviewed representations from management and determined that assets assigned to the former directors were returned and that their access to state and automated systems was terminated. In addition, we reviewed travel and other reimbursements submitted by the former directors during their last three months of employment and determined that these claims complied with applicable laws and regulations. We also examined the former directors' most recent payroll disbursements and leave accruals, which appear to be appropriate and accurate. Finally, we reviewed personal service contracts signed by the former directors in their last three months of employment and determined that these appeared to be in compliance with selected laws and regulations.

Based on our limited reviews, we found that the department took appropriate action to protect state assets upon the former interim directors separation from the department. However, we did find that the department contracted for services with one of the former directors, Ben DeHaan, subsequent to his resignation from the department. We are currently evaluating this contract and will communicate our results to the department when that review is completed.

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

Sincerely,
OREGON AUDITS DIVISION

Jason M. Stanley, CPA, CFE
Audit Manager

JMS:brk

cc: Denise Teixeira, Internal Audit Administrator
Theresa McHugh, Acting Director, Department of Administrative Services