



Auditing for a Better Oregon

March 24, 2004

Donna Middleton, Director
Oregon Commission on Children and Families
530 Center Street NE, Suite 405
Salem, Oregon 97310

Dear Ms. Middleton:

The Oregon Audits Division received an allegation regarding inappropriate use of state assets by the deputy director at the Oregon Commission on Children and Families (commission). Specifically, the caller alleged that the deputy director used a state owned vehicle to commute from her personal residence to commission headquarters and may have been reimbursed for inappropriate expenses.

We reviewed the deputy director's expense reimbursements for the period July 2002 through January 2004, commission payroll records for the period January 2003 through January 2004, vehicle mileage logs related to questionable trips, and we interviewed commission management. We identified the following matters.

Inappropriate Use of State Vehicle

During our review, the deputy director stated that she used a state vehicle to commute to and from her personal residence in Dayton, Oregon and commission headquarters in Salem, Oregon on three separate occasions. This practice violates Oregon Revised Statute 244.040, which states, "No public official shall use or attempt to use official position or office to obtain financial gain or avoidance of financial detriment that would not otherwise be available but for the public official's holding of the official position or office." The deputy director agreed that using the state vehicle to commute to and from work was inappropriate. As a result of our review, we were informed that the deputy director reimbursed the commission for the cost of using the vehicle.

We recommend that the commission prohibit employee use of state owned vehicles for personal purposes and ensure that the commission's policy clearly identifies appropriate usage in accordance with state rules.

Questionable Expense Reimbursements

We identified one reimbursement made to the deputy director that did not appear to have an appropriate business purpose. This reimbursement totaled \$43.92 and related to a personal

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mileage expense incurred while traveling a total of 122 miles to collect a gift for an Oregon Legislator's spouse. The Oregon Accounting Manual states, "Each employee authorized to make an expenditure decision involving State funds is responsible for the "good judgment" and "lawfulness" of the expenditure. He/she must ensure that the transaction is for authorized purposes and is a responsible and appropriate use of these funds." This expense does not appear to be an appropriate use of state funds.

We also identified another reimbursement that lacked appropriate approvals. This reimbursement, which totaled \$88.20, related to personal mileage expense incurred when the deputy director traveled to commission headquarters from a vacation destination. The deputy director needed to return from vacation for an essential legislative presentation. According to the Oregon Accounting Manual (policy 40.10.00.PO.107), an individual is on travel status from the time he or she starts from and returns to his or her official workstation. With the approval of the agency director or designee, the employee may leave from and/or return to the place of residence or other specified location. Although this expense was appropriate according to the director, documentation supporting the exception was not available.

We recommend that the commission collect reimbursement from the deputy director for the inappropriate expense and ensure that all future reimbursements are permitted under state policy.

We also recommend that approved exceptions to the state travel policy be appropriately documented in commission records.

Vacation Payouts not Documented

In addition, we found that not all vacation payouts were supported by adequate documentation. According to state human resource policy 60.000.05, vacation payouts should only occur when an employee is approaching maximum vacation leave balances and is denied use of vacation leave. Documentation supporting the request and denial of vacation leave was not available for two vacation payouts made to the deputy director.

We recommend that the commission retain documentation supporting the request and denial of vacation leave prior to making vacation payouts.

Additional Internal Control Weaknesses Identified

During our review, we also identified the following internal control weaknesses that should be addressed by management.

- The director does not always review expense reimbursement forms submitted by the deputy director. Oregon Accounting Manual (OAM) policy 10.40.00.PR states, "The agency head approves all expenditures and commitments for the agency and/or delegates expenditure decision authority in writing to one or more responsible employees in the agency." Since the commission has not delegated this authority, the director should review all expenditures made by the deputy director.

- The commission does not always utilize the most economical transportation method. According to OAM policy 40.10.00.PO.112, “When vehicle travel is justified, a state owned vehicle will be used unless travel in a private vehicle is more practical because of cost, efficiency or work requirements.” We found that on some occasions it would have been more economical for the state had the deputy director used a state motor pool vehicle rather than being reimbursed for personal vehicle mileage.

We recommend that:

- The director review all expense reimbursement forms submitted by the deputy director; and
- The commission update policies to comply with state rules requiring employees to use the most economical means to travel on state business.

In addition to the above procedures, we reviewed all commission employee travel reimbursement request forms submitted during fiscal year 2004. We did not identify any additional reimbursement forms that conflicted with state policies.

Should you have any questions, feel free to contact me at (503) 986-6430.

Sincerely,
OREGON AUDITS DIVISION

Jason M. Stanley, CPA
Audit Administrator

JMS:brk

cc. Patrick Hearn, Director, Government Standards and Practices Commission
Theresa McHugh, Acting Director, Department of Administrative Services