



Auditing for a Better Oregon

August 4, 2004

Paul Cleary, Executive Director
Public Employees Retirement System
11410 SW 68th Parkway
Tigard, Oregon 97223

Board of Trustees
Public Employees Retirement System
11410 SW 68th Parkway
Tigard, Oregon 97223

Dear Mr. Cleary:

We have completed a change of director review of the Public Employees Retirement Systems' (department) former interim director, Laurie Warner, whose period of employment ended effective May 31, 2004. 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 interim director left her position. We reviewed representations from management and determined that assets assigned to the former interim director were returned and that her access to state and automated systems was terminated. We also reviewed reimbursements made to the Department of Administrative Services (DAS) for payment of the former interim director's payroll and determined that they agreed to the invoices submitted by DAS. To meet our objective, we also reviewed personal service contracts signed by and travel or other reimbursements submitted by the former director during her last three months of employment. We did not identify any such contracts or reimbursements submitted by the interim director during her last three months of employment.

Based on our limited review, we found that the department took appropriate action to protect state assets upon the former director's separation from the agency.

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

Management Letter No. 459-2004-08-01

Paul Cleary, Executive Director
Board of Trustees
Public Employees Retirement System
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Sincerely,
OREGON AUDITS DIVISION

Jason M. Stanley, CPA, CFE
Audit Manager

JMS: brk

cc: Craig Stroud, Internal Audit Administrator

Theresa McHugh, Acting Director, Department of Administrative Services