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*Auditing for a Better Oregon*

May 16, 2005

Robert Hidley, Director  
Oregon Department of Aviation  
3040 25<sup>th</sup> Street SE  
Salem, OR 97302-1125

Dear Mr. Hidley:

We have completed change of director reviews of the Oregon Department of Aviation's (department) former director, Ann Crook, who resigned from the director position on April 25, 2004, and interim director, Ron Rende, who resigned effective November 19, 2004. 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 appropriate actions were taken to protect state assets when the former directors resigned from the director position. To meet this objective, we reviewed representations from management and determined that assets assigned to the former directors were returned and that access to information systems was terminated. In addition, we reviewed documentation related to payroll, contracts, travel and other reimbursements. Except as noted below, we found the department took appropriate actions to protect state assets following the resignations of the former directors.

- Our review found the former directors' recent payroll disbursements and leave accruals were appropriate and accurate. However, we found the department did not follow state policy that requires the review and approval of directors' payroll, travel reimbursements and travel advances by someone with written delegated authority. The *Oregon Accounting Manual* (OAM 10.90.00 PO) states, "Agency heads appointed by the Governor shall delegate review and approval authority for agency head financial transactions to the chief financial officer or to the person who holds the position of second-in-command to the agency head. The delegation shall be in writing." In addition, state policy (OAM 40.20.00 PO) prohibits issuing cash travel advances except in certain circumstances granted by a designated official.
- Ms. Crook did not obtain written authorization on two out-of-state travel occasions. The state's travel policy requires written approval for out-of-state travel and

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recommends the preapproval of out-of-state travel as an internal control requirement.

**We recommend** the department:

- Develop and implement policies and procedures to ensure the appropriate review and approval of the director's payroll, travel reimbursements, travel advances and other financial transactions.
- Follow state policy regarding the approval of out-of-state travel.

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

Sincerely,  
OREGON AUDITS DIVISION

Ryan K. Dempster, CPA, CFE  
Audit Manager

RKD:brk

cc: John Wilson, Aviation Business Manager  
Gene Berger, Manager, DAS Shared Client Services  
Laurie Warner, Acting Director, Department of Administrative Services