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*Auditing for a Better Oregon*

April 1, 2005

Margie Lowe, Executive Director  
Oregon Student Assistance Commission  
1500 Valley River Drive, Suite 100  
Eugene, Oregon 97401

Dear Ms. Lowe:

We have completed a change of director review of the Oregon Student Assistance Commission's (commission) former director, Jeffrey Svejcar, who was reassigned on July 12, 2004 and transferred to another agency on October 15, 2004. We have also completed a change of director review of the commission's former acting director, Shelley Turner, whose limited duration agreement in this capacity expired January 12, 2005. 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 and acting directors were reassigned. We reviewed representations from management and supporting documentation and determined that the commission took appropriate action to protect state assets upon the former directors' separation from the position except as noted. Specifically:

- Assets assigned to the former directors were returned and the former directors' access to state and automated systems was terminated. However, the former director's signature authority to approve electronic funds transfers of the commission's Treasury accounts was not terminated until January 2005.
- Travel and other reimbursements submitted by the former and acting directors complied with applicable laws and regulations with the exception of a \$12 meal expense reimbursed to the former director while he was not on travel status. We also noted a cost savings of approximately \$575 could have been realized if state motor pool vehicles had been used for travel.
- Payroll disbursements and leave accruals appear to be appropriate and accurate with the exception of a 40-hour cash vacation payout made in July 2004 at the executive director hourly pay rate. *Oregon Accounting Manual* policy 60.000.05 (6)(a)(b) states that management employees with no less than 310 hours accrued vacation may request leave

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Management Letter No. 575-2005-04-01

to prevent its loss. The policy further states that if the vacation request is denied, adequate supporting documentation must be retained and a 40-hour cash vacation payout may be authorized. The commission appropriately documented the request and denial of vacation leave for the former director, however his accrued vacation of 295.2 hours did not meet the minimum accrual requirement imposed by the policy. Had the vacation hours not been cashed out at the executive director's pay rate, the state would likely have bought them back at employment separation for a pay rate difference savings of \$442.

- A personal service contract signed by the former acting director during the last three months of her employment in this capacity appears to be in compliance with selected laws and regulations. We requested contracts signed by the former director during the review period and were informed there were none.

**We recommend** commission management terminate access to state assets upon an employee's separation from employment in a timely manner and consider the cost benefit of using state motor pool vehicles for travel. Further, **we recommend** the commission consult with legal counsel to resolve the overpayment to the former director resulting from the cash vacation payout and seek repayment for the meal reimbursement.

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

Sincerely,  
OREGON AUDITS DIVISION

Kelly L. Olson, CPA  
Audit Manager

KLO:brk

cc: Anna Houpt, Fiscal Analyst III  
Laurie Warner, Acting Director, Department of Administrative Services