



Auditing for a Better Oregon

February 24, 2005

Phillip C. Ward, Director
Water Resources Department
725 Summer St NE, Suite A
Salem, OR 97301-1271

Dear Mr. Ward:

We have completed a change of director review of the Water Resources' former director, Paul Cleary, who resigned 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 director resigned from his position. We reviewed representations from management and determined that assets assigned to the former director were returned and that his access to state and automated systems was terminated. In addition, we reviewed travel and other reimbursements submitted by him during his last three months of employment and determined that these claims complied with applicable laws and regulations. We also examined the former director's recent payroll disbursements and leave accruals, which were appropriate and accurate. Finally, we reviewed personal service contracts signed by him in the last three months of employment and determined that these appeared to be for a valid business purpose.

Based on our limited review, we found that the Water Resources 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 Ron Forehand or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

Kelly L. Olson, CPA
Audit Manager

KLO:brk

cc: Mike Auman, Administrator, Administrative Services Division
Dan Thorndike, Water Resources Commission Chair
Laurie Warner, Acting Director, Department of Administrative Services

Management Letter No. 690-2005-02-01