



Auditing for a Better Oregon

September 11, 2006

Dr. Bruce Goldberg, Director
Department of Human Services
500 Summer St. NE, E15
Salem, Oregon 97301-1097

Dear Mr. Goldberg:

In 2005, the Oregon Audits Division completed a review of the Small Purchase Order Transaction System (SPOTS) purchases made by the Department of Human Services (department) in 2005. As part of that review, we identified a lack of controls over purchases made with Oregon State Hospital (hospital) SPOTS cards. We recommended the department implement limits and guidelines on spending.

In 2006, the Secretary of State's Government Waste Hotline received an allegation regarding inappropriate use of a SPOTS card by a hospital employee. Specifically, the caller alleged the employee was buying food and personal items with state funds.

As a result of the allegation, we reviewed the hospital employee's SPOTS card purchases and supporting documentation from January 2005 through March 2006. We found the employee purchased personal meals, coffee, bowling, and movie theatre tickets with a state SPOTS card. Documentation supporting the transactions indicated the purchases were made in connection with the employee's job duties to integrate patients into the community and improve socialization skills. An expanded review of all hospital employees' SPOTS card purchases indicated purchases were made at restaurants, bowling alleys, party and toy stores that may be viewed as wasteful and an abuse of state funds.

Our review of hospital policies and procedures indicated the hospital has not implemented our recommendation to create limits and guidelines on employee spending. Inadequate controls over purchases leaves the state exposed to potential waste and abuse.

We recommend hospital management:

- Implement limits and guidelines on employee spending, including purchases for patient outings; and

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- Develop and implement internal controls intended to prevent, detect, and deter unauthorized or inappropriate purchases.

Should you have any questions, please contact Jamie Ralls or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

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Audit Manager

RKD:brk

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