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*Auditing for a Better Oregon*

July 25, 2006

Bob Repine, Director  
Oregon Economic and Community Development Department  
775 Summer Street NE, Suite 200  
Salem, OR 97301-1280

Dear Mr. Repine:

We have completed a change of director review of the Oregon Economic and Community Development Department's (department) former interim director, Mike Salsgiver, who served in the role until February 28, 2006, when he was transferred to the deputy director position of the department. 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 left his position. We reviewed representations from management and examined supporting documentation and determined that the department took appropriate action to protect state assets upon the former interim director's transfer to the deputy director position of the department. Specifically:

- Assets assigned to the former interim director and retained in his deputy director position were accounted for.
- Travel and other reimbursement claims submitted by the former interim director during his last three months in that position generally complied with applicable laws and regulations. In one instance, the former interim director was reimbursed \$32 for the actual cost of a business lunch with the executive director of an organization that had worked with the department in the past. The meeting was held over lunch to accommodate the former interim director. Based on review of Oregon Accounting Manual policies related to travel and non-travel meals, this business lunch is not allowable. During the course of our review, the department collected the \$32 overpayment from the former interim director and took steps to prevent future similar occurrences.
- Payroll disbursements and leave accruals were appropriate and accurate during his last three months as interim director.

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Management Letter No. 123-2006-07-01

Bob Repine, Director  
Oregon Economic and Community Development Department  
Page 2

Should you have any questions concerning these issues, please contact me at (503) 986-2349.

Sincerely,  
OREGON AUDITS DIVISION

Kelly L. Olson, CPA  
Audit Manager

KLO:bk

cc: Lin Rigutto, Fiscal Services Manager  
Lindsay Ball, Director, Department of Administrative Services