

Office of the Secretary of State

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July 24, 2007

Dr. Bruce Goldberg, Director
Department of Human Services
500 Summer Street NE, E-15
Salem, Oregon 97301-1097

Dear Dr. Goldberg:

We have concluded our investigations of time reporting and state vehicle usage at the Oregon Department of Human Services (department). The Audits Division received allegations through the Government Waste Hotline in December 2006 that a department employee in a Vocational Rehabilitation branch office was not reporting all leave time taken. In addition, we received an allegation in January 2007 that an employee at another branch office was using a state vehicle for personal use and possibly falsifying mileage on expense reports for reimbursement. Both branch offices were under management by the same manager.

The purpose of our investigation was to determine the validity of the allegations. The department's Office of Human Resources had already begun a review that encompassed these matters; therefore, we considered the department's evaluation of the allegations and reviewed documentation the department provided. We also compared leave information received through the hotline to the one employee's leave time recorded in the state's payroll system. In addition, we reviewed the state accounting records from December 2005 to January 2007 to find expense reimbursement transactions for the other employee.

Leave Time – We compared the employee's leave requests and timesheets for a period of 21 months and identified 4 months in which the employee had requested and taken 43 hours of leave, but had not reported it on timesheets. The branch manager, who resigned in January 2007, had approved the employee's leave requests and timesheets, but had not detected or corrected the discrepancies. Once we communicated our findings to the department, staff discussed the matter with the employee, and the employee's leave balances were appropriately adjusted.

State Vehicle – Department management substantiated the allegation that an employee regularly used a state vehicle to commute between a branch office in the employee's resident city and the employee's assigned work station, which was approximately 30 miles away. According to documentation provided by the department, the former branch manager had authorized this practice. Once the department determined this misuse was occurring, branch management immediately directed the employee to stop using the state vehicle for commuting.

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Regarding the claim the employee sought reimbursement for mileage, our review of accounting records found no evidence the employee received mileage reimbursements.

The department took prompt actions to resolve the specific issues noted above. To help strengthen controls throughout the agency, **we recommend** department management ensure managers conduct adequate reviews of staff's leave requests and timesheets to make certain that all leave taken is accurately recorded. **We also recommend** all employees be informed of and reminded of the appropriate use of state vehicles.

Personal use of a state vehicle is potentially a violation of Oregon's ethics laws. As a result, we have conveyed this information to the Oregon Government Standards and Practices Commission (commission) in compliance with Oregon Revised Statute (ORS) 177.180(3)(a). The statute requires us to notify the commission if we determine a violation of any provision of ORS chapter 244 may be occurring or may have occurred.

We appreciate your staff's time and cooperation during this investigation. If you have any questions, please contact me at (503) 986-2351.

Sincerely,
OREGON AUDITS DIVISION

V. Dale Bond, CPA, CISA, CFE
Audit Manager

VDB:brk

cc: Cynthia Scheick, Chief Audit Officer
Dave Upton, Senior Internal Auditor
Ken McGee, Senior Human Resources Manager
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