

Office of the Secretary of State  
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January 25, 2007

Katy Coba, Director  
Oregon Department of Agriculture  
635 Capitol Street NE, Suite 360  
Salem, Oregon 97301-2532

Dear Ms. Coba:

The Audits Division has completed the constitutionally mandated audit of agencies that had Measure 66 expenditures for the 2003-05 biennium. The purpose of our audit was to determine the following: (1) whether agencies receiving Measure 66 funds spent them as the constitution intended and reported expenditures accurately for the 2003-05 biennium; and (2) whether agencies have established performance measures and are gathering the necessary Measure 66 data relevant to those performance measures.

We found that the Oregon Department of Agriculture (department) expended its Measure 66 funds for the 2003-05 biennium substantially in compliance with laws and regulations. The department has developed performance measures and is gathering the relevant data. Although the department substantially complied in expending its Measure 66 funds, we noted the following that we shared with department management.

- We tested a sample of the department's services and supplies expenditures charged as Measure 66 capital and operating expenditures. We question the following expenditures charged as Measure 66 capital expenditures: monthly car pool reimbursements, monthly phone bills from AT&T and the Department of Administrative Services, a monthly cell phone service bill, lab supplies, and supplies for a workshop. The department could not demonstrate that these costs were part of a specific Measure 66 project. According to advice from the Department of Justice (DOJ), these expenditures do not qualify as Measure 66 capital expenditures as they are not tied to a specific Measure 66 project. We question \$112,593 in expenditures based on a projection of the results of the sample of expenditures tested. **We recommend** the department ensure that services and supplies expenditures charged as Measure 66 capital expenditures are part of a specific project and are adequately documented.
- We tested a sample of the department's payroll costs charged as Measure 66 expenditures. We found that some employees charged time as Measure 66 capital expenditures while performing non-project specific tasks such as attending a workshop, preparing training for employees, reviewing grant proposals, and

preparing weed risk assessments for the Oregon State Weed Board. In other cases, the department could not demonstrate that the employees were working on specific Measure 66 projects on the dates the Measure 66 capital expenditures were charged. We question \$160,674 in expenditures based on a projection of the results of the sample of payroll tested. **We recommend** the department ensure that employee hours charged as Measure 66 capital expenditures are for time worked on a specific project and are adequately documented.

- We also reviewed the leave analysis, prepared by the department for the sample of employees we tested, for work time charged as Measure 66 capital expenditures. Based on DOJ advice, leave earned by department employees while working on Measure 66 capital projects would qualify as a capital expenditure. The analysis showed that some employees charged more vacation and sick leave as Measure 66 capital expenditures than earned while working on Measure 66 capital projects. We question \$1,390 charged as Measure 66 capital expenditures based on a projection of the results of our review of the analysis. **We recommend** the department ensure that leave charged as Measure 66 capital expenditures does not exceed the leave earned by employees working on Measure 66 capital projects.

Please refer to audit report No. 2007-01 for the results of our Measure 66 audit. Should you have any questions, please contact me at (503) 986-2349.

Sincerely,  
OREGON AUDITS DIVISION

Kelly L. Olson, CPA  
Audit Manager

KLO:bk

cc: Dan Hilburn, Administrator, Plant Division  
Ray Jaendl, Administrator, Natural Resources Division  
Lindsay Ball, Director, Department of Administrative Services