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January 25, 2007

Virgil Moore, Director  
Oregon Department of Fish and Wildlife  
3406 Cherry Avenue NE  
Salem, Oregon 97303

Dear Mr. Moore:

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 Fish and Wildlife (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 personal services and services and supplies expenditures charged as Measure 66 capital expenditures by the department's Fish Screen Program and noted that certain expenditures did not qualify as Measure 66 capital expenditures because they were not part of a specific capital project. These expenditures were recorded in the Fish Screen database in "C", "E", and "I" projects; actual capital projects are denoted by "P" (passage) or "S" (screening). We allowed materials inventory recorded in "I" projects, with the understanding that the department and the Oregon Watershed Enhancement Board are developing a process to ensure that these materials will subsequently be incorporated into Measure 66 capital projects. We also allowed paid leave charged to "E" projects because the department prepared a separate analysis of earned and paid leave charged to Measure 66 capital expenditures.

We question \$565,478 in personal services expenditures charged as Measure 66 capital expenditures to "E" projects and \$3,250 charged to "I" projects by the Fish Screen Program during the 2003-05 biennium. We also question \$52,873 in services and supplies expenditures charged to "C" projects and \$15,378 charged to "I" projects during the biennium. **We recommend** the department ensure that

personal services and services and supplies expenditures for the Fish Screen Program are part of a specific project (screening or passage) when charged as Measure 66 capital expenditures.

- We also reviewed the leave analysis, prepared by the department for the sample of Fish Screen Program employees we tested, for work time charged to Measure 66. Based on Department of Justice 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 \$1,540 charged as Measure 66 capital expenditures based on 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: Scott Hayes, Fiscal Services Manager  
Tom Wood, Facilities and Screens Program Manager  
Lindsay Ball, Director, Department of Administrative Services