



# Oregon

Theodore R. Kulongoski, Governor

## Department of State Police

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October 29, 2008

V. Dale Bond, CPA, CISA, CFE  
Audit Manager  
Oregon Audits Division  
255 Capitol St. NE, Suite 500  
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Thank you for the detailed Management Letter dated October 6, 2008. As stated in the letter, the findings were based on information reviewed in October 2005, and November and December of 2006. In short, the Oregon State Police (OSP) agrees with the findings included in the letter. However, we believe it is important to note that the department underwent dramatic budget cuts during the 2003-2005 biennium, which left the department severely understaffed and unable to actively manage all internal control processes. Since these incidents occurred, OSP has been able to rebuild its staffing levels in both the fleet and procurement units and has taken steps to implement stronger internal control and management practices throughout the department.

The following information specifically addresses issues listed in the "Procurement Process Controls" portion of the "Results" section on page 2 of the letter.

- A policy related to expenditure decision authority has been drafted for review and approval by the Department's Leadership Team. Once approved, Accounting Services staff will verify each signature authorizing payment to ensure proper delegation of signature authority prior to payment processing.
- The files located in the Accounting Services Unit containing all revenue and expenditure documentation have been locked, limiting access to Accounting Services staff only, to ensure files are maintained properly. Each transaction is currently required to include a summary entry header attached to the back up documentation prior to input into the Statewide Financial Management Application (SFMA) for ease in documentation review.

The Accounting Services Unit and the Procurement Services Unit participate in joint staff meetings to discuss areas of improvement for streamlining the process of procuring goods and services and the payment of the goods and services. A draft flowchart was developed as a result of the joint staff meetings to assist Procurement, Accounting and field staff in identifying the process for procuring goods and services (please see attached).



The following information specifically addresses issues listed in the "Fragmented Purchases" portion on page 3 and "Contract for the Outfitting of Patrol Vehicles" on pages 3 and 4 of the letter.

- The Procurement Unit has conducted a review of all contracts issued during the last three years. The Procurement staff have identified a small number of opportunities where soliciting for a Price Agreement with vendors will eliminate the possibility of fragmentation of purchases.
- The Procurement Unit has also established a common tracking process for all purchase orders and contracts to implement better control of the competitive purchasing process.
- In 2007, OSP required all managers to attend the "Small Purchases and Direct Negotiation" training provided by DAS. In addition, the Procurement Unit is developing and providing training on correct purchasing processes, specifically defining fragmentation and how to avoid it. The training will ensure appropriate competitive purchasing and will be rolled out at the beginning of 2009.

The following information specifically addresses issues listed in the "Efficiencies in Placing Vehicles in Service" page 5 of the letter.

- The Fleet Unit has hired a number of new staff to ensure that vehicles, once received, are put into service in a timely manner. They have also developed performance measures for tracking and improving these processes.

Thank you for the opportunity to provide feedback to your letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Timothy F. McLain".

Timothy F. McLain, Superintendent  
edg

cc. Ramona Rodamaker, ASD Director  
Roberta M. Watson, Business Services Manager  
Robert Miller, Internal Auditor  
File