

SUMMARY

*Commission on Hispanic Affairs:
Change of Director Audit*
Report No. 2002-04

Purpose

The Secretary of State is required by Oregon Revised Statute 297.210 to audit or review state agencies when the executive head leaves his or her position. The purpose of the audit was to examine Commission on Hispanic Affairs transactions and accounts directly under the control of the executive director for compliance with applicable laws and regulations, as well as follow up on allegations of the director's inappropriate use and management of state resources.

Results in Brief

During our review, we found that the commission delegated significant authority to the director without providing adequate review of his activities. As a result, the former director may have abused his authority and did not adequately account for, and safeguard, state assets.

The former director expended commission funds totaling approximately \$3,480 for personal use. We also identified other instances in which the former director misused state resources or violated state rules, including misreported leave that resulted in overpayment of approximately \$1,500 for vacation leave at the time of his separation from state service.

We also noted two occasions when the former director may have used his position as a public employee to gain personal benefit by obtaining state contracts. Those contracts totaled \$14,000.

In addition to the control items noted earlier, we found additional areas of concern that should be addressed by the commissioners.

Furthermore, we found that employees at the Department of Administrative Services' Shared Client Services were aware of and questioned some of the above transactions and did not alert the commissioners of the potential non-compliance.

Recommendations

We recommend that the Commission on Hispanic Affairs:

- Take necessary actions to recover the \$3,480 in personal expenses incurred by the former director and the \$1,500 in overpaid leave;
- Consult with the Department of Justice and other authorities to determine the proper course of action to resolve identified legal issues;
- Pursue collection of the approximate \$50,000 in outstanding receivables. In addition, the commission should implement a system to ensure timely billing and collection of receivables and other monies owed; and
- Take a more proactive role in managing the director and commission affairs. Specifically, the

commissioners should provide policies and procedures to ensure a more appropriate level of internal control. Further, the commissioners should develop a process to exchange information with Shared Client Services to help identify and correct deficiencies in commission, business activities.

We also recommend that the Department of Administrative Services establish policies and procedures to ensure that Shared Client Services employees report questionable transactions to oversight bodies as well as the directors.

Agency's Response

The Commission on Hispanic Affairs and the Department of Administrative Services generally agree with the recommendations.

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