

**Pursuant to ORS 182.472,
as Revised by HB 2029 of the
73rd Legislative Assembly,
A Report of the Work of the Board
from 7/1/2005 to 6/30/2007**

Submitted by the

**OREGON STATE
LANDSCAPE ARCHITECT BOARD**

to

**The Governor,
The President of the Senate,
The Speaker of the House of Representatives, and
The Legislative Fiscal Office**

December 31, 2007

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1

Introduction

2

Audit

3

Budget Information

4

Fees

5

Rulemaking Process

6

Consumer Protection

7

Licensure Activities

8

Enforcement Activities



Oregon

Theodore R. Kulongoski, Governor

State Landscape Architect Board

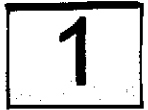
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ABOUT THIS REPORT



This Report reflects the activities of the Oregon State Landscape Architect Board (OSLAB) from July 1, 2005 to June 30, 2007. The Board convened ten times during this two year period. Minutes of these meetings are available on the Board's web site at <http://www.oregon.gov/LANDARCH/index.shtml>. Quarterly meetings were scheduled for each year, but additional special meetings convened as needed to carry out the work of the Board.

The current Board membership list can be found on the page following. Please feel free to contact any of these members should you have specific questions about any information in this report. During this biennial reporting period, the four Board members listed here completed terms. These Board members were very capable individuals, who offered much experience with both the profession as Landscape Architects and activities of the Board as Public Members.

Gladys Biglor, Public Member
Jim Figurski, Landscape Architect
Paul Kylo, Public Member
Andy Leisinger, Landscape Architect

During this biennium, the Board has been actively applying the Administrative Rules whenever responding to questions. This led to the realization that the text was in need of updating and revising. Tab 5 reflects the numerous revisions that have been adopted under the leadership of the Chair of the Administrative Rules Committee, Public Member Ron Nichols.

The Board has been actively working through issues arising from the initial audits of continuing education activities presented by registrants. Mel Stout, LA, has served as the lead Board Member chairing the Continuing Education Committee.

After being in the worst of financial straights at the beginning of this budget cycle, by adopting a conservative fiscal stance and with the receipt of an insurance payment for employee dishonesty following the closing of the Administrator Audit enclosed, the Board's financial statement is healthy again. By practicing fiscal conservatism, the Board is now able to begin gaining lost ground by adding back activities and programs in the upcoming biennium.

A successful working relationship with the Oregon State Board of Geologist Examiners has led to staff support to carry out the work of the Board. As Administrator for the Oregon State Landscape Architect Board, I am always available to discuss any part of this entire report.

Sincerely,

Susanna R. Knight
Administrator

EXECUTIVE APPOINTMENTS BOARD ROSTER

Oregon State Landscape Architect Board

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Administrator: Susanna Knight (susanna.knight@state.or.us)

<i>Authorization</i>	ORS 671.459
<i>Members</i>	7 (includes 3 public members)
<i>Term Length</i>	4 years
<i>Limit</i>	None

BOARD MEMBER	BUSINESS	CONTACT	TERM(S)
Edwards, Robert L. <i>Public Member</i>	Faith Lutheran Church 4505 River Road N Keizer, OR 97303 pastor-bob@qwest.net	W 503-393-4507	09/10/2007 – 06/30/2011
Nichols, Ron <i>Treasurer/Public Member</i>	nichols2463@msn.com	H 503-393-2017	2/09/2006 to 6/30/2009
Olsen, David P. <i>Landscape Architect</i>	David Evans & Associates, Inc 709 NW Wall Street Bend, OR 97701 dpo@deainc.com	W 541-389-7614 F 541-389-7623	02/13/2006 - 06/30/2009
Pellitier, John P. <i>Landscape Architect</i>	Pellitier & Pellitier 1397 Willamette Street Eugene, OR 97401 john@pellitier.com	W 541-484-2045 F 541-484-0518	05/14/2007 - 06/30/2010
Stout, Mel J. <i>Vice Chair/Landscape Architect</i>	Harper Houf Peterson Righellis, Inc. 205 SE Spokane St Ste 200 Portland, OR 97202 Mels@hhpr.com	W 503-221-1131 F 503-221-1171	07/01/2004 - 06/30/2010
Van Wormer, Timothy C. <i>Board Chair/Landscape Architect</i>	Port of Portland 121 NW Everett Portland OR 97221 tim.vanwormer@portofportland.com	W 503-944-7208	11/08/2004 - 06/30/2008
Wright, Susan <i>Public Member</i>	N/A Vista-house@comcast.net	W 503-703-7406	05/14/2007-06/30/2010

AUDIT INFORMATION SUMMARY

One investigation and one audit are referenced under this tab, both released by the Secretary of State's Office during 2006:

- ✓ Oregon State Landscape Architect Board, Administrator Investigation [Report No. 1006-13, April 13, 2006]; and
- ✓ The Financial Audit released by the Secretary of State's Audits Division for the Two Years Ended June 30, 2005 [Report No. 2006-37, October 13, 2006].

An audit of the 7/1/2005 to 6/30/2007 biennium is scheduled to begin January 7, 2008.

Oregon State Landscape Architect Board: Administrator Investigation



Secretary of State Audit Report

Summary

PURPOSE

The purpose of our investigation was to follow up on an allegation regarding a vacation payout taken by Leslie Clement, the former administrator at the Oregon State Landscape Architect Board (board), upon her departure.

RESULTS IN BRIEF

Our investigation substantiated the allegation regarding a questioned vacation payout. We determined that the former administrator was paid \$9,149 more in vacation payout than she was entitled.

Because the follow up on the allegation suggested potential criminal activity, we contacted the Oregon State Police. We conducted a joint investigation of the former administrator's activities at the board.

The investigation revealed that, from January 1999 through December 2004, the former administrator misappropriated board funds of approximately \$139,000.

In August 2005, Leslie Clement was indicted on multiple counts including official misconduct, theft, and forgery. On April 3, 2006, Leslie Clement was arrested following a guilty plea and is serving 19 months in prison followed by 24 months of post-prison supervision. In addition, Leslie Clement was ordered to pay restitution of \$135,365.27 to the Oregon State Landscape Architect Board.

RECOMMENDATIONS

We recommend the Oregon State Landscape Architect Board initiate appropriate measures to recover the loss of funds.

We recommend the board review their current system of internal control over administrative and fiscal activities and, at a minimum, implement the following:

- Ensure bank statements are sent directly to a member of the board for review.
- Reconcile the bank statements to the check register on a regular basis.
- Review supporting documentation for each transaction before signing checks.
- Review and approve the administrator's monthly timesheet, and vacation and sick leave, prior to payroll being submitted to the payroll company for processing.
- Periodically review the administrative and fiscal activities of the board to ensure they are sufficient to prevent, detect, and deter unauthorized transactions from occurring.

AGENCY'S RESPONSE

The Oregon State Landscape Architect Board generally agrees with the recommendations.

Background

The Oregon State Landscape Architect Board (board) is a semi-independent agency of the State of Oregon. The board operates under *Oregon Revised Statutes* Chapter 671.310 to 671.459. The board consists of seven members appointed by the governor for four-year terms. Four members are registered landscape architects, and three members are public members, and shall be residents of the state. The board examines applicants for licensure and imposes disciplinary actions against those who violate statutes. The board also makes rules and enforces professional standards for the practice of landscape architecture in Oregon. The board employs an administrator who is responsible for the day-to-day operations of the board including making purchases and payments on billings, preparing for board meetings, and proctoring the landscape architect examinations.

The board was part of a review conducted by the Joint Legislative Audit Committee of semi-independent boards. Their report, issued in December 2004, stated the board is the exception among the semi-independent boards and the board's record of performance since 2001 reflects a repeated failure to meet the statutory requirements of key administrative procedures to file administrative rules. The report also stated the board did not have a website, and no structural information about the board was available except for request by telephone, fax, and conventional or electronic mail.

According to the Joint Legislative Audit Committee's report, the board appointed Ms. Clement to the position of administrator in February 1999. Prior to this appointment, Ms. Clement was the office specialist for the board. Ms. Clement became the only administrative staff at the board as

a new support staff position was not filled when Ms. Clement was promoted. Ms. Clement submitted her resignation effective in November 2004.

Allegation and Investigation Background

The Audits Division received a call on the Government Waste Hotline regarding a vacation payout made to the former administrator at the time of her resignation.

In response, we started an investigation of the former administrator's payroll records. Because the initial review suggested potential criminal activity, we contacted the Oregon State Police.

As a result, we conducted a joint investigation of the former administrator's activities including payroll and board expenditures.

Investigation Results

In our investigation of the board's financial records and transactions, we found that the board did not have adequate internal control over administrative activities to prevent, detect, and deter unauthorized or inappropriate transactions. Our investigation identified approximately \$139,000 in inappropriate costs as a result of unauthorized and inappropriate payroll payments, personal use of the board's credit card, personal use of board funds, inappropriate cellular phone usage, and misappropriation of board property.

Excessive Vacation Payout

The former administrator received \$9,149 in vacation payout for which she was not entitled. The board utilized two payroll processing companies to manage its payroll. On a monthly basis, the former administrator submitted payroll information directly to that company. Once submitted, the

former administrator was paid through electronic deposit. The board did not have any internal controls in place to review the former administrator's timesheets and leave accrual balances before or after payment.

In November 2004, the former administrator initiated a final payroll check totaling \$12,807, which included a payout of 342 hours of vacation in addition to her monthly salary amount. The board has adopted the Department of Administrative Services human resource policies and procedures and this payout was in violation of DAS Human Resource Division policy 60.000.05, which limits vacation payouts to 250 hours when leaving state service.

In addition to following up on the vacation payout allegation, we reviewed the payroll records of the former administrator from February 1999 to November 2004 to determine if amounts paid were appropriate. We found the vacation leave on her leave accrual spreadsheet and claimed in the vacation payout did not agree with her monthly timesheets. As a result, her vacation leave balance was overstated. This overstatement occurred because the former administrator did not deduct vacation leave taken from her leave balance, substituted sick leave when it appears the administrator may have been on vacation, and claimed holiday leave in months when there were no recognized state holidays.

Rather than the 342 hours of vacation leave accrued, we calculated that the former administrator had a negative vacation leave balance of 116 hours. Due to the negative vacation leave balance, the former administrator was not eligible to receive any amount for a vacation leave payout upon her resignation from the board.

Unauthorized Payroll Increases

The former administrator received \$21,979 more in payroll than she was entitled.

The board approved the former administrator for a merit increase in August of 1999. Subsequent to that date there is no evidence of the board granting her additional merit increases or approving changes in her job classification. State employee payroll is based on a 'range' with a set number of annual increases. Generally, an employee is approved to receive a merit increase annually, until reaching the top step of the range.

We reviewed the former administrator's payroll records from February 1999 to November 2004. We compared what she was entitled to receive to what she actually received. We determined that the former administrator inappropriately received \$2,334 more than she was entitled due to inappropriate changes to her job classification and unapproved merit increases. The former administrator increased her pay by changing her job classification, without board approval, and then periodically giving herself merit increases.

Furthermore, we also identified payroll overpayments totaling \$19,645, which included the 116 hours of vacation, to which she was not entitled. The former administrator incurred leave without pay that was not deducted from her payroll. Further, she claimed vacation time that was not available and claimed compensatory time for which she was not eligible.

Personal Use of Board Credit Card

The former administrator purchased personal items totaling \$18,044 with the board's credit card.

We obtained and reviewed the board's credit card statements and supporting documentation from May 1999 to July 2001, when the card was canceled, to determine if purchases made by the former administrator were for legitimate board purposes. The board used a credit card to pay for expenses such as making reservations and other travel arrangements. Charges reported on the credit card statements during this time period by the former administrator totaled \$25,468. Based on a statement from the board, the board did not have a system in place to regularly and adequately review purchases made by the former administrator.

During the two years, the former administrator charged \$16,949 for personal items, including women's clothing, home furnishings, and concert tickets. We also question additional charges totaling \$1,095 that did not have supporting documentation. These include travel related charges and late fees.

Personal Use of Board Checking Account

The former administrator used the board's bank account to make \$87,830 in inappropriate purchases.

Two members of the board are authorized to sign checks written against board funds. The former administrator was responsible for preparing the checks for signature by the board members.

We reviewed negotiated checks for the period of January 1999 to December 2004 to determine if the checks were signed by an authorized board member and that each check had original supporting documentation.

Of the 930 negotiated checks, we identified 138 checks where the payee listed in the board's accounting system did not agree to the payee shown on the canceled check. These checks totaled \$76,186 and represent 15 percent of

all checks issued by the board during this time period.

Of the 138 checks, 136 were recorded in the accounting system to legitimate vendors. However, the physical checks identify the former administrator as the payee. For the remaining two checks, the payees recorded in the accounting system did not agree to the payees on the physical checks. We also identified \$2,183 in purchases paid directly to clothing and collectible stores that do not appear to be for legitimate board business.

Finally, we reviewed reimbursements made directly to the former administrator against supporting documentation. We identified payments that appeared inappropriate relating to payroll advances and reimbursement requests totaling \$3,860. We also question reimbursements totaling \$5,602 to the former administrator for which no supporting documentation was available.

Of the 930 negotiated checks from January 1999 to December 2004, the board chair questioned the validity of his signature on 497 of those checks. In an interview with the former administrator, she confirmed that she had signed the board chair's signature on checks.

Inappropriate Cell Phone Use

We reviewed phone charge statements dated December 2003 through April 2005. While the board approved the use of one cell phone, the former administrator confirmed that she had obtained a second cell phone for her daughter's use. We question charges totaling \$557 that were paid by the board for the second cell phone. We were unable to perform a complete review of all cell phone charges, as the phone company was unable to provide copies of all prior invoices. Had that documentation been available,

