



Auditing for a Better Oregon

May 28, 2002

Stan Bunn, State Superintendent of Public Instruction
Oregon Department of Education
255 Capitol Street NE
Salem, Oregon 97310-0203

Dear Mr. Bunn:

During our audit of personnel practices at the Department of Education, we noted certain issues that we believe deserve your attention. These issues are of lesser significance and did not warrant inclusion in our report. The issues are summarized below, along with our recommended actions.

Overpayments to School Districts

We identified an overpayment of approximately \$2,300 to a school district for an employee on a job rotation. This overpayment was made to the school district and did not result in the employee receiving additional salary payments or benefits. Approximately \$1,800 of this amount was due to a billing error.

The remaining portion of the overpayment estimate was due to the agency paying for a full month of benefits even though the agreement started in the middle of a month. It may be reasonable for the department to pay only the portion of benefit payments that corresponds to the period the job rotation was in effect. The mid-month start date was different than the other job rotation agreements reviewed during our audit, and may have contributed to the inaccurate payments.

We recommend that the department seek reimbursement for the overpayment that resulted from a billing error. In addition, the department should review the job rotation agreement with the district to determine what portion of benefits paid for the half month of service should have been prorated and seek reimbursement if appropriate.

Recording of Differential Payments

We identified salary differential payments incorrectly entered into the Oregon State Payroll System (OSPS). Our review of personnel files and interviews indicate that most payments were for special duties and activities performed by teachers at the special schools. There was no

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proper OSPS pay code available for the department that met the description of these duties. As a result, 36 employees received payments with the improper object title of “Longevity-Bonus-Incentive.” Proper classification of differential payments is an important element of adequate monitoring.

We recommend that the department work with the Department of Administrative Services to determine what codes should be used to properly record these differential payments.

Verbal Extension of Job Rotation Agreement

We found that a job rotation agreement with the Oregon Youth Authority was verbally extended for five months.

We recommend that all extensions of agreements in the future be executed in writing.

Should you have any questions concerning these issues, feel free to contact Sandra Gillispie, Darrin Hotrum or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

Jason M. Stanley, CPA
Audit Administrator

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