

# Department of Administrative Services



## *Internal Controls for Fraud Prevention*

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# DAS and the Internal Control Environment



 DAS establishes and maintains sound internal controls through:



## Statewide policy

**Oregon Accounting Manual (OAM)**, issued and maintained by the Chief Financial Office | Office of the State Controller  
Chapter 10 covers Internal Control, with 15 subchapters  
Policies of the Chief Human Resource Office | Policies of Enterprise Information Service



## Administration of statewide financial systems



## Physical and electronic access



No internal control environment can guarantee the prevention and detection of all fraud or errors



# Segregation of Duties

Serves as a prevention and detection of fraud and errors.

**Separate authorization** for the executing of transactions, recording of transactions, custody of assets and periodic reconciliation of existing assets to recorded assets.

Accounting system (R\*STARS)

Over 50 user classes – assigns specific roles to the user class as part of transaction life cycle

Unique identifier for person and position has one or multiple user classes

Manual and automated controls for:

- Granting and revoking access
- Ensuring conflicting user classes are not given to same individual

System Security Office within the Office of the State Controller

Semi-annual review of users with agencies

# System Controls



## R\*STARS

system controls related to:

- Access controls and user classes (previous slide)
- Cash
- Budget
- Vendor management
- Disbursements

## Workday and OregonBuys

- Access controls
- Roles
- Central administration



# Employees and Internal Control

Employees are part of the internal control environment

Background checks upon hire

- Performed by those agencies with authority to do so in their operating statutes

Code of conduct – CHRO Workforce Management Policies

- Managing Improper Governmental Conduct (includes Whistleblower protection)
- Maintaining a Professional Workplace
- Discrimination and Harassment Free Workplace policies
  - Agencies may have agency-specific code of conduct policies

Acknowledgment of various information technology policies

State Government Accountability Hotline

- Some agencies have dedicated hotlines
- For reporting allegations of fraud, waste, and abuse

CHRO Investigations Unit- Investigates alleged CHRO policy violations



# Reviews and Audits

Year-end and month-end responsibilities

Risk assessments

Enterprise Information Services – Cyber Security Risk Assessments

Internal audit processes

Annual financial statement audit by Secretary of State Audits Division

- Not part of the control environment
- No opinion expressed on internal control
- Examine relevant controls and communicate material weaknesses and significant deficiencies, requiring agency follow-up
- Required to assess fraud risks

# Training, Tools and Discipline



- Fraud Investigation as a Service through audit services price agreement
- No current DAS-developed training on fraud
- Agencies are able to use analytics tools such as Power BI to assist detection efforts.
- If fraud or inappropriate action is identified, notify relevant agency partners and leadership.
- If restitution is ordered through a judgment, DOJ would be involved.



# Thank You

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