

STATE BOARD OF ACCOUNTANCY
FINANCIAL AUDIT
FOR THE THREE YEARS ENDED JUNE 30, 1990

AUGUST 1991

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

91-57

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Centennial Office Building, Saint Paul, Minnesota 55155 ● 612/296-4708

SUMMARY

State of Minnesota
Office of the Legislative Auditor
Centennial Office Building • St. Paul, MN 55155
612/296-4708

STATE BOARD OF ACCOUNTANCY

FINANCIAL AUDIT FOR THE THREE YEARS ENDED JUNE 30, 1990

Public Release Date: August 29, 1991

No. 91-57

OBJECTIVES:

- EVALUATE INTERNAL CONTROL STRUCTURE: license and service charges revenue; payroll; office supplies and subscriptions.
- TEST COMPLIANCE WITH CERTAIN FINANCE-RELATED LEGAL PROVISIONS.

CONCLUSIONS:

We found the internal control structure to be effective.

We found no departures from finance-related legal provisions.

Contact the Financial Audit Division for additional information.
(612) 296-1730



STATE OF MINNESOTA
OFFICE OF THE LEGISLATIVE AUDITOR
CENTENNIAL BUILDING, ST. PAUL, MN 55155 • 612/296-4708
JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Ann Rest, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Mary Monson, Chair
State Board of Accountancy

Members of the State Board of Accountancy

Pamela Smith, Executive Secretary
State Board of Accountancy

Audit Scope

We have conducted a financial related audit of the State Board of Accountancy as of and for the three years ending June 30, 1990. Our audit was limited to only that portion of the State of Minnesota financial activities attributable to the transactions of the State Board of Accountancy. We have also made a study and evaluation of the internal control structure of the State Board of Accountancy in effect at April, 1991.

The State Board of Accountancy regulates the licensing of certified public accountants and public accountants pursuant to Minn. Stat. Sections 326.165 to 326.23. The board consists of five licensed certified public accountants, two licensed public accountants, and two public members appointed by the Governor for four year terms. The board employs an executive secretary and three clerical staff. The board establishes rules and regulations necessary to comply with laws governing the practice of public accounting. Duties include: examining applicants, issuing certificates, licensing public accountants and certified public accountants, and monitoring continued professional education requirements for license renewal. The activities of the board are financed by appropriations from the General Fund. Board expenditures for fiscal year 1990 totalled \$364,656. The board collected revenue totalling \$551,213 in fiscal year 1990.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial activities attributable to the transactions of the State Board of Accountancy are free of material misstatements.

As part of our study and evaluation of the internal control structure, we performed tests of the State Board of Accountancy's compliance with certain provisions of laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions.

SEP 5 1991

Representative Ann Rest, Chair
Members of the Legislative Audit Commission
Mary Monson, Chair
Members of the State Board of Accountancy
Pamela Smith, Executive Secretary
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Management Responsibilities

The management of the State Board of Accountancy is responsible for establishing and maintaining an internal control structure. This responsibility includes compliance with applicable laws, regulations, contracts, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- assets are safeguarded against loss from unauthorized use or disposition;
- transactions are executed in accordance with applicable legal and regulatory provisions, as well as management's authorization; and
- transactions are recorded properly on the statewide accounting system in accordance with Department of Finance policies and procedures.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Internal Control Structure

For purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- license and service charges revenue,
- payroll, and
- office supplies and subscriptions.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

Conclusions

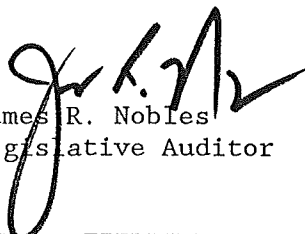
In our opinion, the internal control structure of the State Board of Accountancy in effect at April 1991, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the financial activities attributable to transactions of the State Board of Accountancy.


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The results of our tests indicate that, with respect to the items tested, the State Board of Accountancy complied, in all material respects, with the provisions referred to in the audit scope paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the State Board of Accountancy had not complied, in all material respects, with those provisions.

This report is intended for the information of the Legislative Audit Commission and management of the State Board of Accountancy. This restriction is not intended to limit the distribution of this report, which was released as a public document on August 29, 1991.

We would like to thank the the State Board of Accountancy staff for their cooperation during this audit.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

END OF FIELDWORK: June 12, 1991

REPORT SIGNED ON: August 22, 1991