

Audit Report

CRIME CONTROL PLANNING BOARD

Period July 1, 1977  
to  
September 30, 1981

Operating Under Minn. Stat. Section 299A.03 and 299A.04

Employer Identification Number 416007162

OFFICE OF THE LEGISLATIVE AUDITOR

Financial Audit Division

May 1982



STATE OF MINNESOTA  
OFFICE OF THE LEGISLATIVE AUDITOR

Veterans Service Building  
St. Paul, Minnesota 55155

GERALD W. CHRISTENSON  
Legislative Auditor

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Senator Donald M. Moe, Chairman  
Legislative Audit Commission

and

Kent E. Eklund, Executive Director  
Crime Control Planning Board

We have made an audit of the Crime Control Planning Board for the period July 1, 1977 to September 30, 1981. The audit was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Field work was completed on March 15, 1982.

The objectives of this audit were to determine whether financial transactions were properly recorded in the accounting system, expenditures were proper and were made for the purposes set out in the appropriations, receipts were properly accounted for, and that procedures and internal control systems were adequate to safeguard the cash and other property of the state in an economical, efficient, and effective manner.

The audit also included specific procedures to determine compliance with various guidelines and regulations of the U.S. Department of Justice which provided funding to the Crime Control Planning Board.

Our audit results indicated that the Board is in compliance with basic statutory requirements, and had generally administered its programs in accordance with U.S. Department of Justice regulations and directives.

The financial statements in this report are presented only for the general information of the reader and do not purport to represent financial position or results of operation in accordance with generally accepted accounting principles.

The recommendations included in this report are presented to assist you in improving accounting procedures and controls. Progress on implementing these recommendations will be reviewed during our next audit.

*Gerald W. Christenson*

Gerald W. Christenson  
Legislative Auditor

May 6, 1982

CRIME CONTROL PLANNING BOARD

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## CRIME CONTROL PLANNING BOARD

### INTRODUCTION

In an effort to improve crime control planning in the state, the Legislature, by Laws 1977, Chapter 260, created the Crime Control Planning Board (CCPB). Effective August 1, 1977, CCPB superseded and replaced the Governor's Commission on Crime Prevention and Control which was established by executive order in 1968. The CCPB was merged with the Minnesota Department of Energy, Planning, and Development as of October 1, 1981, by legislative action.

The CCPB administered the Omnibus Crime Control and Safe Streets Act of 1968 as amended and the Juvenile Justice and Delinquency Prevention Act of 1974 as amended. CCPB received grants from the U.S. Department of Justice, Law Enforcement Assistance Administration (LEAA) and the Office of Juvenile Justice and Delinquency Prevention (OJJDP). The money was distributed to state, regional, and local agencies for criminal and juvenile justice programs. Funds received included LEAA block grants for planning and action programs, OJJDP grants, and discretionary and other grants for special projects. Funds awarded by LEAA are being phased out at this time, and funds awarded by the OJJDP are being appropriated on an annual basis.

The CCPB is composed of a chairperson who also serves as executive director and 18 members appointed by the Governor. The following served as executive director during the audit period: Jacqueline Reis, effective April 18, 1977; Robert J. Griesgraber, effective February 26, 1979; and Kent E. Eklund, effective October 1, 1981.

## CRIME CONTROL PLANNING BOARD

### CURRENT FINDINGS AND RECOMMENDATIONS

#### Excessive federal cash balances are maintained in the accounts.

Federal Program awards are used to finance the agency's operating expenditures and subgrantee award payments. The federal letter of credit system requires monthly drawing of cash by use of a U.S. Treasury check.

The present practice of the board is to draw cash only quarterly; however, the board pays its payroll of approximately \$24,000 biweekly, operating expenses of about \$9,700 monthly, and other subgrantee payments quarterly. Month-end federal cash on hand between September 1981 and February 1982 ranged from \$158,000 to \$459,000.

#### RECOMMENDATION:

1. Federal cash should be requested and drawn on a monthly basis and cash on hand kept to a minimum.

#### A reply has not been made to a fixed asset inventory audit report.

A fixed asset equipment physical inventory was conducted at the board office by the state's Department of Administration, Inventory Management Division, Fixed Asset Section in August and September 1981. A written report was given the board office to identify necessary corrective action needed with a request to respond by November 16, 1981. The report listed 20 unlocated assets, 4 assets assigned to the wrong agency, 14 assets in custody and marked with numbers but not on the inventory record system, and 6 assets not marked with asset numbers or carried on the record system.

Although the board's accounting director performed some follow-up action, no response has been submitted to document work performed and results obtained.

#### RECOMMENDATION:

2. The board office should complete the follow up and prepare a written response to the audit report for equipment.

#### Accounting reconciliations to SWA records have not been completed.

The board office uses a service bureau computer system to provide more detail for subgrant and federal expenditure reporting. (See Exhibit C.) All payments are entered on the service bureau and the statewide accounting (SWA) systems.

A monthly service bureau computer printout of awards, payments, transfers, and refunds was prepared and previously internally reconciled to the SWA records; however, this reconciliation was not kept up after an account clerk's layoff effective July 1, 1981. The present practice is to reconcile on the exception basis when projects do not "zero out," or completely balance.

Internal control checks are necessary to determine that balances are properly maintained and reported in both accounting systems.

RECOMMENDATION:

3. The board office should reinstate monthly reconciliations of the service bureau reporting system data to the SWA records.

The service bureau subgrant accounting system may no longer be needed.

As discussed in the preceding finding, the board office is using a service bureau computer system for subgrant accounting. The federal government has discontinued future funding for LEAA programs and the need for this accounting data will cease.

Monthly service charges of about \$2,500 plus the salary for one keypunch technician could be eliminated by the decision and a date to shut down. The cost of maintenance has been paid mainly by federal funds which may be insufficient to continue these operations for the juvenile justice programs.

RECOMMENDATION:

4. The board office should study the feasibility of terminating the service bureau subgrant accounting system unless future funding sources for continued operations are located.

The internal audit section working papers lacked sufficient documentation of work performed.

The board office has an internal audit staff to cover federal requirements for audits of subgrantees. In 1976 and 1977, our audit review of working papers for 17 internal audits revealed several conditions:

- source of information, basis of tests, and purpose of working papers were lacking;
- auditors generally failed to sign and date work papers; and
- an explanation of referencing symbols was needed.

During our review in 1982 of working papers for 9 internal audits, we found that many of the same problems still existed.

The internal auditors indicated that time constraints have prevented the inclusion of complete documentation in work papers. Although their audit findings appeared to be adequately documented, the purpose or objectives of other work papers were not always evident.

RECOMMENDATION:

5. The internal audit staff should adopt audit procedures requiring complete documentation of work done as shown in their work papers.

CRIME CONTROL PLANNING BOARD

EXHIBIT A

STATEMENT OF EXPENDITURES

Period July 1, 1977 to September 30, 1981

General Fund	Year Ended June 30			Three Month Period Ended Sept. 30, 1981
	1978	1979	1980	
Research, planning, and evaluation Administration			\$ 393,196	\$ 320,665
Law enforcement assistance			213,484	221,313
State agency operations	\$ 35,709	\$ 208,987	572,821	305,137
			4,000	
Action Grants (state match):				
Prior to 1976 grant year	26,145	47,005		
1976 grant year	40,000	31,814		
1977 grant year	41,782	41,217		
1978 grant year	47,413	101,734		
1979 grant year		108,839		
Youth intervention grants		176,512		
Discretionary grants (state match)		30,000		
Evaluation project		35,237		
Juvenile justice planning	3,725	46,851		
Juvenile justice administration		37,829		
Detached worker program	25,000			
Research		8,333		
Repayments to LEAA		6,176		
Total General Fund	\$ 219,774	\$ 880,534	\$1,183,501	\$ 847,115

EXHIBIT A  
(con't)  
Three Month  
Period Ended  
Sept. 30, 1981

Federal Fund	Year Ended June 30				
	1978	1979	1980	1981	
Research, planning, and evaluation			\$ 289,444	\$ 511,484	\$ 17,017
Administration			258,295	403,533	142,986
Law enforcement assistance			1,457,822	1,329,282	29,775
Planning:					
State agency operations	\$ 681,785	\$ 344,398	167,689	8,024	
Regional planning units	419,492	637,200	6,728	14,769	
Action Grants:					
Prior to 1976 grant year	993,446	555,868			
1976 law enforcement	2,155,607	1,017,017			
1976 institutions & facilities	40,524	16,134			
1977 law enforcement	2,172,566	1,071,166	88,975	4,658	
1977 institutions & facilities	147,632	376			
1978 law enforcement	1,089,132	2,083,123	344,843	16,731	
1979 law enforcement		1,872,018	487,309	159,490	
Discretionary grants	607,877	848,709	85,000		
Evaluation project	296,905	309,395	72,370		
Evaluation of other units	55,681	35,421			
Research unit grant	140,785	183,409	37,068		
Standards and goals	107,186	15,443			
Environmental design	342,062	42,110			
Juvenile delinquency	237,332	175,601			
Juvenile delinquency supplemental	26,409	15,028			
Juvenile justice planning	76,300	54,202			
Juvenile justice grants:					
1977 grant year	245,993	454,153	119,566	127	
1978 grant year		705,555	286,145	576	
1979 grant year			609,563	143,108	
Juvenile justice administration	97,260	62,690	47,587		
System documentation program		3,070	21,988	2,089	
Crime watch program	35,841				
Indian planning program	3,050				
Training	1,963				
Total Federal Fund	\$ 9,974,828	\$10,502,086	\$4,380,392	\$2,593,871	\$189,778
TOTAL ALL FUNDS	\$10,194,602	\$11,382,620	\$5,563,893	\$3,440,986	\$189,778

Note: The federal award was changed to a formula grant in 1980 to assist phasing out the program.

CRIME CONTROL PLANNING BOARD

EXHIBIT B

STATEMENT OF RECEIPTS DEPOSITED WITH THE STATE TREASURER

Period July 1, 1977 to September 30, 1981

General Fund	Year Ended June 30			1981	Three Month Period Ended Sept. 30, 1981
	1978	1979	1980		
Refunds and reimbursements		\$ 9,490	\$ 10,737	\$ 5,467	\$ 4,400
Total General Fund		\$ 9,490	\$ 10,737	\$ 5,467	\$ 4,400
<hr/>					
Federal Fund					
Federal grants:					
Law Enforcement Assistance Administration	\$ 1,673,968	\$10,895,189	\$5,540,662	\$4,091,057	
Office of Juvenile Justice and Delinquency Prevention	124,024	1,211,027	1,149,025	187,809	\$209,139
Refunds and reimbursements	-0-	478,808	270,467	151,163	13,267
Total Federal Fund	\$ 1,797,992	\$12,585,024	\$6,960,154	\$4,430,029	\$222,406
TOTAL RECEIPTS DEPOSITED WITH THE STATE TREASURER	\$ 1,797,992	\$12,594,514	\$6,970,891	\$4,435,496	\$226,806

CRIME CONTROL PLANNING BOARD

EXHIBIT C

SUMMARY OF FEDERAL AWARDS

For Grant Years 1977 - 1981

<u>Grantee/Grant Name</u>	<u>Number</u>	<u>Grant</u>	
		<u>Year</u>	<u>Amount</u>
<u>Crime Control Planning Board</u>			
Juvenile justice and delinquency prevention	JF050027	1977	\$ 884,619
Juvenile justice and delinquency prevention	JFAX0027	1978	1,374,000
Juvenile justice and delinquency prevention	JFAX0027	1979	1,173,000
Juvenile justice and delinquency prevention	JFAX0027	1980	1,161,000
Juvenile justice and delinquency prevention	JFAX0027	1981	1,156,000
Planning grant	PF050027	1977	1,104,816
Planning grant	PFAX0027	1978	903,000
Planning grant	PFAX0027	1979	961,765
Action grant comprehensive plan, part C	AF050027	1977	5,652,621
Action grant comprehensive plan, part C	AFAX0027	1978	4,775,000
Action grant comprehensive plan, part C	AFAX0027	1979	4,811,000
Action grant comprehensive plan, part E	EF050027	1977	654,998
Action grant comprehensive plan, part E	EFAX0027	1978	541,000
Action grant comprehensive plan, part E	EFAX0027	1979	566,000
Formula grant 1980	FGAX0027	1980	4,319,000
Environmental design	DF050003	1977	535,746
Statistical analysis center	ED050010	1977	50,000
Statistical analysis center	SS050002	1977	125,000
Statistical analysis center	MAUX0036	1978	175,000
System documentation and program enhancement	SSAX0051	1978	28,371
Department of Justice study	DFAX0207	1979	60,902
Administrative phase out 1982	BAAX0027	1981	77,217
Statistical analysis center clearinghouse	BJCXK011	1981	25,000
Offender processing statistics	BJCXK029	1981	24,872
<u>Department of Corrections</u>			
Jail technical assistance unit	DFAX0076	1978	129,844
Free venture prison industries	EDAX0078	1978	291,757
Offender based information system	EDAX0087	1978	74,598
Correctional standards implementation	EDAX0131	1978	116,095
Free venture systems improvement	MUAX0008	1980	110,000
Standards for implementation	PGAX0088	1980	200,000

EXHIBIT C  
(con't)

<u>Grantee/Grant Name</u>	<u>Number</u>	<u>Grant Year</u>	<u>Amount</u>
<u>Hennepin County</u>			
Major offender unit	DF050021	1977	\$ 231,879
Major offender unit	DFAX0024	1979	251,436
Major offender unit	PGAX0031	1980	96,361
<u>Supreme Court</u>			
Judicial information system	DF050014	1977	200,000
Court reform project	DFAX0217	1978	368,742
Fundamental court improvement study	CJAX0061	1980	414,137
<u>Arrowhead Regional Corrections</u>			
Community service restitution	EDAX0053	1979	147,624
<u>Bois Forte Reservation</u>			
Judicial project	DF050020	1977	60,000
<u>Bureau of Criminal Apprehension</u>			
Arson data collection	DFAX0135	1979	30,000
<u>City of Minneapolis</u>			
Integrated criminal apprehension	DFAX0095	1978	269,250
<u>City of St. Paul</u>			
Neighborhood team policy	DFAX0148	1978	192,182
<u>Houston County</u>			
Jail renovation	EDAX0045	1978	98,833
<u>Rice County</u>			
Family violence program	DFAX0110	1979	60,000
<u>University of Minnesota</u>			
Second restitution symposium	ED990021	1977	26,061

Note: Exhibit C is a listing of all federal grant awards made to the board during the audit period. These grants were audited on an organizationwide basis for this audit. The board office maintains grant information on a service bureau reporting system and conducts internal audits of sub-grantees. This data is provided to clarify our scope coverage.

CRIME CONTROL PLANNING BOARD  
STATUS OF PRIOR AUDIT RECOMMENDATIONS  
AND PROGRESS TOWARDS IMPLEMENTATION

APPENDIX A

GRANT MANAGEMENT

For the early years of the program, CCPB did not close grant awards and return unobligated funds to LEAA.

1. CCPB should review all grant records for inactive grants and return the unobligated funds to LEAA.

Recommendation Implemented.

2. In the future, CCPB should submit final expenditure reports and release grant funds within the time frames established in program guidelines.

Recommendation Implemented.

CCPB lacked adequate procedures to assure refunds by subgrantees of unexpended cash balances and amounts of unallowable costs determined by audit.

3. CCPB should request repayment of \$163,024 due from subgrantees.

Recommendation Implemented.

4. Grant analysts should periodically review the status of completed projects to assure that funds due the agency are collected in a timely manner.

Recommendation Implemented.

Quarterly status of funds' reports submitted to LEAA for completed 1969 through 1974 action grants contained inaccurate information.

5. CCPB should adjust information in the grant management information system to include actual expenditures.

Recommendation Implemented.

6. CCPB should implement procedures to assure that audit results and final grant adjustment notices are entered in the system in a timely manner.

Recommendation Implemented.

STATUS OF PRIOR AUDIT RECOMMENDATIONS  
AND PROGRESS TOWARDS IMPLEMENTATION

CCPB did not adopt adequate procedures and records to identify the cash balance of individual grants in the statewide accounting system (SWA).

7. CCPB should complete the review of grant records to determine the composition of the current cash balance.

Recommendation Implemented.

8. Each month CCPB should determine that the subgrant payments are charged to the correct SWA account.

Recommendation Implemented.

CCPB incorrectly allocated indirect costs to discretionary and special program grants in the year ended June 30, 1977.

9. When a final determination is received from LEAA, CCPB should correct expenditure reports and close the grants.

Recommendation Implemented.

CCPB did not monitor grant expenditures in accordance with approved line-item budget categories.

10. CCPB program and accounting personnel should work together to develop future project budgets in accordance with established expenditure categories.

Recommendation Implemented.

11. CCPB should comply with guidelines requiring LEAA approval if budget categories are changed or exceeded.

Recommendation Implemented.

CCPB lacked adequate procedures to document and verify payroll expenditures charged to various programs.

12. CCPB should develop time records which document the amount of time employees work on each program.

Recommendation Implemented.

13. CCPB should continuously monitor the grant expenditure records to determine that salaries are charged to the projects on which employees work.

Recommendation Implemented.

STATUS OF PRIOR AUDIT RECOMMENDATIONS  
AND PROGRESS TOWARDS IMPLEMENTATION

In a test of action subgrants, we found inadequate documentation of compliance with various LEAA guidelines or administrative requirements.

14. In order to provide accurate information to LEAA, CCPB should instruct subgrantees to structure their accounting records to enable them to report obligations on the monthly expenditure reports. CCPB should also report obligations for the grants it operates.

Recommendation Implemented.

15. CCPB should monitor subgrantee expenditure reports to verify that obligations at the end of the grant period are liquidated within 90 days.

Recommendation Implemented.

16. CCPB should increase emphasis on follow up of delinquent subgrant reports. Final grant adjustment notices should be completed upon receipt of final expenditure reports.

Recommendation Implemented.

17. CCPB should develop a system to verify and document subgrantee compliance with special conditions imposed in grant agreements.

Recommendation Implemented.

18. To determine that subgrantees are operating in accordance with project objectives and guidelines, CCPB should attempt to increase the number of monitoring visits each year.

Recommendation Implemented.

Formal approval for all subgrant awards was not located.

19. Board minutes should document approval of specific amounts for all grant awards. If summary listings are approved, they should be included in the minutes approved by the chairperson.

Recommendation Implemented.

20. If the board delegates authority for grant approval, a summary of all awards under this authority should be maintained.

Recommendation Implemented.

STATUS OF PRIOR AUDIT RECOMMENDATIONS  
AND PROGRESS TOWARDS IMPLEMENTATION

CCPB procedures allow initial payments to subgrantees based on telephoned requests for funds.

21. All grant payments should be supported by a monthly expenditure report or request for funds signed by the subgrantee's financial officer.

Recommendation Implemented.

CCPB excluded discretionary grants from the monitoring and review process.

22. CCPB should include discretionary and other program grants in selecting samples for monitoring visits and audits.

RECOMMENDATION NOT IMPLEMENTED. Federal audit requirements are presently being clarified.

The working papers of the internal audit section lacked sufficient documentation of work performed.

23. CCPB audit staff should place increased emphasis on working papers documentation, including:

- description of audit scope and objectives;
- sources of information and purpose of working papers; and
- signature of auditor and date of preparation.

RECOMMENDATION NOT IMPLEMENTED. See current recommendation #5.

CCPB procedures to account for property acquired from state and federal funds need improvement.

24. CCPB should complete a physical inventory and correct the SPI listing.

Recommendation Implemented.

25. CCPB should assign specific location codes to all inventory items.

Recommendation Implemented.

26. Inventory records should identify all property purchased from federal funds.

Recommendation Implemented.

STATUS OF PRIOR AUDIT RECOMMENDATIONS  
AND PROGRESS TOWARDS IMPLEMENTATION

27. CCPB should affix inventory stickers identifying ownership by the State of Minnesota to all items.

RECOMMENDATION NOT IMPLEMENTED. See current recommendation #2.

28. CCPB should adopt procedures to monitor the proper use and disposition of all subgrantee property purchased from grant funds.

Recommendation Implemented.

CASH RECEIPTS

CCPB procedures for cash receipts need strengthening.

29. The mail opener should prepare a listing of all cash receipts each day. Checks should be sent immediately to the accounting section for deposit. The listing and supporting documentation should be given to the grant analysts for preparation of any required grant information.

Recommendation Implemented.

CCPB paid \$9,815 in questionable expenditures for seminars and workshops.

30. CCPB should comply with state travel regulations and applicable federal guidelines when paying participant expenses for seminars.

Recommendation Implemented.

31. If expenses for seminars or other group meetings will exceed allowable state maximums, CCPB should obtain prior approval from the agency controller.

Recommendation Implemented.

Documentation was not adequate to identify the purpose of, and participants in, events paid from the department head expense account prior to March 1976.

32. CCPB should provide adequate documentation of all expenditures from the department head expense account.

Recommendation Implemented.

33. In accordance with Department of Finance guidelines, whenever feasible, CCPB should pay vendors directly.

Recommendation Implemented.

STATUS OF PRIOR AUDIT RECOMMENDATIONS  
AND PROGRESS TOWARDS IMPLEMENTATION

34. Employee meals at staff meetings should not be paid from the department head expense account.

Recommendation Implemented.

CCPB procedures for payment of board members' expenses were inadequate.

35. Meal expenses of board members should be paid by the individual and reimbursement claimed on the employee expense report.

Recommendation Implemented.

36. In accordance with state travel regulations, expenses for agency staff should not be reimbursed in the seven-county metropolitan area.

Recommendation Implemented.

CCPB procedures for reimbursement of travel expenses need strengthening.

37. Supervisors having a knowledge of the necessity for travel and expenses should approve all travel claims.

Recommendation Implemented.

38. All reimbursements should be made in accordance with the Department of Personnel travel regulations.

Recommendation Implemented.

39. Employees should settle travel advances in accordance with time frames established in Department of Finance guidelines.

Recommendation Implemented.

40. CCPB should review the usage of state motor pool vehicles and improve scheduling procedures.

Recommendation Implemented.

41. CCPB should adopt procedures limiting the number of travel expense claims which an employee may submit each month.

Recommendation Implemented.

STATUS OF PRIOR AUDIT RECOMMENDATIONS  
AND PROGRESS TOWARDS IMPLEMENTATION

Complete documentation of agency expenditures was not available for audit.

42. CCPB should maintain a centralized file of all consultant contracts.

Recommendation Implemented.

43. To assure that expenditures are in conformance with applicable laws and regulations, CCPB should require invoices documenting actual work performed or services provided and the basis for all charges.

Recommendation Implemented.

CCPB entered into consultant contracts after the services were performed.

44. CCPB should implement procedures requiring proper encumbrance of funds before obligations are incurred.

Recommendation Implemented.

CCPB did not implement adequate procedures in the selection of a consultant for the Crime Watch Program.

45. CCPB should comply with applicable guidelines for selection of contractual services.

Recommendation Implemented.

CCPB failed to redistribute expenditures between the General and Federal Funds in a timely manner.

46. In order to provide more accurate financial information, CCPB should redistribute costs at least quarterly.

Recommendation withdrawn, because alternate procedures were established to charge costs directly.

PERSONNEL AND PAYROLL

CCPB has not complied with overtime standards established by the Department of Personnel.

47. All overtime should have prior written approval of the appointing authority.

Recommendation Implemented.

STATUS OF PRIOR AUDIT RECOMMENDATIONS  
AND PROGRESS TOWARDS IMPLEMENTATION

48. Schedule A or similar unclassified employees should receive overtime compensation only for special assignments outside the employee's normal duties.

Recommendation Implemented.

49. Management should review the consistent need for overtime to perform normal duties.

Recommendation Implemented.

50. Normal lunch periods should not be considered a part of the work day.

Recommendation Implemented.

CCPB has not complied with rules governing leave of absence with pay.

51. CCPB should adopt procedures requiring, where practicable, prior written approval for leave.

Recommendation Implemented.

52. Employees should accrue leave during a period of absence with pay only after returning to employment on the first working day following the absence, and should be granted leave only upon completion of six months service.

Recommendation Implemented.

53. CCPB should verify employee leave accrual records to approved leave request forms.

Recommendation Implemented.

CCPB failed to implement procedural recommendations for educational leave granted to employees.

54. CCPB should adopt procedures for administration of educational leave, including:

- advance written approval;
- documentation that courses are related to an employee's position;
- evidence of satisfactory completion of courses;
- limitations on training time allotted to each employee in compliance with the state training plan; and
- documentation on employee time sheets of the time taken as educational leave.

Recommendation Implemented.

CRIME CONTROL PLANNING BOARD

APPENDIX B

AUDIT PARTICIPATION

The following members of the Office of the Legislative Auditor prepared this report:

Patrick J. Spellacy, C.P.A., Deputy Legislative Auditor  
Warren Bartz, C.P.A., Audit Manager  
Jerome McCallson, Auditor in Charge  
Robert Bjorklund, Auditor  
Paul Gjenvick, Auditor

CLOSING CONFERENCE

The findings and recommendations were discussed with the following staff of the Minnesota Department of Energy, Planning, and Development on March 23, 1982:

Roger S. Williams, Administrative Planning Director  
Richard C. Buske, Administrative Manager for EPD  
Michael J. McMahon, Program Director  
Thomas E. Gast, Supervisor  
Kathleen Holmes, Accounting Technician



April 29, 1982

Mr. Gerald W. Christenson  
Legislative Auditor  
Veterans Service Building  
St. Paul, Minnesota 55155

Dear Mr. Christenson:

The Criminal Justice Program, Office of Local Government--DEPD, has completed its review of the Audit Report on the Crime Control Planning Board prepared by your Financial Audit Division. As the successor to the Crime Control Planning Board, we appreciate the work of your office and staff in auditing our records and procedures.

As you can see from the attached response, in general we agree with the Audit Report's findings and recommendations. Where possible within the limitations of our reduced staff, every effort will be made to implement the recommendations.

Sincerely,

Michael J. McMahon  
Director--Criminal Justice  
Program  
Office of Local Government

MJM:fa

Enc: Response to April 1982 Audit Report

CRIMINAL JUSTICE PROGRAM, OFFICE OF LOCAL GOVERNMENT

Response to Audit Report on Crime Control Planning Board

1. Finding: Excessive federal cash balances are maintained in the accounts.

Recommendation: Federal cash should be requested and drawn on a monthly basis and cash on hand kept to a minimum.

Response: The Criminal Justice Program concurs with this recommendation. The policy of the CCPB for quarterly draw downs of federal cash will be changed to monthly draw downs beginning in July 1982. Kathleen Holmes, Accounting Technician Senior, is responsible for scheduling draw downs of federal funds.

2. Finding: A reply has not been made to a fixed asset inventory report.

Recommendation: The board office should complete the follow-up and prepare a written response to the audit report for equipment.

Response: The Criminal Justice Program concurs with this recommendation. A response to audit report for equipment has already been forwarded to the Department of Administration, Inventory Management Division, Fixed Asset Section by Richard Buske, Financial Officer for DEPD.

3. Finding: Accounting reconciliations to SWA records have not been completed.

Recommendation: The board office should reinstate monthly reconciliations of the service bureau reporting system data to SWA records.

Response: The Criminal Justice Program does not concur with this recommendation. Monthly reconciliation to SWA has been attempted by CCPB. It is very difficult to do because Fiscal Year x for federal grant programs is not available. Most of our federal block grants are initially awarded for three years but through extensions some block funds have been available for 5 to 6 years. Refunds that come in fiscal years after the initial obligation do not reduce expenditures on SWA, and in the case of state agency refunds can actually look like payments on SWA resulting in reconciliations with numerous exceptions. Moreover, reverted funds are available for re-award, which on SWA makes the federal award appear to be over-expended.

The Criminal Justice Program agrees with the audit report that "Internal control checks are necessary to determine that balances are properly maintained and reported in both accounting systems" (our GMIS and SWA). In addition to these two systems, we use a manual records system as additional backup. All charges to subgrants are posted in the manual records system

as they occur, as well as to the GMIS and to SWA. Because the manual records system and the GMIS have no fiscal year restrictions, it is more effective to reconcile these systems with each other. Refunds are currently reconciled monthly to our Deposit Report Book from SWA Receipts by Deposit. We are confident that these procedures provide the necessary control checks for efficient administration of our grant programs.

4. Finding: The service bureau subgrant accounting system may no longer be needed.

Recommendation: The board office should study the feasibility of terminating the service bureau subgrant accounting system unless future funding sources for continued operations are located.

Response: The Criminal Justice Program concurs with this recommendation. The subgrant accounting system is our GMIS. We have already begun exploring the feasibility of expanding the use of our GMIS to include other grant programs in the Office of Local Government and the Planning Division of DEPD. A decision on modification and/or expansion of our GMIS will be made within the Office and Division by July 1. If the decision is not to expand our GMIS, Michael McMahon, Criminal Justice Program Director, will determine the future use of the GMIS for our subgrants accounting.

The Criminal Justice Program does not concur with the cost figures cited in the report for the GMIS. The audit report notes a charge of approximately \$2,500.00 per month for services. This figure includes charges for all data processing--including research, evaluation, planning, and clearinghouse activities as well as GMIS. Our average monthly charge for GMIS services alone is \$670.00. The feasibility of maintaining all types of data processing services in the future is being analyzed, as is maintenance of the GMIS.

5. Finding: The internal audit section working papers lacked sufficient documentation of work performed.

Recommendation: The internal audit staff should adopt audit procedures requiring complete documentation of work done as shown in their work papers.

Response: The Criminal Justice Program concurs with this recommendation. This recommendation has been implemented by Tom Gast, Audit Director.