



OFFICE OF THE LEGISLATIVE AUDITOR
STATE OF MINNESOTA

Financial-Related Audit

Citizens Council on Voyageurs National Park
Three Fiscal Years Ended June 30, 1999



Financial Audit Division

The Office of the Legislative Auditor (OLA) is a professional, nonpartisan office in the legislative branch of Minnesota State government. Its principal responsibility is to audit and evaluate the agencies and programs of state government (the State Auditor audits local governments).

OLA's Financial Audit Division annually audits the state's financial statements and, on a rotating schedule, audits agencies in the executive and judicial branches of state government, three metropolitan agencies, and several "semi-state" organizations. The division also investigates allegations that state resources have been used inappropriately.

The division has a staff of approximately fifty auditors, most of whom are CPAs. The division conducts audits in accordance with standards established by the American Institute of Certified Public Accountants and the Comptroller General of the United States.

Consistent with OLA's mission, the Financial Audit Division works to:

- Promote Accountability,
- Strengthen Legislative Oversight, and
- Support Good Financial Management.

Through its Program Evaluation Division, OLA conducts several evaluations each year and one best practices review.

OLA is under the direction of the Legislative Auditor, who is appointed for a six-year term by the Legislative Audit Commission (LAC). The LAC is a bipartisan commission of Representatives and Senators. It annually selects topics for the Program Evaluation Division, but is generally not involved in scheduling financial audits.

All findings, conclusions, and recommendations in reports issued by the Office of the Legislative Auditor are solely the responsibility of the office and may not reflect the views of the LAC, its individual members, or other members of the Minnesota Legislature.

This document can be made available in alternative formats, such as large print, Braille, or audio tape, by calling 651-296-1727 (voice), or the Minnesota Relay Service at 651-297-5353 or 1-800-627-3529.

All OLA reports are available at our Web Site: <http://www.auditor.leg.state.mn.us>

If you have comments about our work, or you want to suggest an audit, investigation, evaluation, or best practices review, please contact us at 651-296-4708 or by e-mail at auditor@state.mn.us



OFFICE OF THE LEGISLATIVE AUDITOR
State of Minnesota • James Nobles, Legislative Auditor

Representative Dan McElroy, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Ronald Esau, Chair
Citizen's Council on Voyageurs National Park

Members of the Citizen's Council on Voyageurs National Park

David Fisher, Commissioner
Department of Administration

We have audited the financial activities of the Citizen's Council on Voyageurs National Park for the period from July 1, 1996, through June 30, 1999. Our audit scope included payroll and administrative expenditures. We also reviewed the Department of Administration's process to close out the financial activities of the council and dispose of its assets. The audit objectives and conclusions are highlighted in the individual chapters of this report.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, as issued by the Comptroller General of the United States. Those standards require that we obtain an understanding of management controls relevant to the audit. The standards require that we design the audit to provide reasonable assurance that the Citizen's Council on Voyageurs National Park complied with provisions of laws, regulations, and contracts that are significant to the audit. The management of the council was responsible for establishing and maintaining the internal control structure and complying with applicable laws, regulations, and contracts.

Pursuant to Minn. Stat. Section 3.975, this report has been referred to the Attorney General. The Attorney General has the responsibility to ensure the recovery of state funds and, in fulfilling that role, may negotiate the propriety of individual claims. The Attorney General may also cause criminal proceedings to be instituted by the proper authorities when warranted.

This report is intended for the information of the Legislative Audit Commission and the council's management. This restriction is not intended to limit the distribution of this report, which was released as a public document on August 24, 2000.

/s/ James R. Nobles

James R. Nobles
Legislative Auditor

End of Fieldwork: June 16, 2000

Report Signed On: August 21, 2000

/s/ Claudia J. Gudvangen

Claudia J. Gudvangen, CPA
Deputy Legislative Auditor

Citizen's Council on Voyageurs National Park

Table of Contents

	Page
Report Summary	1
Chapter 1. Introduction	2
Chapter 2. Council Dissolution	3
Chapter 3. Payroll and Administrative Expenditures	6
Status of Prior Audit Issues	10
Council's Response	11
Department of Administration's Response	13

Audit Participation

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

Claudia Gudvangen, CPA	Deputy Legislative Auditor
Jeanine Leifeld, CPA	Audit Manager
Carl Otto, CPA	Auditor-In-Charge
Mike Byzewski	Senior Auditor

Exit Conference

We discussed the findings and recommendation included in this report with the following representatives of the Citizen's Council on Voyageurs National Park and the Department of Administration at an exit conference held on August 9, 2000:

Ron Esau	Council Chair
Department of Administration:	
Larry Freund	Director of Financial Management
Larry Dowdle	Accounting Coordinator
Mike Zabel	Accounting Officer

Citizen's Council on Voyageurs National Park

Report Summary

Key Findings and Recommendations:

- The legal status of the council is unclear. Although the council did not receive funding for fiscal years 2000 and 2001, the statute that established the council still exists. The Department of Administration should work with the Attorney General's Office to determine the legal status of the council. If necessary, the department should seek legislation clarifying the council's status. The Department of Administration should properly dispose of the council's assets based on the determination of the council's legal status. (Finding 1, page 4)
- The Department of Administration loaned the council's non-financial records to the Koochiching County Historical Museum. The Department of Administration and the council did not have the authority to unilaterally dispose of these council records. The Department of Administration should submit a request to the Records Disposal Panel for a determination of the disposition of all of the council's records, including those currently on loan to the Koochiching County Historical Museum. (Finding 2, page 5)
- The council chair violated conflict of interest provisions when he approved a \$1,500 purchase order to a vendor of which he is an officer. The Department of Administration should work with the Attorney General's Office to resolve the conflict of interest. (Finding 3, page 7)
- The council paid \$990 in per diems to an ineligible council member employed by the State of Minnesota. The Department of Administration should obtain repayment for the per diem payments made to ineligible employees. (Finding 4, page 8)
- The council was inappropriately charged \$240 in per diem and related expenses for a member of an unrelated council. The Department of Administration should resolve the inappropriate payment. (Finding 5, page 9)

The Legislature established the Citizen's Council on Voyageurs National Park in 1975. Pursuant to Minn. Stat. Section 84.B11, subd. 2, the council's purpose was to "conduct meetings and research into all matters related to the establishment and operation of Voyageurs National Park."

This **financial-related audit report** contains the conclusions of our audit of the council's payroll and administrative expenditures for the period from July 1, 1996, through June 30, 1999. It also contains the conclusions of our review of the Department of Administration's process to close out the financial activities of the council and dispose of its assets.

Citizen's Council on Voyageurs National Park

Chapter 1. Introduction

The Legislature established the Citizen's Council on Voyageurs National Park in 1975. Pursuant to Minn. Stat. Section 84.B11, subd. 2, the council's purpose was the following:

The committee shall conduct meetings and research into all matters related to the establishment and operation of Voyageurs National Park, and shall make such recommendations to the United States National Park Service and other federal and state agencies concerned, regarding operation of the park as the committee deems advisable.

The council consisted of 17 members; four residents each of Koochiching and St. Louis Counties, five residents of the state at large (from outside of Koochiching and St. Louis Counties), and two members each from the state Senate and House of Representatives. The Governor was responsible to designate the council's chair.

Pursuant to statute, all appropriations given the council were appropriated to the Department of Administration. As a result, the Department of Administration served as the council's fiscal agent, responsible for entering the council's receipt, payroll, and disbursement transactions into the state's accounting system. Table 1-1 summarizes the significant financial activity of the council for fiscal years 1997 through 1999.

Table 1-1
Citizen's Council on Voyageurs National Park
Sources and Uses of Funds

	<u>Fiscal Year</u> <u>1997</u>	<u>Fiscal Year</u> <u>1998</u>	<u>Fiscal Year</u> <u>1999</u>
Sources:			
State Appropriations ⁽¹⁾	\$55,737	\$63,000	\$55,912
Balance Forward/Transfers In	<u>8,788</u>	<u>0</u>	<u>11,127</u>
Total Sources	<u>\$64,525</u>	<u>\$63,000</u>	<u>\$67,039</u>
Uses:			
Payroll	\$16,427	\$19,068	\$26,264
Council Member Expenditures ⁽²⁾	26,419	12,948	15,703
Other Expenditures ⁽³⁾	21,679	19,857	25,072
Balance Forward Out	<u>0</u>	<u>11,127</u>	<u>0</u>
Total Uses	<u>\$64,525</u>	<u>\$63,000</u>	<u>\$67,039</u>

(1) State Appropriations are shown net of related cancellations in fiscal years 1997 and 1999.

(2) Fiscal year 1998 Council Member Expenditures included \$240 of Chicano Latino Affairs Council disbursements erroneously charged to the council. See Finding 5 for more information.

(3) Other Expenditures included \$6,915 of unliquidated encumbrances in fiscal year 1999 as of June 16, 2000.

Source: Minnesota Accounting and Procurement System (MAPS) data for fiscal years 1997, 1998, and 1999.

The Governor vetoed the appropriation to the Citizen's Council on Voyageurs National Park for the 2000 – 2001 biennium. Although the statute governing the council has not been repealed, the council ceased operations on June 30, 1999.

Chapter 2. Council Dissolution

Chapter Conclusions

The legal status of the council is unclear. Although the council did not receive funding for fiscal years 2000 and 2001, the statute that established the council still exists. The Department of Administration's responsibilities for dissolved or suspended agencies, pursuant to Minn. Stat. Section 16B.38, are contingent on the status of the council.

On June 30, 1999, the Department of Administration loaned the council's non-financial records to the Koochiching County Historical Museum. The Department of Administration and the council did not have the authority to unilaterally dispose of these council records.

The Governor vetoed the appropriation to the Citizen's Council on Voyageurs National Park for the 2000 – 2001 biennium. As a result, the council ceased operations on June 30, 1999. However, Minn. Stat. Section 84B.11, which established the council, still exists.

The Department of Administration is responsible for any dissolved or suspended state agencies. Minn. Stat. Section 16B.38 states the following:

The commissioner [of Administration] shall undertake all necessary administrative functions of an agency which has been temporarily or permanently dissolved or suspended. These functions may include but are not limited to: authorizing payment of all obligations of the dissolved or suspended agency including payroll certifications; serving as custodian for and disposing of all property of the agency; and, in the event that the agency is only temporarily dissolved or suspended, serving as its chief administrative officer with all necessary powers until the agency is reconstituted. To implement these responsibilities the commissioner may spend any necessary money from a dissolved or suspended agency's appropriation.

Pursuant to Minn. Stat. Section 16B.38, the Department of Administration has taken steps to dissolve the council, satisfy its remaining obligations, and dispose of its assets.

Audit Objective and Methodology

The objective of our review of the dissolution of the council was to answer the following question:

Citizen's Council on Voyageurs National Park

- Did the Department of Administration comply with the provisions of Minn. Stat. Section 16B.38 when dissolving the council?

To answer these questions, we interviewed Department of Administration employees and the council chair. We also reviewed council minutes, correspondence, and documents relating to the council's dissolution.

Conclusions

As discussed in Finding 1, the legal status of the council is unclear. Although the council did not receive funding for fiscal years 2000 and 2001, the statute authorizing the council still exists. The Department of Administration's obligations pursuant to Minn. Stat. Section 16B.38 are contingent on the status of the council.

On June 30, 1999, the Department of Administration loaned the council's non-financial records to the Koochiching County Historical Museum. As discussed in Finding 2, the Department of Administration and the council did not have the authority to unilaterally dispose of these council records.

1. The Department of Administration has not resolved questions regarding the legal status of the council.

The legal status of the council is unclear. Although the council did not receive funding for fiscal years 2000 and 2001, the statute authorizing the council still exists.

Minn. Stat. Section 84B.11 authorizes the Citizen's Council on Voyageurs National Park. The Legislature did not repeal or amend this statute during either the 1999 or 2000 session. The statute seems to indicate that the council could continue to exist without legislative funding. Specifically, subd. 2 states in part:

Subject to the availability of legislative appropriation or other funding therefor, the committee may employ staff and may contract for consulting services relating to matters within its authority.

As a result, it is possible that the council would continue to function, despite the absence of a direct legislative appropriation. The council could continue as a strictly volunteer organization, or seek funding from other sources. In the minutes of its June 24, 1999, meeting, the council discussed the council's future, including the possibility of it functioning as a volunteer organization. Council members also discussed whether it would be possible for the Legislature to reinstate the council's funding during the next session. The meeting minutes state:

Although efforts were underway to seek alternative funding through private sources to continue council operations, time constraints dictate office operations will cease effective June 30, 1999.

Citizen's Council on Voyageurs National Park

Despite the uncertainty of the council's status, the Department of Administration has applied the provisions of Minn. Stat. Section 16B.38 to the council as if it were permanently dissolved. The Department of Administration has disposed of the council's supplies and equipment, as well as its non-financial records. Since the Department of Administration's responsibilities, pursuant to Minn. Stat. Section 16B.38, are contingent on the status of the council, it is important that the permanent status of the council be determined.

Recommendations

- *The Department of Administration should work with the Attorney General's Office to determine the legal status of the council. If necessary, the department should seek legislation clarifying the council's status.*
- *The Department of Administration should properly dispose of the council's assets based on the determination of the council's legal status.*

2. The Department of Administration inappropriately loaned the council's non-financial records to the Koochiching County Historical Museum.

On June 30, 1999, the Department of Administration loaned the council's non-financial records to the Koochiching County Historical Museum. The Department of Administration took this action as a result of a resolution passed by the council at its June 24, 1999, meeting. At that meeting, the council agreed to donate "all archives and important documents on Voyageurs National Park" to the museum "where they will be catalogued and made available to the public." Administration and the council did not have the authority to unilaterally dispose of these council records.

Pursuant to Minn. Stat. Section 138.17, the state records disposal panel has the power to "direct the disposition by gift to the Minnesota historical society or otherwise of government records determined to be valuable for preservation." The records disposal panel consists of the Attorney General, the Legislative Auditor, the State Auditor, and the director of the State Historical Society. This provision applies to all government records, including "all cards, correspondence, discs, maps, memoranda, microfilm, papers, . . . or documentary material," as well as financial records.

The Minnesota Historical Society has the right of first refusal for all state records. The disposition of all of the council's records is subject to the determination of the records disposal panel.

Recommendation

- *The Department of Administration should submit a request to the records disposal panel for a determination of the disposition of all of the council's records, including those currently on loan to the Koochiching County Historical Museum.*

Chapter 3. Payroll and Administrative Expenditures

Chapter Conclusions

The council's chair approved a \$1,500 purchase order to a vendor of which he is an officer. This constituted a conflict of interest. In addition, the chair did not approve the purchase order until a month after the work had begun.

The council inappropriately made per diem payments totaling \$990 to an ineligible council member employed by the State of Minnesota. The council was also inappropriately charged a per diem and related expenses for a member of an unrelated council.

Except for the payments noted above, council expenditures were reasonable and in compliance with applicable legal provisions.

Table 1-1 shows the council's major expenditures over the three-year audit period. During that time, the council had one paid employee, a part-time administrative secretary. The council's other major expenditures were per diem and travel payments made to council members. The Department of Administration was responsible for entering the council's payroll and disbursement transactions into the state's payroll and accounting systems.

Audit Objectives and Methodology

Our audit of payroll and administrative expenditures focused on the following questions:

- Did the office properly and accurately record payroll and administrative expenditures in the state's payroll and accounting systems?
- Were payroll and administrative expenditures reasonable?
- Were payroll and administrative expenditures in compliance with applicable finance-related legal provisions?

To answer these questions, we reviewed the council's expenditure transactions posted to the state's accounting system to determine whether the council properly recorded its payroll and administrative expenditure transactions. Where applicable, we verified that properly executed purchase orders or contracts supported payments. We examined per diem payments during the audit period and verified council members' employment. We also analyzed payroll transactions in the accounting records.

Citizen's Council on Voyageurs National Park

Payroll

The council had payroll expenditures of approximately \$62,000 during the period from July 1, 1996, through June 30, 1999. During this three-year audit period, the office consisted of one part-time administrative secretary.

Council Member Expenditures

The council paid a total of \$55,000 in per diems and related travel expenses during the three-year audit period. Council members received a daily per diem of \$55 for the council and committee meetings. Council members also received reimbursements for parking, lodging, meals, and mileage related to council business. Minn. Stat. Section 15.059 governed council member compensation.

Other Expenditures

The council's other administrative expenditures included such items as office rent, meeting room rental, repairs, printing, internet services, computer software, network services, telecommunications, supplies, computers, training, and the production of a video.

Conclusions

The council's chair approved a \$1,500 purchase order to a vendor of which he is an officer. This constituted a conflict of interest. In addition, the chair did not approve the purchase order until a month after the work had begun.

The council inappropriately made per diem payments totaling \$990 to an ineligible council member employed by the State of Minnesota. The council was also inappropriately charged a per diem and related expenses for a member of an unrelated council.

Except for the payments noted above, council expenditures were reasonable and in compliance with applicable legal provisions.

3. The council's chair violated conflict of interest provisions when he approved a purchase order to a vendor of which he is an officer.

The council's chair approved a purchase order to a vendor of which he is the chief executive officer. This constituted a conflict of interest pursuant to Minn. Stat. Section 10A.07. The purpose of the purchase order was to construct a website for the council. In August 1997, the council paid the chair's company \$1,500 for the work. The council made two additional payments to the company in September and October 1997 for network services. These payments totaled \$299.12.

Minn. Stat. Section 10A.07 describes a potential conflict of interest situation as one where a public official "who in the discharge of official duties would be required to take an action or make a decision that would substantially affect the official's financial interests or those of an

Citizen's Council on Voyageurs National Park

associated business.” It requires public officials to disclose potential conflicts of interest and take certain required actions. Subdivisions 1 and 2 require the public official to prepare a written description of the conflict and to abstain from influence over the decision in question. We found no evidence that either of these requirements were met.

In addition, the council did not approve the purchase order until a month after the work on the website had begun. The council did not prepare a purchase order for the website services until after it received a \$1,500 invoice for services for the month of June 1997. A purchase order was approved on June 30, 1997, and entered into the accounting system on August 8, 1997, two months after consulting work had begun. Minn. Stat. Section 16A.15 prohibits agencies from incurring obligations or expenditures before a valid purchase order or contract is in place.

Recommendation

- *The Department of Administration should work with the Attorney General's Office to resolve the council chair's conflict of interest.*

4. The council paid per diems to a council member who was ineligible due to full-time employment with the State of Minnesota.

The council paid per diems to one member who was ineligible due to full-time employment with the State of Minnesota. Minn. Stat. Section 15.059 prohibits members who are state employees from receiving per diems if the major part of their activities occurred during normal working hours for which they are also compensated by the state. Subdivision 3 states, in part:

If members who are state employees or employees of political subdivisions receive the daily compensation, and if the major part of their activities occur during normal working hours for which they are also compensated by the state or political subdivision, the employer shall deduct the daily compensation from the employee's compensation for the day.

During the audit period, the council made a total of \$990 in per diem payments to the council member who was a full-time employee of the State of Minnesota. The major part of each council meeting attended took place within the member's normal working hours. We saw no evidence that the State of Minnesota employer deducted the per diem amounts from the member's regular daily compensation as required.

As of August 11, 2000, the Department of Administration had received a repayment of \$990 from the council member for unallowable per diems.

Recommendation

- *The Department of Administration, acting on the council's behalf, should obtain repayment for the per diem payments to members who were full-time employees of the state or a political subdivision of the state.*

Citizen's Council on Voyageurs National Park

5. The council was inappropriately charged a per diem and related expenses for a member of another council.

The Department of Administration made a coding error when entering the disbursements of another council. The Department of Administration's financial management unit is responsible for entering the council's payment transactions into MAPS, the state's accounting system. In fiscal year 1997, the Department of Administration inappropriately charged a per diem and related expenses for a member of the Chicano Latino Affairs Council to the Citizens Council on Voyageurs National Park account. The total expenditures totaled \$240. The errors were never corrected.

Recommendation

- *The Department of Administration, acting on the council's behalf, should work with the Department of Finance to resolve the inappropriate payment charged to the Council on Voyageurs National Park account.*

Citizen's Council on Voyageurs National Park

Status of Prior Audit Issues As of June 16, 2000

Most Recent Audit

Legislative Audit Report 92-68, issued in October 1992, covered the three fiscal years ended June 30, 1991. The scope of the audit included payroll, contract services, travel, and per diems. The report did not include any written findings.

State of Minnesota Audit Follow-Up Process

The Department of Finance, on behalf of the Governor, maintains a quarterly process for following up on issues cited in financial audit reports issued by the Legislative Auditor. The process consists of an exchange of written correspondence that documents the status of audit findings. The follow-up process continues until Finance is satisfied that the issues have been resolved. It covers entities headed by gubernatorial appointees, including most state agencies, boards, commissions, and Minnesota state colleges and universities. It is not applied to audits of the University of Minnesota, any quasi-state organizations, such as metropolitan agencies or the State Agricultural Society, the state constitutional officers, or the judicial branch.



Citizens Council on Voyageurs National Park

509 Third Street International Falls, MN 56649 218.283.3507 Fax 218.283.3507
ccvnp@norshore.net

Ronald W. Esau
Chairman

Patricia Growette
Administrative Secretary

August 11, 2000

Office of the Legislative Auditor
658 Cedar Street
Room 140 Centennial Building
St. Paul, MN 55155

This is the response to your Report Summary, Financial-Related Audit Report dated June 16, 2000, on the Citizen's Council on Voyageurs National Park (CCVNP) for the three fiscal years ended June 30, 1999.

The Citizen's Council is no longer operational due to a lack of funding. Therefore, we have held no meetings regarding this response. The Council has not taken a position regarding issues raised in this report

This response is limited to the knowledge of the Chair and certain Council Members as the issues raised pertain to them. Our response is limited to the Key Findings and Recommendations section of the report.

The CCVNP is a volunteer organization with the assistance of one part-time, paid administrative assistant. The CCVNP operated without the assistance of legal counsel. The CCVNP members, all respected citizens from various communities, acted to carry out the business of the council on behalf of the citizens of the State of Minnesota in an efficient and responsible fashion.

We had little training and advice on matters of statute and law. We acted to accomplish objectives of the council with little assistance from other agencies.

With regard to the specifics of the findings and recommendations, we agree that the legal status of the CCVNP is unclear.

We agree that the Department of Administration takes responsibility for the proper process for disposal of the CCVNP's non-financial records.

Regarding the apparent conflict of interest issue between the council and a company with which the chair had an interest, the council contracted with a part-time college student to provide us with assistance late in the fiscal year. In order to make expeditious and timely payment to the contractor/student, the chair made payment to the contractor from his company funds. The company sought reimbursement from the state after appropriate paperwork was prepared. The entire transaction was a cost pass through and a matter of convenience to satisfy the contractor's request for a timely payment.

With regard to the finding that a council member was ineligible to receive per diem due to full time employment with the state, the member sought advice in 1995 at the time of appointment and acted in good faith on that advice to utilize vacation time to attend council meetings. Per diem was claimed in good faith and good conscience, believing that vacation time is outside of working hours and provides an employee a choice of uses. It is the view of the member that state employees who choose to use their vacation time to serve the state should not be penalized.

The council member has determined that it would take far more in personal resources to take action and pursue this matter than the value of the per diem claimed. As a result, the state employee has forfeited not only \$990 in per diem, but 18 days of vacation and the income taxes paid on the per diem.

Regarding the finding of an inappropriate charge to the council, apparently an internal coding error by another council precipitated the finding and we agree that it should be cleared up.

Please let me know if there are further issues and/or recommendations.

Sincerely,

/s/ Ronald W. Esau

Ronald W. Esau
Chair



August 15, 2000

Office of the Commissioner
200 Administration Building
50 Sherburne Avenue
St. Paul, MN 55155
Voice: 651.296.1424
Fax: 651.297.7909
TTY: 651.297.4357

James R. Nobles
Legislative Auditor
658 Cedar Street, Suite 100
St. Paul, MN 55155

Dear Mr. Nobles:

Thank you for the opportunity to review and respond to your financial-related audit of the Citizens Council on Voyageurs National Park, for which we provide administrative support.

Our role with the Citizens Council on Voyageurs National Park has been to process financial and payroll transactions into the state's accounting system, and to provide financial and human resources information and consultation when necessary or requested. We have provided information, reports, and consultation to the council on a regular basis and have met periodically to review financial conditions. Having no on-site presence with the council, we rely heavily on their contacting us with specific assistance needs.

Summarized below are our plans for corrective action to address the findings in your report.

1. The Department of Administration has not resolved questions regarding the legal status of the council.

The Governor vetoed the appropriation to the Citizens Council on Voyageurs National Park for the 2000-2001 biennium, and the council therefore is no longer functioning. We presume that the Legislative Auditor therefore concludes that the council has been dissolved or suspended within the meaning of Minn. Stat. § 16B.38. For purposes of resolving this particular issue, the commissioner will assume responsibility pursuant to that statute, and undertake appropriate steps to address the legal status of the council. The Department of Administration will request, through the biennial budget process, that Minnesota Statutes § 84.11, which created the council, be repealed.

The Department of Administration retains all of the council's financial records. Based on a council resolution, all non-financial records are currently on loan to the Koochiching County Historical Museum. Due to the need to close the council's office, all fixed assets and supplies have been transferred to the Department of Administration, Materials Management Surplus Property Division. An application for authority to dispose of the council's records will be submitted to the records disposal panel at such time as the council's legal status is determined.

Person Responsible: Larry Freund, Financial Management Director

2. The Department of Administration inappropriately loaned the council's non-financial records to the Koochiching County Historical Museum.

The Department of Administration took this action as a result of a resolution passed by the council directing that its nonfinancial records be donated to the Koochiching County Historical Museum, to be catalogued and made available to the public. The Department of Administration will submit an application for authority to dispose of the council's records to the records disposal panel pursuant to Minn. Stat. § 138.17, once the legal status of the council has been established.

Person Responsible: Larry Dowdle, Accounting Director

3. The council's chair violated conflict of interest provisions when he approved a purchase order to a vendor of which he is an officer.

Resolution

The Department of Administration is working with the Attorney General's Office to resolve the council chair's conflict of interest. Expected resolution by September 30, 2000.

Person Responsible: Larry Freund, Financial Management Director

4. The council paid per diems to a council member who was ineligible due to full-time employment with the State of Minnesota.

Resolution

The council member has fully reimbursed the State of Minnesota for the identified per diems. The matter is resolved.

5. The council was inappropriately charged a per diem and related expenses for a member of another council.

Resolution

The Department of Administration is working with the Department of Finance to resolve the inappropriate payments. Expected resolution by September 30, 2000.

Person Responsible: Mike Zabel, Accounting Officer

Very truly yours,

/s/ David F. Fisher

David F. Fisher
Commissioner