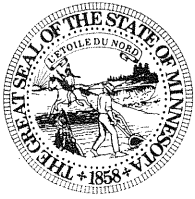


**DEPARTMENT OF NATURAL RESOURCES  
METRO REGION**

**FINANCIAL AND COMPLIANCE AUDIT  
FOR THE YEAR ENDED JUNE 30, 1985**

**JANUARY 1986**





STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

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Senator Randolph W. Peterson, Chairman  
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Joseph Alexander, Commissioner  
Department of Natural Resources

and

Ms. Kathleen Wallace, Regional Administrator  
Department of Natural Resources Metro Region

Audit Scope

We have completed a financial and compliance audit of the Department of Natural Resources, Metro regional office, for the period July 1, 1984 through November 30, 1985. The audit was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, 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 January 10, 1986.

The objectives of this audit were to:

- study and evaluate major internal control systems at the Metro region, including a review of receipts, administrative disbursements, and imprest cash;
- verify that financial transactions were made in accordance with applicable laws, regulations, and policies, including Minnesota Statute Chapters 84, 84A, 85, 88, 89, 90, 92, 98, and 105, and other finance-related laws and regulations; and
- verify that financial transactions were properly recorded on the Statewide Accounting System.

The management of the Metro region is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly.

Senator Randolph W. Peterson, Chairman  
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and  
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Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

The management of the Metro region is also responsible for the agency's compliance with laws and regulations. In connection with our audit, we selected and tested transactions and records from the programs administered by the Metro region. The purpose of our testing of transactions was to obtain reasonable assurance that Metro had, in all material respects, administered their programs in compliance with applicable laws and regulations.

#### Conclusions

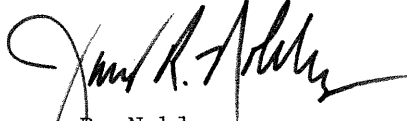
In our opinion, the Metro region system of internal accounting control in effect on November 30, 1985, taken as a whole, was sufficient to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly.


In our opinion, for the period July 1, 1984 through November 30, 1985, the Metro region administered its' programs in compliance, in all material respects, with applicable finance-related laws and regulations.

In our opinion, for the period July 1, 1984 through November 30, 1985, the Metro region properly recorded, in all material respects, its financial transaction on the Statewide Accounting System.

Our review disclosed no material weaknesses in administrative or financial controls.

We would like to thank the Metro region staff for the cooperation extended to us during this audit.

  
James R. Nobles  
Legislative Auditor

  
John Asmussen, CPA  
Deputy Legislative Auditor

February 3, 1986