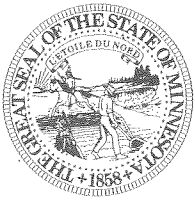


**BOARD OF PEACE OFFICER STANDARDS & TRAINING
FINANCIAL AND COMPLIANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 1985**

APRIL 1986



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Senator Randolph W. Peterson, Chairman
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Jack Erskine, Superintendent
Board of Peace Officer Standards & Training

Members of the Board of Peace Officer Standards & Training

and

Mr. Mark Shields, Executive Director
Board of Peace Officer Standards & Training

Audit Scope

We have completed a financial and compliance audit of the Board of Peace Officer Standards & Training for the year ended June 30, 1985. The prior two fiscal years were subjected to analytical review techniques and other reasonableness tests as further described in the audit techniques section of this letter. Section I provides a brief description of the Board of Peace Officer Standards & Training. Our 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 audit procedures as we considered necessary in the circumstances. Field work was completed on February 28, 1986.

The objectives of this audit were to:

- study and evaluate major internal accounting control systems at the Board of Peace Officer Standards & Training, including a review of receipts and administrative disbursements;
- verify that financial transactions were made in accordance with applicable laws, regulations, and policies including Minnesota Statutes Chapter 214, Chapter 626 Sections .84 through .861, and other finance-related laws and regulations; and
- evaluate the recording and reporting of financial transactions on the Statewide Accounting System.

The management of the Board of Peace Officer Standards & Training 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

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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.

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 Board of Peace Officer Standards & Training is 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 Board of Peace Officer Standards & Training. The purpose of our testing of transactions was to obtain reasonable assurance that the Board of Peace Officer Standards & Training had, in all material respects, administered their programs in compliance with applicable laws and regulations.

Audit Techniques

In the course of our audit, we employed a variety of audit techniques. These included, but were not limited to, auditor observation, interviews with agency staff, and analytical reviews to identify unusual transactions or trends and the documentation supporting a representative number of transactions. All of these techniques were utilized for fiscal year 1985 enabling us to issue the conclusions below. The audit techniques for fiscal years 1983 and 1984 were limited to analytical reviews and the examination of documentation supporting a number of license transactions for fiscal year 1984.

Conclusions

In our opinion, except for the issue raised in Section II, the Board of Peace Officer Standards & Training's system of internal accounting control in effect on June 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.

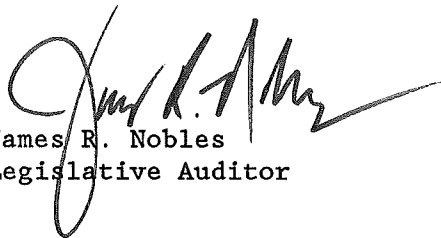
In our opinion, for the year ended June 30, 1985, the Board of Peace Officer Standards & Training administered its programs in compliance, in all material respects, with applicable finance-related laws and regulations.

Senator Randolph W. Peterson, Chairman
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In our opinion, for the year ended June 30, 1985, the Board of Peace Officer Standards & Training properly recorded, in all material respects, its financial transactions on the Statewide Accounting System.

The recommendation included in this audit report is presented to assist the Board in improving accounting procedures and controls. We will be monitoring and reviewing the Board of Peace Officer Standards & Training's progress on implementing this recommendation.

We would like to thank the Board of Peace Officer Standards & Training staff for the cooperation extended to us during this audit.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

April 22, 1986

MINNESOTA BOARD OF PEACE OFFICER STANDARDS & TRAINING

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AUDIT PARTICIPATION

The following members of the Office of the Legislative Auditor participated in this audit:

John Asmussen, CPA	Deputy Legislative Auditor
Margaret Jenniges, CPA	Audit Manager
Charlie Gill	Auditor-in-Charge
Mike Hassing	Staff Auditor
Kathy Quandt	Staff Auditor

EXIT CONFERENCE

The finding and recommendation in this report was discussed with the following staff on April 22, 1986:

Mark Shields, Executive Director, Board of Peace Officer Standards & Training
Frank Ahrens, Department of Public Safety
Dan Boytim, Department of Public Safety
Roselyn Kowalzyk, Department of Public Safety

MINNESOTA BOARD OF PEACE OFFICER STANDARDS & TRAINING

I. INTRODUCTION

The Minnesota Board of Peace Officer Standards and Training (POST) consists of thirteen members, seven of whom are active peace officers and another two of whom are former peace officers. The active peace officers include two sheriffs, two chiefs of police, the superintendent of the Bureau of Criminal Apprehension, and two municipal police officers. The other four members include two elected officials of small cities located outside the metropolitan area, and two representatives of the public.

The powers and duties of the board include:

- Licensing peace officers who have satisfactorily completed certified basic training programs, and passed examinations as required by the board.
- Certifying peace officer training schools, programs, or courses, including training schools for the Minnesota State Patrol.
- Prescribing minimum standards of continuing education to be completed by licensees as a condition of renewal of their licenses.
- Prescribing minimum standards for entry into the profession as well as minimum standards of professional conduct for peace officers.

The administrative unit of the POST Board is responsible for collecting and depositing the appropriate license fees and maintaining records of licensure for peace officers. The Department of Public Safety (DPS) provides administrative support by processing purchases, disbursements, and payroll transactions for the POST Board.

Operations of the POST Board are financed mainly by state appropriations from the General Fund. Financial activities are accounted for in the Statewide Accounting System.

The POST Board collected about \$45,000 in fees and licenses and \$17,700 in other receipts for a total of \$62,700 for fiscal year 1985. The Board spent about \$464,000 for general operations. This includes \$285,500 in payroll and other personal service costs, \$100,000 in grants and \$78,500 in other administrative expenses.

MINNESOTA BOARD OF PEACE OFFICER STANDARDS & TRAINING

II. CURRENT FINDING AND RECOMMENDATION

License issuance duties are not adequately segregated.

The segregation of incompatible functions is an essential element of internal accounting control. Incompatible functions are ones that if performed by one person would allow that person to make and conceal an intentional or unintentional error that would not be detected.

Currently, the POST Board has one individual responsible for opening mail, receiving payments, preparing and authorizing deposits, and issuing and monitoring the licensing documentation. License fees collected during fiscal year 1985 totaled \$45,275.

While we recognize that optimum controls provided through a separation of duties are not attainable due to a small administrative staff, the risks of undetected errors can be reduced by having an independent verification of licenses issued and receipts deposited. This can be accomplished by having one person open the mail and prepare a listing of receipts. This list should be maintained and periodically compared to the actual deposit documentation to ensure that receipts are deposited and properly recorded in the accounting system. The checks and license application forms can then be forwarded to the administrative supervisor for deposit preparation and issuing and updating the license documentation.

Although our audit showed no evidence of any errors or irregularities, it is important that the POST Board maintain controls to prevent or detect such occurrences.

RECOMMENDATION:

- 1. The POST Board should provide for an adequate separation of duties within the licensing function to ensure that receipts are deposited and properly recorded in the accounting system.*



**MINNESOTA BOARD OF
PEACE OFFICER STANDARDS AND TRAINING
333 SIBLEY STREET (SUITE 495)
ST. PAUL, MINNESOTA 55101**

**Executive Director
(612) 296-2620**

April 22, 1986

James Nobles, Legislative Auditor
First Floor, Veterans Service Bldg.
20 West 12th Street
St. Paul, MN 55155

Dear Mr. Nobles:

I was happy to cooperate with the team that just recently audited the operations of the POST Board's staff.

We are implementing effective immediately the one recommendation that the audit team made. That recommendation was that two persons should be responsible for different aspects of the receipting and depositing of licensing and testing fees.

Secretary Marge Braun will open the mail and prepare a daily list of the checks and currency received in the office. This list can later be compared to the roster of payments that were deposited. The office manager, assisted by a seasonal employee during the busiest part of the year, will continue to process the payments and forward them for deposit. I have designated office manager, Jim Lynch, to be the person responsible for implementation of the audit team's recommendation.

Sincerely,

A handwritten signature in cursive script that reads "Mark K. Shields".

Mark K. Shields
Executive Director

MKS:mb