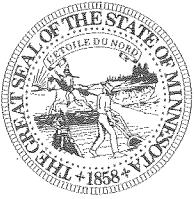


**OMBUDSMAN FOR CORRECTIONS
FINANCIAL AND COMPLIANCE AUDIT
FOR THE PERIOD FROM JULY 1, 1982 TO JUNE 30, 1986**

AUGUST 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. John Poupart
Ombudsman for Corrections

Audit Scope

We have completed a financial and compliance audit of the office of the Ombudsman for Corrections, for the period from July 1, 1982 to June 30, 1986. Section I provides a brief description of the activities and finances of the Ombudsman for Corrections. 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 tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. Field work was completed on July 11, 1986.

The objectives of this audit were to:

- study and evaluate major Corrections Ombudsman internal control systems, including receipts, disbursements, payroll, cash funds, and fixed assets;
- verify that financial transactions were properly recorded in the Statewide Accounting (SWA) System;
- verify that financial transactions were made in accordance with applicable laws, regulations, and policies, including Minn. Stat. Sections 241.41 to 241.45, and other finance-related laws and regulations; and
- determine the status of prior audit recommendations.

Management Responsibilities

The Ombudsman for Corrections is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system of internal accounting control 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 Ombudsman for Corrections 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 Ombudsman for Corrections. The purpose of our testing of transactions was to obtain reasonable assurance that the Ombudsman for Corrections had, in all material respects, performed his duties in compliance with applicable laws and regulations.

Audit Techniques

During our audit, we employed a variety of audit techniques. These included, but were not limited to auditor observation, interviews with staff, analytical reviews to identify unusual transactions or trends, and the examination of documentation supporting a representative number of transactions. Random sampling techniques were used to assure that representative samples of transactions were chosen. However, the use of random sampling did not prohibit us from reviewing additional transactions which may have come to our attention during the audit.

Conclusions

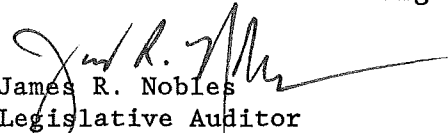
In our opinion, the Ombudsman's system of internal accounting control in effect on June 30, 1986, taken as a whole, was sufficient to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly.

In our opinion, for the four years ended June 30, 1986, the Ombudsman for Corrections administered his programs in compliance, in all material respects, with applicable finance-related laws and regulations.

In our opinion, for the period from July 1, 1982 to June 30, 1986, the Ombudsman for Corrections financial transactions were properly recorded in the statewide accounting system.

No findings or recommendations were developed during the audit. Section II of this report includes a summary of the progress on all recommendations developed during our audit of the three years ended June 30, 1981. (Report dated March 8, 1982.)

We would like to thank the Ombudsman for Corrections staff for the cooperation extended to us during this audit.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

August 12, 1986

OMBUDSMAN FOR CORRECTIONS

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AUDIT PARTICIPATION

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

| | |
|-----------------------|----------------------------|
| John Asmussen, CPA | Deputy Legislative Auditor |
| Warren Bartz, CPA | Audit Manager |
| Michael Anderson, CPA | Auditor-in-Charge |

EXIT CONFERENCE

The results of this audit were discussed with the following staff of the Ombudsman for Corrections at an exit conference on July 16, 1986:

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|--------------|---------------------------|
| John Poupart | Ombudsman for Corrections |
| Laura Ochs | Executive I |

OMBUDSMAN FOR CORRECTIONS

I. INTRODUCTION

The office of the Ombudsman for Corrections is an independent state agency, created by Minn. Stat. Section 241.41. The Ombudsman, who is appointed by the Governor, conducts investigations of inmate and staff complaints and makes recommendations to the Department of Corrections, reports to the Governor, provides information to the Legislature as requested, and performs a variety of other program and policy functions related to the state and county correctional programs and facilities covered under the Community Corrections Act (Minn. Stat. Chapter 401). Case investigation is the major activity of the agency and includes all aspects of contact with inmates, corrections staff, and the public. This involves resolution of individual concerns and making policy recommendations to corrections officials, which serve to relieve institutional tensions and enhance the operations of the corrections system.

The office operates on appropriations from the General Fund. Expenditures for the agency were \$284,096 in fiscal year 1985, and \$291,161 in fiscal year 1986. Salaries accounted for 86 and 87 percent of those expenditures, respectively. The Ombudsman was also awarded a gift of \$2,000 in both fiscal years 1985 and 1986, for the purpose of investigating the concerns of juvenile minorities in the Hennepin County corrections system.

OMBUDSMAN FOR CORRECTIONS

STATUS OF PRIOR AUDIT RECOMMENDATIONS AND

PROGRESS TOWARD IMPLEMENTATION

The Ombudsman's employees take leave without properly completing leave request forms.

1. Employees should submit leave request forms, properly approved by the employee's supervisor, for all leaves taken.

Recommendation Implemented. The Ombudsman sent a memo in July 1983 to all staff requiring the use of leave slips, signed by the employee's supervisor, for all leave taken.

2. Leave request forms should be completed when an employee earns or takes compensatory overtime.
3. Compensatory overtime balances should be maintained on the employee's time and leave record card to monitor the employee's balances.

Recommendations Implemented. The Ombudsman's informal policy, which took effect in July 1983, permits only the Clerk Typist III to earn compensatory overtime; she has not taken advantage of this opportunity to date.

The personnel and payroll functions are inadequately separated.

4. The duties involved with preparing the payroll time roster, preparing personnel forms, and approving all rosters/forms should be separated.

Recommendation Implemented. In March 1982, these duties were split between the Executive I and the Clerk Typist III. Approvals and reviews also are done by the Ombudsman or his deputy.

Employees who commute to an alternate work site from their homes are being paid for more miles than were actually driven.

5. The Ombudsman should redefine the travel policy so that no employee is paid more than actual miles driven. He should consider adding a provision that employees deduct the normal commuting mileage to the office if they drive directly to an alternate work site and are claiming mileage.

Recommendation Implemented. An informal policy was implemented in March 1982 which allowed employees to claim mileage only when the distance traveled is greater than the total mileage from home to the office; the claim must be for the distance between home and work site or office and work site, whichever is lesser. This policy was formally reaffirmed by a memo from the Ombudsman dated July 1, 1983.