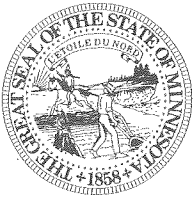


MINNESOTA HUMANE SOCIETY

SPECIAL REVIEW

NOVEMBER 1986

**Financial Audit Division
Office of the Legislative Auditor
State of Minnesota**



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

Sandra J. Hale, Commissioner
Department of Administration

Sharon Christison, Chair
Board of Directors
Minnesota Humane Society

Terry L. Bock, Acting Administrative Officer
Minnesota Humane Society

Audit Scope

We have completed a special review of selected areas administered by the Minnesota Humane Society (Society) for the period July 1, 1985 to March 31, 1986. The Society, which was established by Laws of Minnesota 1905, operated as a nonprofit corporation until the Board of the Minnesota Humane Society (Board) temporarily suspended its operations due to financial insolvency on April 3, 1986. The Commissioner of the Department of Administration assumed statutory responsibility as provided by Minn. Stat. Section 16B.38, to administer the financial activities of the Society and to determine the future of its operations. The Commissioner appointed Terry L. Bock, Director of the Management Analysis Division, Department of Administration, as the Acting Administrative Officer of the Society. Our review was requested by Mr. Bock. Section I - INTRODUCTION provides a description of the Society's organizational structure, duties, and responsibilities. Information concerning our involvement in reviewing Society financial operations are highlighted in Section II - BACKGROUND INFORMATION.

Our review 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 Government Organizations, Programs, Activities, and Functions, and accordingly, included such audit procedures as we considered necessary in the circumstances. Our review was completed September 19, 1986.

The objectives of our work were to:

- review the completeness of the Society's financial records at the Society office in St. Paul after the Board temporarily suspended its operations; and
- review the financial activities associated with the Meyer Associates, Inc. telemarketing campaign.

Senator Randolph W. Peterson, Chairman
Members of the Legislative Audit Commission
Sandra J. Hale, Commissioner
Sharon Christison, Chair
Terry L. Bock, Acting Administrative Officer
Page 2

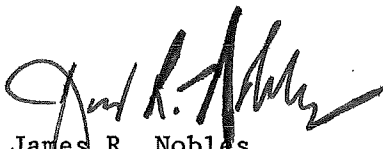
Audit Techniques

We employed a variety of audit techniques during our review. We obtained a list identifying financial records maintained by the Minnesota Humane Society from the public accounting firm that conducted the last financial audit of the Society, Boeckermann, Heinen and Mayer, Certified Public Accountants. We obtained and reviewed the Society's financial records including audited financial statements, general ledgers, cash and disbursements journals, bank account statements, checks, invoices, and other supporting documents. In reviewing the completeness of financial records, we also examined the disposition of Society assets since the Board temporarily suspended its operations. Because the records relating to the Meyer's campaign were incomplete, we were unable to pursue a definitive approach. Therefore, we used alternate audit techniques to determine if there was any evidence of impropriety regarding the Meyer's campaign activities. We confirmed a statistical sample of pledges with individuals contacted by the Meyer Associates, Inc. telemarketing campaign. We also performed analytical reviews of the Society's deposits in determining any improprieties relating to the Meyer's campaign. We interviewed staff from the Society, Boeckermann, Heinen and Mayer, Certified Public Accountants, the Department of Administration Management Analysis Division, the Department of Finance, the Office of the Attorney General, and Meyer Associates, Inc. on questions concerning the financial records, the telemarketing campaign, and other matters that came to our attention. We performed other audit procedures we deemed necessary under the circumstances.

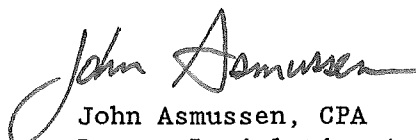
Conclusions

We identified no evidence that the Meyer's campaign collections were diverted from Society accounts or handled any differently from other receipts collected by the Society. Receipts relating to the Meyer's campaign are discussed in more detail in Section IV - TELEMARKETING CAMPAIGN.

We could not find financial records to support certain receipt and personnel activities. We were unable to determine the type of records, if any, which were maintained for these receipt and personnel activities. We did locate sufficient records supporting other financial activities. However, we have some concerns relating to the disposition of certain Society assets. Our conclusions on financial records are further discussed in Section III - FINANCIAL RECORDS of this report.



James R. Nobles
Legislative Auditor



John Asmussen, CPA
Deputy Legislative Auditor

November 3, 1986

MINNESOTA HUMANE SOCIETY

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION	1
II. BACKGROUND	2
III. FINANCIAL RECORDS	
A. Review of Completeness of Financial Records	4
B. Other Observations Relating to the Disposition of Assets	6
IV. TELEMARKETING CAMPAIGN	8
V. RESPONSE OF ACTING ADMINISTRATIVE OFFICER	11

AUDIT PARTICIPATION

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

John Asmussen, CPA	Deputy Legislative Auditor
Renee Redmer	Audit Manager
Joan Haskin	Staff Auditor
Larry Goga	Investigator

EXIT CONFERENCE

This report was discussed with Terry L. Bock, Acting Administrative Officer, of the Minnesota Humane Society and Deb Lindlief, Office Manager, Management Analysis Division, Department of Administration on October 23, 1986.

MINNESOTA HUMANE SOCIETY

I. INTRODUCTION

The Minnesota Humane Society operates under Minn. Stat. Chapter 343, its state articles of incorporation and its bylaws. The purposes of the Society are defined in Chapter 343 as inculcating humane principles, the enforcement of law, and the prevention of cruelty to animals. The Society operated the state office in St. Paul and assisted other chapter and independent county humane societies. The Society worked with law enforcement officials throughout the state, and served all citizens of Minnesota in relation to animal welfare education, information, and all animal cruelty complaints.

The Minnesota Legislature appropriated \$43,800 for the 1984-1985 biennium and \$48,000 for 1986-1987, to assist the Minnesota Humane Society's activities. State appropriations represented about 12 percent of the Society's financial support for the 1984-1985 biennium. Contributions, bequests, memberships, federal grants, and other income provided the majority of support to the Society.

Chapter 343 provided the organizational structure for the Society. The Minnesota Humane Society was governed by a Board of Directors consisting of seven persons appointed by the Governor. The Governor, the Commissioner of Education and the Attorney General, or their designees, served as ex-officio nonvoting members of the Board. The members of the Board annually elected a chairman and other officers as deemed necessary. The Board appointed the Executive Director who served in the unclassified civil service at its pleasure. The Executive Director employed staff who served in the unclassified civil service.

Sharon Christison was the Chairman of the Board when the Board temporarily suspended the state Society's operations on April 3, 1986. The Executive Director and three other full-time employees funded by the Society resigned or were laid off in January and February 1986. The Society's accountant was a volunteer worker and donated part-time services weekly to the Society through May 1986.

MINNESOTA HUMANE SOCIETY

II. BACKGROUND INFORMATION

The Minnesota Humane Society's annual financial statements have historically been audited by public accounting firms. The last audit for the year ended June 30, 1985 was conducted by Boeckermann, Heinen and Mayer, Certified Public Accountants. As a part of the 1985 audit, the firm extended their work to review allegations of wrongdoing raised by former Society employees. The CPA firm concluded that there was no evidence of wrongdoing; however, recommendations were made to the Board to improve office financial and administrative practices. The 1985 financial audit and management letters addressing these concerns were issued by the CPA firm in September 1985.

The Office of the Legislative Auditor received the same allegations regarding the Society in the fall of 1985. Since Boeckermann, Heinen and Mayer, CPAs, conducted a financial audit and an extensive review of these allegations, we relied upon their work. We conducted a preliminary review of these allegations and reviewed the work of the CPA firm. However, we did not conduct a full scope review of Society financial operations nor issue a public audit report. We communicated the results of our review in letters to state legislators and Ronald Evans, Chairman, Humane Society Board, on November 27, 1985. Based on our preliminary review, we also concluded that there was no evidence of wrongdoing; however, there were aspects of Society office management that needed to be improved. The Society's obligation to comply with state policies and procedures was unclear and required clarification. We recommended to Ronald Evans that the Board review and monitor the activities of the Society staff and establish more clear policies and procedures for office operations. Since the Minnesota Humane Society represented itself as a state governmental organization and received some state funding, we recommended that the Board ensure that the Society office is operated in a prudent and businesslike manner. We also planned to ask appropriate legislative committees to review the legal status and obligations of the Society to obtain clarification.

The Minnesota Humane Society Board temporarily suspended the Society's operations on April 3, 1986, due to financial insolvency. As provided by Minn. Stat. Section 16B.38, the Department of Administration assumed financial administration of the Society until it is reconstituted. The Commissioner of Administration assigned Terry Bock as Acting Administrative Officer of the Society to fulfill these responsibilities. The Chair of the Humane Society Board, the Department of Finance, and Board office accountant have assisted the Acting Administrative Officer in closing the Society's books, transferring bank account balances to the State Treasury, determining the final debts due creditors, and requesting additional funding from the Legislative Advisory Commission to liquidate the Society's debt. The Society's accountant updated the Society financial records through March 31, 1986. Some financial records were transferred to the Departments of Finance and Administration at that time to continue paying Society obligations. The Society office was closed by the Acting Administrative Officer on May 21, 1986 and the remaining financial records, other records, fixed assets, and consumable inventories were moved by Department of Administration staff to an Administration building storage area.

MINNESOTA HUMANE SOCIETY

On April 28, 1986, the Acting Administrative Officer requested a special review of the Society's financial activities and records. His request was based on additional allegations of wrongdoing received from the Humane Society Board members at the time the Board temporarily suspended its operations. Since Society records were disorganized at the Society office, Board members suspected that financial records including the Meyer's campaign records may have been inappropriately removed by former Society employees. Additionally, Board members suspected that the collections from the Meyer's campaign may have been misappropriated by former employees since the Board was uncertain as to the amount collected or disbursed. These concerns were expressed by Board members because of the financial status of the Society.

We performed a preliminary review of the Society's financial activities and other information we had accumulated to date. As a result of this preliminary work, we agreed to address two major issues:

- review the completeness of the Society's financial records at the Society office in St. Paul after the Board temporarily suspended its operations; and
- review the financial activities associated with the Meyer Associates, Inc. telemarketing campaign.

We did not perform a complete financial and compliance audit of the Minnesota Humane Society. Rather, we focused our attention to the two issues discussed above.

This report represents the results of our review. The report is divided into two sections corresponding to the issues listed above, financial records and the telemarketing campaign. Although we did not conduct a financial and compliance audit of the Society, certain issues came to our attention relating to the disposition of Society assets. The Acting Administrative Officer should resolve these issues since he statutorily serves as the custodian for the Society property. These issues are discussed in the financial records section.

MINNESOTA HUMANE SOCIETY

III. FINANCIAL RECORDS

A. Review of Completeness of Financial Records

We reviewed the completeness of the financial records of the Minnesota Humane Society supporting its financial accounts and activities. The Society operated its financial activities outside of the State Treasury. Financial transactions were not processed through the Department of Finance nor recorded on the Statewide Accounting System. State procurement, contract management, personnel, and other state procedures were generally not adopted by the Society. The Society administered its funds in private checking, savings, and other investment accounts. The Society developed its own accounting system and supporting financial records. The following records were located and were complete for the period July 1, 1985 to March 31, 1986:

<i>Annual Budget - 1986</i>	<i>Chart of Accounts</i>
<i>General Ledger</i>	<i>General Journal</i>
<i>Cash Receipts Journal</i>	<i>Cash Disbursements Journal</i>
<i>Nonpayroll Check Register</i>	<i>Payroll Journal</i>
<i>Employees Earnings Records</i>	<i>State Withholding Tax Forms</i>
<i>Vendor Invoices, Board Members</i>	<i>Checking, Savings and Investment</i>
<i>and Employees Expense Reports</i>	<i>Account Statements including</i>
<i>Checking Account Reconciliations</i>	<i>Cancelled Checks and Deposits,</i>
<i>Fixed Asset Inventory Records</i>	<i>when applicable</i>
<i>Contributions and Bequests</i>	<i>Investment Records</i>
<i>Correspondence</i>	<i>Monthly Final Balances of</i>
<i>Monthly Receipt and Disbursement</i>	<i>Accounts</i>
<i>Statements including Budget vs.</i>	
<i>Actual</i>	

The following records were not located or were incomplete:

- Society Office Personnel Files*
- Employee Time and Attendance Records*
- Employee Biweekly Timesheets*
- Receipts Documentation Detailing Names of Members and Contributors, including Amounts*
- Records of Pledges and Remittances for the Meyer Associates, Inc. Telemarketing Campaign*

The personnel files for Society employees were disorganized and incomplete. Appointment forms, salary increases, cumulative time earned and leave taken records and biweekly timesheets were missing in certain employees files. Employee time and attendance records and biweekly timesheets were either not located or were incomplete for Barbara Raye, Vicki Anderson, and Jeff Mincey for the period reviewed. These records are important because these employees claimed severance payments totaling \$9,416 which should be supported by time and attendance records.

MINNESOTA HUMANE SOCIETY

Receipts documenting members names, the amounts contributed, and corresponding bank deposits were maintained manually through April 1985. At that time, the Society computerized its listings of individual membership fees and contributions. However, computerized listings were not located for August, November, December 1985, and January, February, and March 1986. Xeroxed copies of the checks received for memberships and contributions were also maintained since May 1985; however, none were located for August, October, November, and December 1985, and January 1986. These records are vital because they should provide the detailed support of receipts collected and deposited from individual members and contributors.

Records including the pledge cards for the Meyer Associates, Inc. telemarketing campaign were incomplete. Approximately 714 pledge cards, totalling \$6,375 were located for the period September 4 to December 9, 1985. A partial list of individuals and amounts pledged was found for the period May 10, 1985 to August 2, 1985. These records are important because they help document the financial activities of the Meyer's campaign. Because of the incomplete records relating to the campaign, we were unable to reach definitive conclusions on the financial activities of the campaign as discussed in Section IV.

Several factors contributed to our inability to verify the existence or completeness of the financial records:

- The Society office filing system was extremely disorganized. Records were "filed" in various desk drawers, file cabinets, boxes and on the floor. Similar records were not grouped together in the same location.
- Since the Society recently computerized the maintenance of certain financial records, such as receipts listings, we are uncertain as to all of the changes in recordkeeping. We did not interview the Society staff who processed the computerized data. Because these changes occurred after the last financial audit, the auditors were not knowledgeable about the new accounting systems.
- The Society's "Rainbow" computer equipment disk drive was also damaged. We were unable to print out financial records using this computer. The Rainbow computer programs and files are incompatible with most computer systems, including our office's IBM equipment. A file conversion service was used to convert many of the disks containing financial records to a format compatible to our equipment, but some files could not be recovered. We were informed that some disks from the Society were unreadable. The unreadable files were probably a result of the original computer disk drive problems.

MINNESOTA HUMANE SOCIETY

The Acting Administrative Officer did not conduct a complete physical inventory of the records and assets when the Society operations were suspended. The Acting Administrative Officer indicated that a complete inventory was not taken because the records were in disarray and he had limited resources to devote to Society operations. The lack of a complete physical inventory also diminishes the accountability over the disposition of Society assets as discussed in Section B.

In conclusion, we could not find financial records to support certain receipt and personnel activities. We were unable to determine the type of records, if any, which were maintained for these receipt and personnel activities. We did locate sufficient records supporting other financial activities.

B. Other Observations Relating to the Disposition of Assets

We also reviewed Society records to determine completeness of assets on hand when the Board temporarily suspended its operations. This was not an objective of our review initially; however, we decided to review the records supporting the disposition of the assets to determine if the critical and sensitive financial records were complete. Certain items came to our attention during the review of the Society's financial records and disposition of assets that the Acting Administrative Officer should resolve.

- Two stock certificates were found in the Society records that should be redeemed and the proceeds deposited in the Society's account in the State Treasury. The certificates and value at the date of purchase are as follows:

Leviathan Metals Company -- 70 shares @ \$1.00
Gorhan-Garbett Company -- 300 shares @ \$1.00

- Donated artwork valued at \$2,925 on June 30, 1985, as shown on the Annual Financial Report, could not be fully accounted for. The Inventory Management Division of the Department of Administration inventoried the Society's fixed assets and consumable inventories from April 17 to April 30, 1986. However, the artwork was not itemized on the inventory. We physically sighted the Mankowitz "A Paris Scene" at the storage area on September 13, 1986; however, we were unable to locate the eleven signed nature prints by Terry Redlin as follows:

<i>April Snow</i>	<i>318/960</i>	<i>Clearing the Rail</i>	<i>318/960</i>
<i>Colorful Trio</i>	<i>54/96</i>	<i>Rusty Refuge</i>	<i>782/960</i>
<i>Rusty Refuge II</i>	<i>354/960</i>	<i>Soft Shadows</i>	<i>354/960</i>
<i>Spring Run-off</i>	<i>185/1700</i>	<i>Spring Thaw</i>	<i>318/960</i>
<i>Startled</i>	<i>624/960</i>	<i>The Homestead</i>	<i>807/960</i>
<i>The Landmark</i>	<i>16/96</i>		

MINNESOTA HUMANE SOCIETY

We contacted the Director of Inventory Management on September 15, 1986 to discuss the unlocated prints. He indicated that they may be in tubes or between cardboard in the storage area. Inventory Management staff checked the storage at this time and they also could not locate the prints. We recommend that the Acting Administrative Officer determine the location of these prints due to their value.

- Bank account balances related to the Olmstead and Kanabec County Humane Societies were shown on the Society's Annual Financial Report at June 30, 1985. The balances at June 30, 1985 were as follows:

<i>Olmstead County -- Cash in Bank</i>	<i>\$2,862.55</i>
<i>Kanabec County -- Cash in Bank</i>	<i>\$ 94.75</i>
<i>Certificates of Deposit</i>	<i>\$ 500.00</i>
<i>Savings</i>	<i>\$ 450.00</i>

We discussed inclusion of these account balances on the Minnesota Humane Society's financial report with Bockermann, Heinen, and Mayer, Certified Public Accountants. A member of the CPA firm recalled that the Executive Director of the Society and the Attorney General's representative said that the Society had oversight responsibilities for the Olmstead and Kanabec branch bank accounts. Therefore, the CPA firm concluded that these branch accounts were a part of the Society's entity and should be shown on the annual financial report. However, the firm indicated that the revenues deposited to the branch accounts were collected and disbursed by branch employees.

We are uncertain as to the relationship between the Minnesota Humane Society and the Olmstead and Kanabec County branches. There may be legal questions regarding the ownership of the branch account balances and other administrative issues relating to the branches' operations. The Department of Administration should work with the Office of the Attorney General to determine the legal status of the branches, including the proper ownership of these funds.

- A safety deposit box remains unopened at Norwest Bank for the Society. The Acting Administrative Officer should open the box as soon as possible to determine if any additional assets are available.

The Acting Administrative Officer should organize and inventory all other records and items in the Society storage area to ensure proper disposition of the records and any other valuables.

MINNESOTA HUMANE SOCIETY

IV. TELEMARKETING CAMPAIGN

We reviewed the pledges and amounts remitted to the Society from the Meyer Associates, Inc. telemarketing campaign conducted from May 6, 1985 to December 8, 1985. Meyer Associates, Inc. obtained pledges for the Society totaling \$79,150 from 8,615 individuals. The telemarketing campaign contract established in part the following responsibilities:

Meyer Associates, Inc.

- To telephone prospective donors to ask for a pledge to the Society.
- To maintain accurate records on calls, contacts, and pledges generated.
- To prepare and mail pledge forms to both the donors and the Society.

Society

- To keep accurate records on fulfillment of pledges and to send repeat billings if required.

We reviewed the financial activities associated with the Meyer's campaign. Since the Society's financial records relating to the Meyer's campaign were incomplete as discussed in Section III-A, we were unable to reach definitive conclusions regarding the financial activities of the campaign. Therefore, we conducted other audit tests to determine if there was any evidence of impropriety regarding the Meyer's campaign. Confirmations with individuals and analytical reviews of deposits were performed.

We selected a statistical sample of individuals and amounts pledged to the Society from the Meyer Associates, Inc. records to obtain additional information. We sent confirmations to approximately 150 individuals who made pledges from May 6 to December 8, 1985. The purpose of our statistical sample of pledges and confirmations was to:

- project the total amount of remittances from the Meyer's campaign that should have been received and deposited in the Society's accounts; and
- determine if any remittances from the campaign were misappropriated by former Society employees.

We requested information from these individuals on the amounts pledged and remitted, the date the check was completed, and the name of the bank endorsement on the cancelled check. We received an approximate 90 percent response (140 confirmed amounts) to our confirmation either in writing or by telephone. Initial confirmations were sent to the 150 individuals

MINNESOTA HUMANE SOCIETY

chosen in the sample, second confirmations were sent to those who did not initially respond, and a third follow-up by telephone inquiry was made until we received responses from most of the individuals.

The following conclusions resulted from our statistical sample of confirmations:

- Of the 140 confirmations received, 63 percent remitted amounts to the Society and 37 percent did not send any remittance.
- Based on our statistical projection, we are 95 percent confident that donations of between \$37,323 and \$51,679 were received by the Society from the total amount pledged.
- All confirmations indicated that the individuals' checks were deposited to Norwest Bank, St. Paul where the Society's checking account is held.

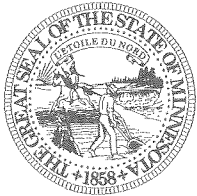
We were unable to trace the individual amounts remitted as shown on the confirmations to Society records detailing these amounts and corresponding bank deposits, since these records were incomplete as discussed in Section III-A. Specific receipts records for the Meyer's campaign identifying the individual names, amounts pledged, amounts remitted and deposited in the bank were not maintained by the Society. Since we were unable to trace the individual amounts remitted as shown on our confirmations to the Society records or bank deposits, we further analyzed other summary level receipts records maintained by the Society. Receipts from memberships and all other contributions were summarized by the Society on a daily and monthly basis. These amounts were reconciled by the Society to the bank accounts monthly. Summary records were available from July 1, 1985 to March 31, 1986; however, the amounts received for memberships, contributions, gifts and bequests were combined. Therefore, we were unable to distinguish between the amounts received and deposited for the Meyer's campaign and other contributions.

Since the Society records of receipts for the Meyer's campaign were incomplete and because receipts for memberships and all other contributions were combined, we conducted other analytical reviews of deposits to determine if there was any evidence of impropriety regarding the campaign donations. We summarized receipts from the Society's summary records for memberships and all other contributions, including the Meyer's donations for the period July 1, 1985 to March 31, 1986. Our review of Society records indicated that receipts from the Meyer's campaign were deposited mainly during this period. A total of \$77,000 was deposited from July 1, 1985 to March 31, 1986, which should have included the Meyer's receipts and all other memberships and contributions. Although, we cannot conclude definitively that all receipts collected from the Meyer's campaign were properly deposited to the Society accounts, \$77,000 is higher than the amount of collections that we projected from our statistical sample of confirmations. As stated previously, we estimated

MINNESOTA HUMANE SOCIETY

that donations of between \$37,323 and \$51,679 were received by the Society from the total amount pledged to the Meyer's campaign. Our review of Society accounting records and processing procedures for receipts also indicated that all memberships and contributions, including the Meyer's campaign donations, are subject to the same receipt and deposit controls.

In summary, we were unable to reach a definitive conclusion on the Meyer's campaign financial activities because of the incomplete Society records. However, based on our confirmations and other analytical reviews, we identified no evidence that the Meyer's campaign donations were diverted from Society accounts or handled any differently from other receipts collected by the Society.



**Department of
Administration**

**MANAGEMENT
ANALYSIS
DIVISION**

November 3, 1986

James R. Nobles
Legislative Auditor
Veteran's Service Building
St. Paul, Minnesota 55155

Dear Mr. Nobles:

Thank you for conducting a special fiscal review of the Minnesota Humane Society. The Department of Administration assumed financial administration of the Society on April 3, 1986 when the Minnesota Humane Society Board temporarily suspended the Society's operations due to financial insolvency.

We requested the special review because of (1) the Society's insolvency, (2) the disorganization of the Society's financial records, and (3) allegations made by Board members of possible wrongdoing and financial mismanagement by former Society employees.

Let me outline what actions we have already taken or will take in response to your review:

Recommendation 1: Redeem two stock certificates and deposit proceeds in the Society's account in the State Treasury.

Person Responsible: Terry L. Bock
Completion Date: December 31, 1986
Action To Date: We are working with the Secretary of State's Office and a private stock broker to locate the companies and determine the stocks' value.

Recommendation 2: Locate missing artwork donated to the Society.

Person Responsible: Terry L. Bock
Completion Date: December 31, 1986
Action To Date: We have searched the Society's storage area and talked to all people with access to the Society's offices or storage area since April 3. We will continue to search for the artwork.

Recommendation 3: Determine the legal status of the Olmstead and Kanabec County branches and the proper ownership of their bank accounts.

Person Responsible: Terry L. Bock
Completion Date: December 31, 1986
Action To Date: We are working with the Attorney General's Office and the Olmstead and Kanabec County Societies to determine the legal status of these two branches.

James R. Nobles
November 3, 1986
Page Two

Recommendation 4: Open the Society's safety deposit box.

Person Responsible: Terry L. Bock
Completion Date: October 29, 1986
Action To Date: We opened the safety deposit box on October 29. It was empty.

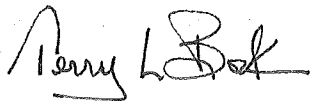
Recommendation 5: Organize and inventory the Society's records and items to ensure proper disposition of records and other valuables.

Person Responsible: Terry L. Bock
Completion Date: January 30, 1987
Action To Date: At my request, the Department of Administration's Materials Management Division conducted a comprehensive inventory of the Society's fixed and consumable assets between April 17 and 30, 1986. The department's Data and Records Management Division and the Minnesota Historical Society also conducted a general inventory of all of the Society's records during that time.

We have not yet conducted a detailed records inventory. The Society's records, dating back to the 1920's, are in great disarray. With very few resources to devote to Society operations, I have given priority to closing the Society's offices and settling its debts. A detailed records inventory will be conducted before we dispose of or transfer any of the Society's records.

Once again, thank you for your special review of the Minnesota Humane Society.

Sincerely,



Terry L. Bock
Director
Management Analysis Division

and

Acting Administrative Officer
Minnesota Humane Society