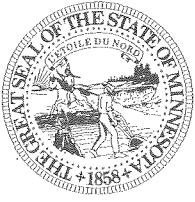


**STATE BOARD OF ABSTRACTERS
FINANCIAL AND COMPLIANCE AUDIT
FOR THE PERIOD JANUARY 1, 1984
THROUGH JUNE 30, 1986**

JUNE 1987

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



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Phillip J. Riveness, Chairman
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Tony Winczewski, Chairman
State Board of Abstracters

Ms. Mary Bakken, Executive Secretary
State Board of Abstracters

Audit Scope

We have completed a financial and compliance audit of the State Board of Abstracters for the period January 1, 1984 through June 30, 1986. 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 April 24, 1987.

The objectives of the audit were to:

- study and evaluate internal control systems of the Board in addition to any administrative support provided by the Department of Commerce including receipts and administrative disbursements as of February 28, 1987;
- verify that financial transactions were made in accordance with applicable laws, regulations and policies, including Minn. Stat. Sections 386.61 to 386.78 and Chapter 214, and other finance-related laws and regulations; and
- evaluate the recording and reporting of financial transactions on the Statewide Accounting System.

Management Responsibilities

The State Board of Abstracters staff receives only the examination fees. All license renewal fees are received and processed by the Department of Commerce. The department prepares the deposit and deposits all fees for the board. The Department of Commerce also provides administrative support for purchasing supplies and processing invoices for payment. The State Board of Abstracters is ultimately responsible for its financial operations.

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The management of the State Board of Abstracters 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 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 State Board of Abstracters 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 State Board of Abstracters. The purpose of our testing of transactions was to obtain reasonable assurance that the State Board of Abstracters had, in all material respects, administered their programs in compliance with applicable laws and regulations.

Conclusions

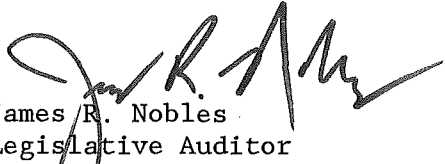
Due to the limited number of personnel, an adequate segregation of duties is not achievable. Accordingly, we do not express an opinion on the system of internal accounting control of the State Board of Abstracters in effect as of February 28, 1987 taken as a whole.

In our opinion, for the period January 1, 1984 through June 30, 1986, the State Board of Abstracters administered its programs in compliance, in all material respects, with Minn. Stat. Sections 386.61 to 386.78 and Chapter 214, and other applicable finance-related laws and regulations.

In our opinion, for the period January 1, 1984 through June 30, 1986, the State Board of Abstracters properly recorded, in all material respects, its financial transactions on the Statewide Accounting System.

Our audit disclosed no weaknesses in accounting procedures or controls.

We would like to thank the State Board of Abstracters staff for their cooperation during this audit.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

June 24, 1987