DEPARTMENT OF COMMERCE
FINANCIAL AND COMPLIANCE AUDIT
FOR THE PERIOD JULY 1, 1983 THROUGH JUNE 30, 1986

AUGUST 1987

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

87-14

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STATE OF MINNESOTA
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JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Phillip J. Riveness, Chairman
Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Michael Hatch, Commissioner
Department of Commerce

Audit Scope

We have completed a financial and compliance audit of the Department of Commerce for the period July 1, 1983 through June 30, 1986. Section I provides a brief description of the department's activities and finances. 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 department including receipts, payroll, and administrative disbursements, as of December 31, 1986;

- verify that financial transactions were made in accordance with applicable laws, regulations and policies, including Minn. Stat. Chapters 45-56, 59A-62H, 64A-67A, 70A-72B, 79-80B, 82-83, 155A, 345, 349, 1985 Laws Chapter 4, Sections 4-10, and 1986 Laws Chapter 398, Article 23, and other finance-related laws and regulations; and

- evaluate the recording and reporting of financial transactions on the Statewide Accounting System.

Management Responsibilities

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

Conclusions

In our opinion, except for the issues raised in recommendations 1-10 in Section II of this report, the system of internal accounting control of the Department of Commerce in effect as of December 31, 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 period July 1, 1983 through June 30, 1986, the Department of Commerce administered its programs in compliance, in all material respects, with Minn. Stat. Chapters 45-56, 59A-62H, 64A-67A, 70A-72B, 79-80B, 82-83, 155A, 345, 349, 1985 Laws Chapter 4, Sections 4-10, and 1986 Laws Chapter 398, Article 23, and other applicable finance-related laws and regulations.

In our opinion, for the period July 1, 1983 through June 30, 1986, the Department of Commerce properly recorded, in all material respects, its financial transactions on the Statewide Accounting System.

The recommendations included in this report are presented to assist the Department of Commerce in improving accounting procedures and controls. We will be monitoring and reviewing the Department of Commerce's progress on implementing these recommendations.

We would like to thank the Department of Commerce staff for their cooperation during this audit.

James R. Nobles
Legislative Auditor

John Asmussen, CPA
Deputy Legislative Auditor

July 13, 1987

DEPARTMENT OF COMMERCE

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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
Margaret Jenniges, CPA	Audit Manager
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Colleen Berg	Staff Auditor
Kari Bergum, CPA	Staff Auditor
Leslie Dosh	Staff Auditor
Chuck Hoistad, CPA	Staff Auditor
Linda Lochner	Staff Auditor

EXIT CONFERENCE

The findings and recommendations in this report were discussed with the following staff of the Department of Commerce at an exit conference held on June 29, 1987:

Michael Hatch	Commissioner
Tammy Wetterling	Director of Finance

DEPARTMENT OF COMMERCE

I. INTRODUCTION

The Department of Commerce is a regulatory agency which establishes and monitors standards, and supplies technical assistance involving a wide variety of financial and business transactions. The primary goal of the Department is to instill investor and business confidence in financial transactions, and to protect the investing public from abuses in those financial transactions where citizens rely upon the expertise, trust and solvency of the financial community. The Department of Commerce attempts to assure that a market place exists that adheres to legal standards and meets the needs of the public.

The Department operates in five major program areas. The financial examination division handles all aspects of compliance concerning depository and lending instituions and insurance companies. The registration and analysis division deals with the registation of fianancial investments, the licensing of professionals and firms that sell those investments, with insurance policy forms and rates and is also responsible for the handling of abandoned and unclaimed property. The enforcement and licensing division licenses companies and professionals in the fields of real estate, insurance, cosmetology and notaries. The division also investigates possible violations of law and responds to consumer complaints regarding the industries regulated by the Department. The administrative division is responsible for overall policy, budget, personnel, legislative, administrative, and support services.

In addition, the Department provides office space and administrative support services to five non-health occupational licensing boards: the boards of Abstractors; Accountancy; Barber Examiners; Boxing; and Architecture, Engineering, Land Surveying and Landscape Architecture.

II. CURRENT FINDINGS AND RECOMMENDATIONS

Incorrect amounts were paid from the Farm Interest Buydown Program.

In 1985 the Minnesota emergency farm operating loan act was passed. It established two farm interest buydown programs designed to provide interest subsidies to Minnesota farm operators in financial need. Emphasis was placed on assisting the farmer and the farmer's lender to maintain an existing credit relationship through a combination of state subsidies and interest write-downs provided by the lender. Program one was designed to provide subsidies on operating and real estate loans that were already in existence at the time. Program two provided interest subsidies on new operating loans. The interest subsidized by the state totaled approximately $2.8 million for 2,277 applications. During the 1986 legislative session, an extension of the interest buydown program was passed. Changes were made to the original program that allowed a broader range of debt to qualify under the program, making the 1986 program more attractive to farmers and lenders. About 6,400 applications were accepted and processed for the 1986 program, resulting in an interest subsidy by the state totaling approximately $18.7 million.

The buydown program was designed to allow farmers to obtain interest on operating loans at a rate between 7 and 10 percent. The difference between the interest rate allowed to the farmer and the current market rate of interest on loans (determined monthly by the commissioner) was to be subsidized in part by the state and in part by the lending institution. The 1985 program interest subsidy was two thirds state and one third lender. The 1986 program was changed to three fourths state and one fourth lender. To participate in the program, the lenders prepared a program application and agreement form for qualifying farmers. This form, signed by the farmer and the lender and submitted to the department, estimated the amount of the state subsidy and also indicated the interest rates applicable to the loan. After the loan became due or on the last day of the program, whichever was earlier, the lender completed a final request form to request the final subsidy payment from the state. This form was submitted along with a copy of the promissory note and a schedule of advances and payments made during the life of the loan, to the Department of Commerce. The final request forms were reviewed for accuracy by the Department of Commerce before the final payments were authorized.

It became evident during our preliminary testing that errors were made by many lenders when calculating the state subsidy in both the 1985 and 1986 programs. The errors resulted in both overpayment and underpayment of the state subsidy. At the time of our preliminary work, few of the final payments for the 1986 buydown program had been made by the department, although most of the payment requests had been received. After bringing this matter to the attention of the department, they began rechecking every request for final payment submitted by the lenders for the 1986 buydown program. They also indicated that they would be requesting repayment from any lenders that had overstated the amount of the state subsidy. As of April 30, this testing was still being completed and numerous errors were being found. We did extensive testing only of the 1985 new operating loan buydown program. Final payments had been made on every loan in the 1985 buydown program, and all the cases were closed. Only program two in the 1985 buydown program was tested because it was much larger than program one, both in total and in the individual amounts paid to farmers, and because the errors found during preliminary testing were all from program two.

A statistical sample of 192 final payments were selected from program two of the 1985 buydown program. Files were obtained for each of the payments selected and calculation of the state subsidy was reviewed for accuracy. Reliance was placed on documents within each file that contained the most detail information, such as promissory notes and the schedules of advances and repayments. Of the 192 sample items we reviewed, 94 payments or 49 percent were either miscalculated or were not supported by proper documentation and resulted in overpayments totaling approximately $15,500. Four of these payments totaling $6,141 were determined to be improper because adequate documentatin was missing to support the amount paid. As a result of the testing done, we are 95 percent confident that the amount of errors made on final payments from program two of the 1985 buydown program resulted in overpayments of at least $60,000 but no more than $230,000.

Several different types of errors were made by lenders when completing the final request forms. Some of the errors may have been caused by the design of the form used to request final state payment, sent by the department to the lenders. The form did not easily lend itself to the various types of situations under which loans were made to the farmers. Examples of errors found include:

- Many lenders overstated the state payment by using the maximum loan amount approved for the farmer for the entire life of the loan, even if under a letter of credit type loan the full amount was never advanced to the farmer or not held by the farmer for the entire time.

- Numerous over and underpayments were the result of miscalculating the number of days a balance was outstanding with a farmer; or using a maturity date past March 1, 1986, the last date allowable according to program guidelines.

- Some final request forms were submitted using incorrect interest rates. We noted one case where the interest rate on the promissory note signed by the farmer was not written down to between 7 to 10 percent. A large overpayment was made on this loan because the farmer paid the lender the full 13 percent as shown on the promissory note, and the lender also received a $958 interest subsidy payment from the state.

- Four files with final payments totaling $6,141, were missing adequate documentation to support the calculations made. The file for these payments contained no promissory note signed by the farmer and/or contained no schedule of the loan advances and repayments, both which are required to be submitted to the department. Therefore we could not determine whether these payments were correct. Since program guidelines require lenders to submit a copy of both the promissory note and a schedule of advances and repayments, for statistical purposes we considered these payments totally inappropriate. It is uncertain whether the documents were ever sent to the department or were misplaced.

- One lender, when calculating the state payment, included funds advanced to the farmer that were used to buy ownership in the lending institution. Although the farmer may have been required to buy ownership in the institution in order to be given a loan, (this appears to be a common practice at some of the production credit associations) laws and program guidelines state that the loan proceeds must be used by the farmer for operating expenses of the farm business. The state subsidy was overstated by $84 in this case.

There were many other errors made by the lenders when completing the final request for payment forms. Some of the payments apparently were checked by the department before they were paid. However, we could not determine if the department made the same error as the lender, or contacted the lender for additional support for the calculation but failed to include that support in the file. In any case, these occurrences show that the department was not effectively reviewing the payment requests from the lenders. More effective procedures must be implemented to review the payments made from the farm buydown program, and to enforce the laws and guidelines of the program. The department has also designed a form for the 1987 buydown program that appears to be an improvement of the previous ones used. However, the department should review the entire packet of information sent to the lenders and determine if better instructions could be provided, or if more information needs to be sent so lenders understand completely, the methods to follow when calculating the state subsidy.

RECOMMENDATIONS:

1. **The department should review all payments made from the 1985 and 1986 buydown program, and determine if miscalculations were made by the lenders. If any errors are found from the information available the department should: request the lender to document that the calculations are correct; request a repayment from the lender of any over payment; or make an additional payment for those that were underpaid.**

2. **The department should analyze the procedures currently followed to review the request for payment forms and the calculations submitted by the lenders. More effective procedures should be developed so that:**

   a. **all payment requests are adequately reviewed before they are paid; and**

b. **payments are made only to cases that are properly documented by the lenders and in compliance with program guidelines.**

3. **The department should review the forms, instructions and all other information sent to the lenders concerning the buydown program to determine if clarifications, simplifications or other improvements can be made.**

Controls over the issuance of licenses and the receipt and deposit of license fees are weak.

The licensing division at the Department of Commerce is responsible for licensing real estate agents and companies, insurance agents, notaries, and cosmetologists. The division monitors compliance with examination and educational requirements of applicants who apply for a new license or renew their present one. Receipts in the licensing division totaled approximately $2.8 million in fiscal year 1984, $2.9 million in fiscal year 1985, and $3.1 million in fiscal year 1986.

When an application for a license and a check comes in through the mail, they are routed from the mail room to the central cashiers in the department where the check is deposited. A daily cash report is prepared by the cashiers indicating the individual amounts deposited that day. This report is forwarded to the licensing division along with the applications. When the cashiers find that an incorrect fee or an improperly prepared application is received, they forward the check and the application to personnel in the licensing division. This person will review the amount of the remittance and the application for accuracy and if either is improper, will return both to the applicant requesting a correction. No documentation is kept, however, of the checks received by the division from the cashiers and whether those checks were eventually sent back to the cashiers for deposit or were returned to the applicant.

Internal controls over the license receipts need to be strengthened to ensure that all receipts are deposited and accurately accounted for and recorded on the statewide accounting (SWA) system. An adequate system of internal control safeguards assets against loss, including losses arising from intentional or unintentional errors in processing transactions. An adequate separation of duties is also an essential element of accounting control. Incompatible functions are those that if performed by one person would allow that person to conceal an error or irregularity that would not be detected.

In order to improve controls, the division should maintain a list or other documentation to record the disposition of checks and applications received from the cashiers. This would provide a method to monitor all receipts of the division, especially if questions are received from applicants. It could also be used to prevent the issuance of a license to someone who has not submitted a complete application.

There is also an area in the licensing division where the public can come to fill out an application and pay for a license. Here personnel in the division collect the fees, initiate the process to issue a license, and forward the receipts to the central cashiers for deposit. No record is kept at this location of the amounts received or of the specific type of license issued. There is a log kept where personnel are required to initial when an inquiry or payment is received, but the log contains no specific information as to what was actually transacted. If more information was recorded, the receipt log could be compared to the daily cash reports from the central cashiers to ensure that all receipts were deposited.

Also, a reconciliation of licenses issued to deposits on SWA must be performed periodically to ensure accurate recording on SWA and to ensure that all money received is actually deposited. Currently, no such reconciliation is performed. Most of the information necessary to perform this reconciliation is available to the division already. Reports are available in the department that indicate the total deposits recorded on the SWA system. The division also keeps manual records that record the number of licenses issued by type on a monthly basis. It may also be possible to obtain reports from the computerized licensing systems used by the division that would summarize the number of licenses issued of a particular type as of a particular date. A reconciliation would correct some of the weaknesses currently in the system. It would provide greater control over the receipts taken at the licensing window and the receipts forwarded to licensing personnel.

RECOMMENDATIONS:

4. **A list or other documentation should be maintained to record the disposition of all checks and applications received by the division from the cashiers.**

5. **A receipt log should be maintained to record the individual amounts received directly at the division and when they are delivered to the central cashiers. The receipt log should be compared to the daily cash reports received from the cashiers.**

6. **The number of licenses issued should periodically be reconciled to the deposits on the SWA system.**

<u>Internal controls over receipts and accounts receivable in the insurance section need improvement</u>.

Within the financial exam division at the Department of Commerce, there is an insurance section. This section licenses, examines, and regulates insurance companies to protect policy holders, stockholders, and the insurance buying public from insurer insolvencies and unsound business practices. In fiscal years 1984, 1985, and 1986, receipts totaled approximately $1,278,000, $1,348,000, and $1,216,000, respectively. In order to recover costs associated with the responsibilities of the section, various fees are collected. These include insurance company license fees, examination fees, and filing certificate of life policy valuation fees.

The receipt collection process is similar for all the various fees. The insurance section prepares duplicate invoices for fees charged. The original invoice is sent to the insurance company and the copy is forwarded to the cashiers section in the department. All unpaid invoices are retained by the cashiers until payment is received. Upon receipt, the invoice is stamped with the date and amount of the payment. The cashiers also post the receipt to a ledger kept for each insurance company. Finally, the cashier notifies the insurance section of the receipt by preparing and forwarding a report that indicates the insurance company making the payment, the type of fee paid, and the date and amount of the payment.

A weakness in internal control exists because the central cashiers have too much control over the receipt process. In addition to collecting and depositing receipts, the cashiers maintain all unpaid invoices and accounting records for the insurance section. When such a concentration of duties exists, the possibility increases for errors or irregularities to go undetected. There are options that the department may consider to reduce the potential for problems. For instance, personnel in the insurance section could prepare triplicate billing invoices, keeping one copy for an accounts receivable file. One copy would be sent to the company and another to the central cashiers. When the cashiers receive a remittance, they could stamp the invoice with the date and the amount received. This paid invoice could be forwarded to the insurance section where the unpaid invoices would be monitored. This procedure would desegregate the duties currently performed by the cashiers. Another option would be to follow the current procedures, but have the insurance section perform various reconciliations of the amounts billed to deposits on statewide accounting. Although this second option would strengthen controls, it would not be the ideal situation. Ideally, persons without access to cash should maintain the accounting and receivable records.

Other problems were apparent in the insurance section that appear to be a result of the concentration of duties described above. In many cases, notification of receipt by the cashiers is either not forwarded to the insurance section or not kept by them. Documentation was not available in the insurance section to support the receipt of company license renewals, or of filing certificates of life policy valuations. For the renewal of company licenses, the cashiers are instructed not to notify the insurance section because the volume of renewals is so high. The cashiers should be notifying the insurance section of the filing certificates of policy valuations. However, during our testing, 8 out of 12 billings did not have receipt notification from the cashiers. Without such notification, the insurance section loses control of receipts that are due to the department. The current procedures place too much reliance upon the cashiers and fail to provide a method whereby errors or irregularities will be detected.

Another problem that results from the process currently in place pertains to the timely monitoring of the accounts receivable. Because all unpaid invoices are maintained by the cashiers, personnel in the insurance section rarely review the open accounts more than once or twice each year. These files are reviewed only if personnel have the time; consequently, subsequent billings on unpaid accounts are not sent to the insurance companies on a timely basis. As of March 21, 1987, the accounts receivable file with the cashiers contained invoices that were from six to twelve months old. No second billings had ever been sent to these insurance companies. The department encourages companies to pay their outstanding bills by withholding their company renewal license until all unpaid accounts with the department are paid. Although this method is somewhat effective, accounts receivable followup should be done on a more timely basis to ensure prompt payment.

Finally, the insurance section wrote off an account without following the necessary procedures. During a review of unpaid invoices, we found one invoice totaling $4,608 that had been voided. The insurance company that was billed refused to pay an invoice for an audit of another company whose books they were keeping. Subsequently, the company that was audited filed for bankruptcy. Therefore, the insurance section determined the account to be uncollectible and voided the invoice. According to Minn. Stat. Section 10.12 and 10.15, accounts may be written off only after obtaining approval from the Executive Council and/or the Attorney General, depending on the outstanding amount. Additionally, accounts over $500 can be written off only if they have been outstanding more than three years. Although the invoice in question is less than three years old, the invoice has already been voided and the department has determined that no further attempts will be made to collect from the company.

RECOMMENDATIONS:

7. **Personnel without access to cash receipts should maintain the accounting records and the account receivable files for the insurance section.**

8. **The insurance section should follow up on all outstanding accounts on a more timely basis.**

9. **The Department of Commerce should write off accounts receivable only in accordance with Minn. Stat. Chapters 10.12 and 10.15.**

<u>There is a lack of separation of duties concerning the assessment and the receipt of penalties in the enforcement division</u>.

The enforcement division at the Department of Commerce is responsible for investigating possible violations of law in the industries they regulate. They also respond to complaints concerning insurance, securities, real estate, collection agencies, subdivided land, charities, franchises, and notaries. Efforts are directed to the earliest possible detection of any fraudulent, deceptive, or dishonest practices. The enforcement division had penalty receipts of $159,200, and $170,179 for fiscal years 1985 and 1986, respectively.

The investigator assigned to a particular case will review the case to determine severity of the violation, the number of occurrences, the extent of the damage done, etc. Once the amount of the penalty has been determined by the commissioner, the violator is sent a consent order directing payment of the specified amount. Receipt of penalties assessed by the division first come in to the mail room at the Department of Commerce and then are routed directly to one of 26 investigators in the division or to the deputy commissioner's secretary. Here the investigators review the payments to ensure that the correct amount has been remitted. If the amount is correct, the payment is delivered to the central cashiers for deposit.

Segregation of duties in the division is inadequate because personnel responsible for determining the amount of the penalty and for ensuring that payment is received also have direct access to the penalty receipt. Additionally, there is no independent reconciliation of the total amounts assessed per the consent orders to the total deposited, or other procedures that would detect errors or irregularities. The department has established a central cashier section responsible for depositing all receipts. All other receipts of the department are delivered from the mail room directly to the cashiers, where they are immediately deposited. The cashiers could also be responsible for the direct receipt and deposit of the penalties assessed by the enforcement division. Upon receipt of any penalties, the cashiers could then send notification to the enforcement division where the verification process would then take place.

RECOMMENDATION:

10. All receipts of the enforcement division should go directly to the central cashiers in the department and be deposited immediately. Notification of the receipts should be sent from the cashiers to the enforcement division so the division can verify that correct payment has been made.

STATE OF MINNESOTA
DEPARTMENT OF COMMERCE
ST. PAUL 55101

OFFICE OF THE COMMISSIONER

July 13, 1987

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James R. Nobles
Legislative Auditor

John Asmussen, CPA
Deputy Legislative Auditor

Representative Phillip J. Riveness, Chairman
Legislative Audit Commission

Members of the Legislative Audit Commission

We have reviewed the findings and recommendations prepared as a result of the audit conducted by your office on the Minnesota Department of Commerce for the period July 1, 1983 through June 30, 1986.

Following is noted our response to the 10 recommendations made as a result of the findings of your audit. The response and comments will follow the same order as the findings and recommendations.

Recommendation 1 through 3
Farm Loan Interest Buydown

As a result of the audit of the 1985 program, the agency took the initiative prior to your recommendations to assure all applications for the 1986 program submitted for final payment are reviewed by staff to verify information is complete and assure accuracy to avoid any reoccurrence of incorrect payments as seen with regard to the 1985 program.

We agree that a need exists to audit the 1985 and 1986 Farm Programs, and indeed brought this to the attention of the Legislature last March. The Conference Committee did allocate $162,000 for such audits of the 1986 and 1987 programs. While we are completing the 1986 audit, we are unsure of whether we have sufficient funding to complete an audit of the 1985 program. If we do not, we will ask the LAC for sufficient funding to complete it.

With regard to the forms and instructions used for the buy down program, all were reviewed and changes were made to clarify the purpose of the questions.

Recommendations 4 through 6
Licensing Controls

Currently central cashiers are required to provide lists to divisions of all checks, both deposited and returned. As a result of this recommendation it was noted that some cashiers were not recording the disposition of checks returned for incorrect fees or applications. As mentioned above, this item has been addressed and is now corrected as to the central cashiers providing lists of dispostion of all checks. The staff of the licensing unit will use the return lists provided them to record relevant information regarding returns (i.e., Name, Address, Date of Return, Brief Reason).

While we have never experienced any mishandling of funds from the taking of receipts at the licensing window, we do see the need for additional control of the receipts taken. A log will be prepared to record daily receipts at the window and a copy will accompany those receipts to the central cashiers. Cashiers will be responsible for indicating the deposit number and initialling the receipt received in their unit.

As to your recommendation for reconciliation of licenses to receipts, to attempt to reconcile every license issued to a receipt report generated by the Statewide Accounting System would not be possible at the present time. The agency will, however, attempt to implement a randon sample spot check system to track licenses issued to receipts deposited. This will help the agency to monitor the systems in place to attempt to prevent any mishandling of licenses or fees. We have not yet identified the specific details of this verification system but we will be happy to inform you of the details once we have determined exactly what we will do.

Recommendation 7 through 9
Insurance Receipts and Accounts Receivable

The recommendations for this area have already been implemented. The insurance company examination section will maintain all accounts receivables and ledgers. The cashier's unit will no longer perform these tasks.

A system of billing and follow-up was put into place the first of July which is identical to that used for other financial institutions in the examination division. A three-part invoice will be used, one copy will be used to bill the company, one copy to the central cashiers and the final copy will be used by the division to follow-up in a timely manner on all invoices not paid and to log billing transactions.

Finally, the department will follow the appropriate statutory guidelines set forth in Minnesota Statutes Chapters 10.12 and 10.15 with regard to writing off accounts receivable.

Recommendation 10
Enforcement Division Penalties

This recommendation has already been implemented. All enforcement division receipts will go to the central cashiers. Cashiers will immediately notify the investigator involved of the receipt. If anything must be reviewed before the receipt is actually deposited, the investigator may do so in the central cashier's office.

The changes in procedures identified in this letter and responses will address the recommendations which you have brought to our attention.

Sincerely,

MICHAEL A. HATCH
Commissioner
Department of Commerce

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