# PUBLIC EMPLOYMENT RELATIONS BOARD FINANCIAL AND COMPLIANCE AUDIT FOR THE THREE YEARS ENDED JUNE 30, 1986

**AUGUST 1987** 



#### STATE OF MINNESOTA

# OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708 JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Phillip J. Riveness, Chairman Legislative Audit Commission

Members of the Legislative Audit Commission

Mr. Herbert Custer, Chairman Public Employment Relations Board

Members of the Public Employment Relations Board

Ms. Jermaine Foslien, Executive Director Public Employment Relations Board

#### Audit Scope

We have completed a financial and compliance audit of the Public Employment Relations Board for the three years ended June 30, 1986. Section I includes a brief description of the Board'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 June 12, 1987.

The objectives of the audit were to:

- verify that financial transactions were made in accordance with applicable laws, regulations, and policies, including Minn. Stat. Section 179A.05, 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 Board 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. The purpose of our testing of transactions was to obtain reasonable assurance that the Board had, in all material respects, administered their programs in compliance with applicable laws and regulations.

Representative Phillip J. Riveness, Chairman Members of the Legislative Audit Commission Mr. Herbert Custer, Chairman Members of the Public Employment Relations Board Ms. Jermaine Foslien, Executive Director Page 2

## Conclusions

In our opinion, for the three years ended June 30, 1986, except for the issues raised in Section II, recommendations 1, 2, and 3, the Board administered its programs in compliance, in all material respects, with applicable finance-related laws and regulations.

In our opinion, for the three years ended June 30, 1986, the Board properly recorded, in all material respects, its financial transactions on the statewide accounting system.

The recommendations included in this audit report are presented to assist the Board in improving accounting procedures and controls. We will be monitoring and reviewing the Board's progress on implementing these recommendations during the upcoming months.

We would like to thank the staff and members of the Public Employment Relations Board for their cooperation during this audit.

James R. Nobles ' Legislative Auditor

Ju**Y**y 31, 1987

John Asmussen, CPA

Deputy Legislative Auditor

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## AUDIT PARTICIPATION

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

John Asmussen, CPA Jeanine Leifeld, CPA Judy Holthusen Deputy Legislative Auditor Audit Manager Auditor-in-Charge

## EXIT CONFERENCE

The findings and recommendations in this report were discussed with the following staff of the Public Employment Relations Board at an exit conference held on July 27, 1987:

Herbert Custer, PERB Chairman Jermaine Foslien, Executive Director

## I. INTRODUCTION

The Public Employment Relations Board was created with the enactment of the Public Employment Labor Relations Act of 1971. The purpose of the Board is to promote consistent and orderly labor relations between public employers and public employee organizations in Minnesota. They accomplish this by hearing and deciding appeals to decisions rendered by the Bureau of Mediation Services, submitting lists of qualified arbitrators to parties involved in a grievance or contract negotiations impasse, and providing independent reviews of grievances. The five member board employs a full-time executive director. Claudia Hennen was the executive director from the Board's inception until April of 1987. She resigned and was succeeded by Jermaine Foslien.

The activities of the Board are financed through appropriations from the General Fund. The following is a summary of the Board's expenditures for fiscal years 1984 through 1986:

	<u>FY 1984</u>	FY 1985	<u>FY 1986</u>
Salaries	\$39,297	\$40,004	\$40,503
Rents and Leases	2,842	2,012	2,208
Repair Services	-0-	-0-	41
Printing and Binding	1,311	1,395	1,050
Communications	1,792	1,727	1,749
Travel	2,193	2,475	3,886
Fees	1,083	985	1,456
Supplies	955	954	913
Equipment	890	549	<u>-0-</u>
TOTAL	<u>\$50,361</u>	<u>\$50,100</u>	<u>\$51,804</u>

## II. CURRENT FINDINGS AND RECOMMENDATIONS

The Public Employment Relations Board (PERB) is not complying with procedures rgarding mileage reimbursement for out-of-state travel.

The PERB reimburses board members for expenses, including transportation, incurred while traveling to approved conferences and seminars. Board members must receive approval to attend conferences at a board meeting prior to the event. The board members are to be reimbursed in accordance with the state Commissioner's Plan and applicable Department of Finance procedures.

The Department of Finance travel policy states:

"Commercial or public transportation should be used for out-ofstate travel . . . On occasion, out-of-state travel by personal car may be authorized by the agency. However, expense reimbursement will be limited to the amount of airfare which otherwise would have been charged to the department."

In order to receive reimbursement, board members must complete the state employee expense reimbursement form. This form contains a space for an airfare quote which is to be used to compare and limit the out-of-state personal mileage reimbursement amount.

In one case, a board member traveled to a conference in Kalispell, Montana. He claimed personal car mileage for 2,502 miles at \$.27 per mile, totaling \$675.54. There was no airfare quote on his expense reimbursement form. Current airfare quotes to Kalispell, Montana approximate \$250 for a round trip flight with a Saturday stayover and \$400 for a round trip flight leaving on Monday and returning on Friday. Although it is difficult to determine what the fare in July 1984 would have been, it appears that it could have been less than the \$675.54 claimed in mileage reimbursement.

Since airfare quotes are not being obtained, there is no way of determining if board members are being over-reimbursed for mileage to out-of-state conferences.

## RECOMMENDATION:

1. The Public Employment Relations Board should require board members to obtain an airfare quote when claiming mileage for out-of-state travel, and limit mileage reimbursement to the amount of the quote.

The PERB does not maintain adequate control over their telephone calling cards and inappropriately paid for personal phone calls which were charged.

The Department of Administration has issued ten calling cards to the PERB. These cards are to be used for business phone calls made while

board members and the executive director are out of the office. When the Department of Administration sent the cards, they also sent a memo stating that each agency is responsible for the assigning, distributing, recording, and safekeeping of their calling cards. The memo also stated that the calls are billed directly to the corresponding telephone account and will be listed on the monthly bill by individual card number.

While ten cards have been issued, only two are on file at the PERB office. There is no list showing to whom the remaining eight have been issued. Since there is no control over who has these cards, it is possible that an unauthorized person could charge calls and the PERB would be paying for them.

The PERB former executive director took a calling card with her when she attended a conference in Portland, Maine in 1985. She made nightly personal phone calls while at the conference. These calls were charged with a PERB calling card and paid by PERB when the bill was received.

The executive director position is covered under the Commissioner's Plan. This plan allows an agency to pay for only one personal phone call when the employee is on overnight travel for a week. The charge for the seven calls totaled \$36.76. Of this amount, \$24.15 (\$36.76 total charges less one allowable personal call charge of \$12.61, which was the most expensive call) was unallowable.

#### RECOMMENDATIONS:

- 2. The PERB should account for all telephone calling cards and maintain records to control them. Those telephone calling cards that cannot be accounted for should be cancelled.
- 3. The PERB should seek reimbursement from the former executive director for unauthorized phone calls totaling \$24.15.



205 Aurora Avenue Saint Paul 55103 PHONE: 612-296-8947

August 6, 1987

Jeanine Leifeld
Audit Manager
Office of the Legislative Auditor
Veterns Service Building
St. Paul, Minnesota 55155

Dear Ms. Leifeld:

Please find enclosed the revised response to the draft report of the the Office of the Legislative Auditor from the Public Employment Relations Board.

Sincerely,

Jermaine Foslien Executive Director

PUBLIC EMPLOYMENT RELATIONS BOARD STATE OF MINNESOTA

Enclosure





# RESPONSE TO THE DRAFT REPORT OF THE LEGISLATIVE AUDITOR

# DATED JULY 31, 1987

# Page 2:

FINDING: The Public Employment Relations Board (PERB) is not in compliance with procedures regarding mileage reimbursement for out-of-state travel.

Response to Finding No. 1

PERB will require board members to obtain an airfare quote when claiming mileage for out-of-state travel and mileage reimbursement will be limited to the amount of that quote.

#### Page 2:

FINDING: PERB does not maintain adequate control over their telephone calling cards and inappropriately paid for personal phone calls which were charged.

Response to Finding No. 2

PERB will account for all telephone calling cards and maintain records to control them. Those telephone calling card that cannot be accounted for will be canceled.

PERB will seek reimbursement from the former executive director for unauthorized phone calls totaling \$24.15.

Jermaine Foslien, Executive Director of PERB is the person responsible for implementing these policies upon direction from the Board members at a meeting on July 23, 1987. Implementation of these policies will occur on or before August 31, 1987.

