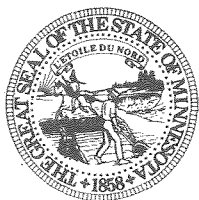


**STATE BOARD OF VOCATIONAL-
TECHNICAL EDUCATION
MANAGEMENT LETTER
FISCAL YEAR 1987**

FEBRUARY 1988



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

VETERANS SERVICE BUILDING, ST. PAUL, MN 55155 • 612/296-4708

JAMES R. NOBLES, LEGISLATIVE AUDITOR

Mr. Joseph P. Graba, State Director
State Board of Vocational-Technical Education
5th Floor, Capitol Square Building
550 Cedar Street
St. Paul, Minnesota 55101

Dear Mr. Graba:

We have reviewed certain accounting procedures and controls for your department as part of our statewide audit of the State of Minnesota's fiscal year 1987 financial statements and federal programs. The scope of our work has been limited to:

- those aspects of your department which have material impact on any of the state's various funds and account groups shown on the financial statements;
- the status of prior audit findings; and
- the federal programs included in the Catalog of Federal Domestic Assistance (CFDA) which were included in the Single Audit scope as follows:

<u>CFDA Number</u>	<u>Program</u>
17.250	Jobs and Training Partnership Act (JTPA)
84.048	Vocational Education Basic Grants

We emphasize that this has not been a complete financial and compliance audit of all programs within your department. However, we will be conducting a financial and compliance audit of your department beginning in April 1988. We will issue a separate audit report at the conclusion of our work. The statewide audit work conducted in your department is a part of our annual Statewide Financial and Federal Compliance Audit (Single Audit). The Single Audit coverage satisfies the federal government's financial and compliance audit requirements for all federal programs administered by your department in fiscal year 1987. The federal government is ultimately responsible for determining resolution of Single Audit recommendations and will notify you of their final acceptance of your corrective actions.

This management letter contains a finding developed during this audit. Attached to your management letter is a summary of the progress on resolving the audit findings developed during our financial audit of Minnesota's fiscal year 1986 financial statements. The recommendation included in this letter is presented to assist you in resolving the audit finding and on improving accounting procedures and controls. Progress on resolving this finding will be reviewed during our audit next year.

1. The State Board of Vocational-Technical Education is not in compliance with federal and state civil rights requirements.

Minn. Stat. Section 43A.19 states that, "The head of each agency in the executive branch shall prepare and implement an agency affirmative action plan" It further states that, "No agency affirmative action plan may be implemented without the commissioner of Employee Relations approval." Federal regulations 41 CFR, Part 60 also requires organizations receiving federal financial assistance to have such a plan. State agencies are required to submit their affirmative action plan to the Department of Employee Relations (DOER) for approval before implementation.

The Board did not have an approved affirmative action plan for 1987. A plan which was submitted to DOER in June 1987 was rejected due to missing information. DOER indicated to our staff upon inquiry in December 1987, that the plan was not approved because changes were needed to meet the standard requirements. However, the Board was not informed by DOER until January 1988 that the plan had not been approved. The Board had not checked with DOER to determine the status of the plan in the interim. Therefore, there was a lack of communication between DOER and the Board in finalizing the plan timely.

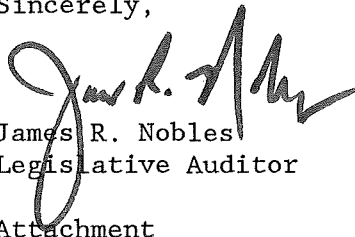
An affirmative action plan is intended to eliminate underutilization of qualified protected group members within state civil services. Without an approved plan, the Board is not in compliance with state and federal civil rights requirements and is susceptible to lawsuits regarding their hiring practices.

RECOMMENDATION

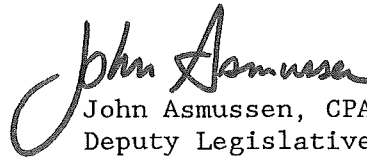
- The Board should work with DOER to revise their affirmative action plan ensuring the establishment of an approved plan which complies with state and federal civil rights requirements.

Thank you for the cooperation extended our staff during this audit.

Sincerely,


James R. Nobles
Legislative Auditor

Attachment


John Asmussen, CPA
Deputy Legislative Auditor

February 18, 1988

STATE BOARD OF VOCATIONAL-TECHNICAL EDUCATION

STATUS OF PRIOR AUDIT FINDING
AND
PROGRESS TOWARD RESOLUTION

State administrative expenses were overclaimed by \$77,450 for the Jobs and Training Partnership Act Program (CFDA #17.250) and records were insufficient to determine how the funds were used.

1. The Board should:
 - establish records to account for individual JTPA project financial activities;
 - request reimbursement from Jobs and Training for actual state administrative expenditures; and
 - determine the proper disposition of the overclaimed administrative funds of \$77,450.

RECOMMENDATION IMPLEMENTED. The Board reconciles their JTPA activity with the statewide accounting (SWA) system on a monthly basis for each individual component of the program. Beginning July 1, 1987, separate accounts have been established in SWA for this activity. The Board only requests reimbursement of actual state administrative expenditures and completed an analysis of the overclaimed expenses for the 1984 and 1986 awards, in which they returned \$59,979.15 to the Department of Jobs and Training. This amount was negotiated as a final settlement between the Board and Jobs and Training and was refunded on September 10, 1987.

Minnesota
State Board of Vocational
Technical Education
Capitol Square Bldg.
550 Cedar Street
St. Paul, MN 55101

February 18, 1988

Mr. James Nobles
Legislative Auditor
Veterans Service Building
St. Paul, Minnesota 55155


Dear Mr. Nobles:

This is in response to your management letter containing a finding that the State Board of Vocational Technical Education is out of compliance in regard to its Affirmative Action Plan. This citation is correct in regard to the fact that our Affirmative Action Plan had not been approved by the Commissioner of Employee Relations.

As indicated in this letter, we did submit an Affirmative Action Plan to the Department of Employee Relations and were of the opinion that that Plan had been approved. Also as indicated, the Plan had not been approved on a technicality and not on the concept or major content of the Plan. We were not notified that the 1987 Plan was not approved until January 1988.

We did, in fact, follow that plan during 1987 and, as a result, compared very favorably with other agencies in making progress toward affirmative action as indicated in the Department of Employee Relations Annual Report. We will take immediate action to revise our Affirmative Action Plan to meet the requirements of the Department of Employee Relations. Yvonne Ross will be responsible for revisions and maintaining communications with the Department of Employee Relations to ensure continued approval of our Affirmative Action Plans. Approval should be obtained no later than April 1, 1988.

Sincerely,



Joseph P. Graba
Director

JPG:kk

