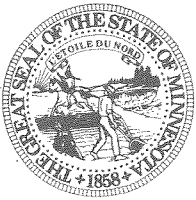


**CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD
FINANCIAL AND COMPLIANCE AUDIT
FOR THE PERIOD FROM JULY 1, 1984,
THROUGH DECEMBER 31, 1987**

SEPTEMBER 1988

Financial Audit Division
Office of the Legislative Auditor
State of Minnesota

88-62



STATE OF MINNESOTA

OFFICE OF THE LEGISLATIVE AUDITOR

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

Representative Phillip J. Riveness, Chair
Legislative Audit Commission

Members of the Legislative Audit Commission

Lieutenant Governor Marlene Johnson, Chair
Capitol Area Architectural and Planning Board

Members of the Capitol Area Architectural and Planning Board

Mr. Gary Grefenberg, Executive Secretary
Capitol Area Architectural and Planning Board

Audit Scope

We have completed a financial and compliance audit of the Capitol Area Architectural and Planning Board (CAAPB) for the period from July 1, 1984 through December 31, 1987. Section I provides a brief description of the CAAPB'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 under the circumstances. Field work was completed on April 1, 1988.

The objectives of the audit were to:

- study and evaluate major systems of internal accounting control at the Capitol Area Architectural and Planning Board, including a review of receipts, payroll, and administrative disbursements;
- evaluate the recording and reporting of financial transactions on the statewide accounting system; and
- verify that financial transactions were made in accordance with Minn. Stat. 15.50, and other finance-related laws, regulations, and policies.

Management Responsibilities

The Department of Administration provides administrative support for the CAAPB by depositing Board receipts and processing invoices for payment after initial authorization by Board staff. The management of the CAAPB is, however, ultimately responsible for its financial operations.

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Capitol Area Architectural and Planning Board
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The management of the CAAPB is responsible for establishing and maintaining a system of internal accounting control. 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 authorizations and recorded properly. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures.

Due to 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 Capitol Area Architectural and Planning Board is also responsible for the Board's compliance with laws and regulations. In connection with our audit, we selected and tested transactions and records from the operations of the CAAPB. The purpose of our testing of transactions was to obtain a reasonable assurance that the CAAPB had, in all material respects, administered its operations in compliance with applicable laws and regulations.

Audit Qualification

During fiscal year 1987, one CAAPB employee received pay for 24 hours of overtime totalling \$275.64 which was neither worked nor requested.

We were told that the overtime hours were given to the employee to partially compensate for a previous payrate mistake which had to be repaid by the employee. The CAAPB executive secretary acknowledged that the employee did not work the extra hours. The employee recently repaid the disallowed overtime.

Conclusions

Our study and evaluation disclosed the issues addressed in Section II, findings 1-7 concerning the Capitol Area Architectural and Planning Board system of internal accounting controls, in effect as of April 1, 1988,

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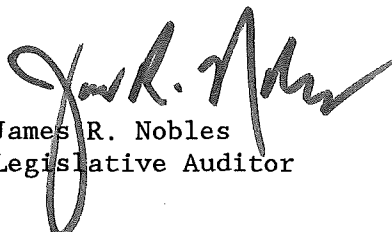
which, in our opinion, result in more than a relatively low risk that errors or irregularities in amounts that would be material in relation to the financial activities of the Board may occur and not be detected within a timely period.

In our opinion, except for the issue addressed in Section II, finding 3 for the period from July 1, 1984 through December 31, 1987, the CAAPB properly recorded, in all material respects, its financial transactions on the statewide accounting system.

In our opinion, except for the issue discussed in the Audit Qualification section of this letter, and except for the issues addressed in Section II, findings 4-5 and 8, for the period from July 1, 1984 through December 31, 1987, the CAAPB administered its programs in compliance, in all material respects, with applicable finance-related laws and regulations.

The recommendations included in this report are presented to assist the Capitol Area Architectural and Planning Board in resolving the audit findings and in improving accounting procedures and controls. We will be monitoring and reviewing the Board's progress on resolving these findings.

We would like to thank the staff of the Capitol Area Architectural and Planning Board for their cooperation during this audit.


James R. Nobles
Legislative Auditor


John Asmussen, CPA
Deputy Legislative Auditor

September 21, 1988

CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

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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
Jeanine Leifeld, CPA	Audit Manager
Rhonda Warner	Auditor-in-Charge

EXIT CONFERENCE

The findings and recommendations in this report were discussed with the following representatives of the Capital Area Architectural and Planning Board at an exit conference held on August 19, 1988:

Gary Grefenberg, Executive Secretary
Patty Peutz, Financial Officer and Office Coordinator

CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

I. INTRODUCTION

The Capitol Area Architectural and Planning Board (CAAPB) is the planning and regulatory agency responsible for architectural design and comprehensive planning for the Capitol area. Within this area of St. Paul, the CAAPB has exclusive zoning jurisdiction and design review over both the state government complex and the surrounding commercial and residential areas. The CAAPB's role is to preserve and enhance the Capitol area's unique aesthetic and historical character, and to plan and guide its future development.

The Board has three permanent and four temporary staff composed of the Executive Secretary, an office administrator, a planner, and four temporary and/or student workers. This agency is governed by a ten member board chaired by the Lieutenant Governor. The other nine members are appointed as follows: four by the Governor, three by the Mayor of St. Paul, and one each by the Majority Leader of the Senate and the Speaker of the House of Representatives.

The activities of the CAAPB are financed through appropriations from the General Fund. The following is a summary of the CAAPB's general operating expenditures for fiscal years 1985 through 1987:

	<u>FY85</u>	<u>FY86</u>	<u>FY87</u>
Personal Services	\$ 62,388	\$100,628	\$101,736
Rents and Leases	480	273	212
Repairs Services	988	650	495
Printing and Binding	245	1,926	2,821
Consultant Services	22,144	21,280	23,788
Professional Services	0	355	1,758
Purchased Services	89	835	778
Communications	2,364	2,000	1,635
Travel	2,827	3,598	3,665
Fees and Fixed Charges	195	620	665
Supplies	<u>1,074</u>	<u>3,556</u>	<u>6,004</u>
TOTAL	<u>\$ 92,794</u>	<u>\$135,721</u>	<u>\$143,557</u>

In addition to its regular operating appropriations, the CAAPB receives special appropriations for the design and planning of specific Capitol area projects. During the period under audit, these special appropriations included \$300,000 for planning a State Office Building parking ramp, \$1,700,000 for Capitol complex landscaping, and \$400,000 for planning the new State History Center.

CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

II. CURRENT FINDINGS AND RECOMMENDATIONS

1. Internal controls over receipts at the CAAPB are inadequate.

The CAAPB collected receipts of \$2,844, \$44,358, and \$2,123 during fiscal years 1985 through 1987, respectively. Incoming receipts result from zoning permits for work within the Capitol area and design competition fees. The zoning permit fees range from \$5 to \$20 each. Design competition registration fees vary from \$20 to \$85. These receipts are collected at the CAAPB offices and then forwarded to the Department of Administration Fiscal Services for deposit.

Controls over these incoming receipts are weak in several areas. First, no list is completed at the CAAPB to record incoming receipts. Rather, photocopies are made of all incoming checks and cash. The checks are not restrictively endorsed. If the money has been paid for a zoning permit, the CAAPB financial officer records the receipt and prepares the permit. However, since permit forms are not prenumbered, no conclusive reconciliation between permits issued and money collected can be done.

Due to the lack of controls, in at least one case, a zoning permit receipt was not deposited. Rather, the money was diverted into an unauthorized petty cash fund maintained by the CAAPB. No disbursement records were maintained for this fund and employees routinely borrowed from the fund. All petty cash funds should be authorized by the Department of Finance and used for official business only.

Money and supporting documentation are sent to Administration for deposit. However, the CAAPB does not receive any confirmation of their deposits back from Administration. As a result, in at least three cases, there are differences between the amount of money the CAAPB documented as being sent to Administration and the amounts ultimately deposited. These differences range from \$37.50 to \$338. In addition to the unexplained differences, the CAAPB has been unaware of returned insufficient funds checks returned to the State Treasury. The returned check notices from the State Treasurer's Office are sent to the Department of Administration and CAAPB is not notified of these checks. In cases where the check was written for design competition fees, the CAAPB could have accepted a plan from an architect who was not eligible to compete because the fee had not been paid. Finally, deposits are not being made promptly. Depositing delays occurred in 5 of the 15 deposits tested. These delays occurred both at the CAAPB and at Administration.

RECOMMENDATIONS

- The CAAPB should prepare a list of all checks and cash received. All checks should be restrictively endorsed at that time.
- Zoning permits should be prenumbered.

CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

- If the CAAPB has a need for a petty cash fund, authorization should be obtained through the Department of Finance in accordance with Minn. Stat. Section 15.191. Proper documentation concerning disbursements and deposits must be maintained for the fund.
- The CAAPB should work with Department of Administration resolve the past deposit differences.
- The CAAPB should verify all deposits made by Administration. They should reconcile the list of incoming receipts to subsequent deposits.
- Returned checks should be recorded by CAAPB to ensure permits and registration fees are collected.
- Receipts should be deposited intact in a timely manner.

2. Employee timesheets are not properly authorized at the CAAPB.

The CAAPB employs a payroll clerk who collects biweekly timesheets from employees and prepares the documents necessary to enter the payroll into the state's central payroll system. Employee timesheets at the CAAPB are not being properly authorized. The payroll clerk often either signs the employee timesheets as supervisor or there are no supervisor signatures at all. Payroll Operating Policy and Procedure 07:04:21 requires that each timesheet be authorized by the employee's supervisor. Without proper authorization, the CAAPB does not have reasonable assurance that the hours recorded on the timesheet represent the actual hours worked.

RECOMMENDATION

- Each timesheet should be signed by the employee's supervisor.

3. Accounting for leave and overtime at the CAAPB is inadequate.

Controls over the recording and use of leave at the CAAPB are weak. First, leave was not properly accrued for one CAAPB employee. This CAAPB student worker did not accrue leave for three pay periods for which she was entitled to benefits according to ASCFME, the bargaining unit under which the student works. In addition, before the student's six month probationary period ended, she used annual leave, which is not allowed. Employees under ASCFME may not use annual leave until completing six months of continuous service.

Second, overtime worked by CAAPB employees is not approved in advance, as required by Payroll Operating Policy and Procedure 07:04:22. Of 42 timesheets tested, 13 had unauthorized overtime charged. Also, the CAAPB allows employees to take accrued leave time in increments of less than one-half hour. Both vacation and sick leave were shown on timesheets in

CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

quarter hour increments. Not only are the smaller increments cumbersome for the payroll clerk, but also are not allowed in all employment contracts except to permit use of lesser fractions that have been accrued.

These problems are compounded by the fact that leave earned and taken per individual timesheets is not compared to the central payroll biweekly leave report. Out of the 42 timesheets tested, 3 timesheets showed accrual rates which differed from those stated on the leave report. Twenty-one of the timesheets showed leave balances that did not agree with the leave report. Leave discrepancies should be resolved immediately to avoid errors in granting leave or in severance payments.

RECOMMENDATIONS

- Overtime taken by CAAPB employees should have written approval in advance.
- Leave taken and recorded on the timesheets should be traced to the central payroll leave report each pay period to ensure proper recording of leave.
- With each new employee, leave accrual dates should be reviewed and leave earned should not be used until after the probationary period as stated under employment contracts.
- CAAPB employees should take leave only in increments specified by the applicable bargaining agreements.

4. The CAAPB does not comply with state regulations for special expenses.

Part of the mission of the CAAPB is to hold design competitions for all new public buildings within the Capitol area. In connection with these competitions, the CAAPB has paid many expenditures which, according to current state rules, are classified as "special expenses" and therefore require prior special expense approval. Examples of special expenses incurred by the CAAPB are two design jury dinners and a Board briefing and luncheon, all of which had CAAPB staff present. In each of these cases, a special expense form was completed, but not until one to two months after the event had occurred. In addition, there was no evidence that the forms had been submitted to the Department of Employee Relations for approval, as required.

Special expense guidelines have been promulgated by the Department of Employee Relations (Administrative Procedure 4.4). Procedure 4.4 provides that "special expenses are expenses in connection with assigned official duties of a state employee which are not reimbursable through regular expense regulations." Special expenses are to be approved by the Depart

CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

ment of Employee Relations (DOER) before the costs or commitments are incurred. An agency can submit a special expense plan to DOER for approval, which allows the agency to approve any special expenses shown within the plan. Any special expense that is not addressed in the approved plan may be individually approved in advance by submitting special expense forms to DOER.

RECOMMENDATIONS

- The CAAPB should submit a special expense plan to DOER for approval.
- The CAAPB should have all special expenses not included in their special expense plan approved in advance by DOER.

5. Formal, written performance reviews have not been given to CAAPB employees.

No documentation exists to support annual performance evaluations given to CAAPB employees. We were told that the CAAPB executive secretary performs an annual performance review with each employee on their anniversary date of employment. However, there is no evidence to show that these evaluations were completed, since the reviews were completely oral. Performance evaluations provide a way of determining how well the employee meets the standards of performance for job duties. They also provide support for the employee's annual salary increases. According to Department of Employee Relations Administrative Procedure 20, each employee who works more than 100 days per year shall have a formal performance review at least annually. The formal performance review should be in writing and contain the signatures of the employee and the rater. The formal performance review information should be kept in the employee's personnel file for at least three years.

RECOMMENDATION

- CAAPB should document formal performance reviews for all employees as required by Department of Employee Relations Administrative Procedure 20.

6. Purchasing and disbursing procedures at the CAAPB need improvement.

Purchasing and disbursing procedures at the CAAPB need to be improved in several areas. First, the CAAPB does not have formal purchasing policies and procedures. Since, according to Minn. Stat. Section 15.50, Subd. 5, the CAAPB is exempt from state purchasing procedures, it is necessary for the Board to develop its own policy. Currently, two CAAPB employees are

CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

responsible for most purchasing. There is no separation of duties relating to purchasing. Many of the purchases made by these employees are paid for by the employee and then claimed for reimbursement on the employee's expense form. Bidding is often not done and purchase orders are not usually prepared. No records are kept to document the receipt of goods.

Because of the lack of a formal purchasing policy, it is difficult to determine whether certain purchases made by the CAAPB were reasonable. For example, office furnishings, including a chair for \$362.05, a lamp for \$134.80, and three office rugs for \$423.97 were purchased by the CAAPB during the period under audit. These purchases were made with the CAAPB's local department store credit card, which increases the risk of unauthorized purchases. Use of a credit card may allow purchases to be made without the proper prior approvals. It also increases the risk that no bidding process is followed.

In order to improve controls over purchasing and disbursements, formal purchasing policies should be adopted. Responsibility for purchase orders should be given to one individual. Purchase orders should be typed by that individual and then signed by the executive secretary prior to making all purchases to ensure only authorized purchases are made. Bids should be obtained and documented, whenever possible. As goods are received, the receptionist should sign and date the packing slip or a copy of the purchase order after inspecting the goods received.

RECOMMENDATIONS

- The CAAPB should develop formal, written policies and procedures relating to purchasing. These policies should include the use of purchase orders and receiving reports, and should require that bids be obtained before purchases are made.
- The CAAPB should adequately separate the duties of purchasing, receiving and authorizing payments among separate individuals to ensure proper controls over disbursements.
- The use of the local department store credit card should be discontinued.

7. CAAPB equipment is not sufficiently controlled.

The CAAPB does not maintain a detailed list of the equipment it owns. In addition, the CAAPB does not use an asset identification system whereby each piece of equipment is labelled with a unique number. Such an identification system would be necessary in order to reference individual pieces of equipment to a master file or list.

CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

Although the CAAPB is exempt from Department of Administration procedures, they have chosen to use the state's Fixed Asset Record Management System (FARMS). In order to implement FARMS, the CAAPB should conduct a physical inventory of all fixed assets. These assets should be labelled with state identification numbers. All assets should be entered on FARMS.

RECOMMENDATION

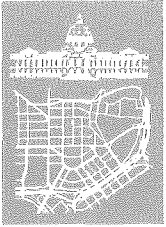
- The CAAPB should improve internal controls over their fixed assets by implementing and updating FARMS in a timely manner.

8 The CAAPB has not issued its required biennial report.

According to Minn. Stat. Section 15.50, Subd. 2(i), "the [CAAP] board in consultation with the commissioner of administration shall prepare and submit to the Legislature and the Governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan." The biennial report due by October 1, 1986 was not developed or sent to the Legislature or the Governor as required. The CAAPB executive secretary indicated that both the Board and other members of the Legislature are provided with periodic status reports, which he feels are a more effective form of communication.

RECOMMENDATION

- CAAPB should prepare and submit a status report of implementation of the comprehensive plan as required by Minn. Stat. Section 15.50, Subd. 2(i), or should seek legislation changing the CAAPB reporting requirements.



CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD

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September 21, 1988

James Nobles
Legislative Auditor
Office of the Legislative Auditor
Veterans Service Building
St. Paul, MN 55155

RE: CAAPB RESPONSE TO AUDIT REPORT

Dear Mr. Nobles:

This letter is my written response to your revised August 26th draft audit report summarizing the results of your financial and compliance audit of the Capitol Area Architectural and Planning Board (CAAPB) for the period from July 1, 1984 through December 31, 1987.

Before responding to your specific comments and recommendations, I would like to review what I believe are the underlying reasons for most of the problems correctly identified in your audit report. Those reasons are as follows:

- 1) The CAAPB has grown over a relatively short period of time from an agency with a complement of two permanent employees (FY85) to one of three, but our workload has increased at least fourfold, as exemplified in the growth of our budgets during this same period: from an annual budget of \$94,607 (FY84) to exercising control over various budgets totaling more than \$2,500,000 (FY88; includes building appropriations referred to in your letter).
- 2) During this period of increased work, we have been forced by our complement ceiling to rely upon temporary employees who neither had experience with state procedures nor stayed long enough to develop such expertise.

- 3) Therefore, we may have relied too heavily upon the advice of the Department of Employee Relations (DOER) for our personnel transactions and gladly shared fiscal management of our agency with the Fiscal Services Division of the Department of Administration.

These three factors played an ongoing and critical role in contributing to the inadequacies your audit report identifies. Having all we could do to keep abreast of our work and in the absence of an outside audit for over ten years, it was too easy to fail to recognize their cumulative impact.

For pointing out these problems, I would like to sincerely thank your staff. Their assistance and recommendations are proving very valuable.

Finally, I would like to elaborate on your Audit Qualification reference to an employee receiving pay for 24 hours of overtime not worked. The employee who received this overtime pay was not at fault. (As we explained in our exit interview, DOER had approved a pay raise for the employee in November 1986. In May 1987, DOER notified CAAPB that the pay raise should not have been approved, and began deductions from the employee's paycheck to cover its 1986 error.) Because I felt that the employee was being unfairly penalized in having to make up for DOER's error, I authorized overtime hours to informally make-up for those deductions. The employee has repaid the full amount, and I regret my error in judgment.

CAAPB Response to Findings and Recommendations

- 1) Internal controls over receipts at the CAAPB are inadequate.

Recommendation #1: The CAAPB should prepare a list of all checks and cash received. All checks should be restrictively endorsed at this time.

Response: CAAPB staff has complied with this recommendation. We are now logging in all cash and checks received by recording the following: date received, staff person's initials, name of person/firm who made the payment, a code to indicate the purpose of payment, and the amount of money received.

The CAAPB financial officer has been assigned to restrictively endorse all checks received.

Person responsible: Patricia Puetz, Financial Officer
Date Projected for Completion: already implemented (August, 1988)

Recommendation #2: Zoning permits should be pre-numbered.

Response: We have concurred with this recommendation. A pre-numbered, pre-coded system has been developed for zoning permits, sign permits, certificates of occupancy, certificates of design compliance, and variances. Each type of permit is pre-coded and pre-numbered. For example the third and fourth zoning permits issued would be indicated as Z-3 and Z-4.

Person responsible: Paul Mandell, Planner and Zoning Officer
Date Projected for Completion: already implemented (July, 1988)

Recommendation #3: If the CAAPB has a need for a petty cash fund, authorization should be obtained through the Department of Finance in accordance with Minn. Stat. Section 15.191. Proper documentation concerning disbursements and deposits must be maintained for the fund.

Response: In your finding on this issue, you refer to one case of a zoning permit receipt not being deposited. This was a \$5.00 cash deposit which was deposited without authorization into an informal petty cash fund. This fund never exceeded \$10.00 according to our informal records; monies in this account were used to pay for coffee for visitors and flowers for a funeral. Upon recognition that this cash fund was not only unauthorized but subject to misuse, this petty cash fund was terminated last spring.

We have therefore complied with this recommendation. On April 20th, CAAPB staff deposited \$9.11 from the unauthorized petty cash fund into the State Treasury. If such a fund should become really necessary in the future, the Executive Secretary will establish such a fund according to all provisions of Minnesota Statutes and if established the Executive Secretary will

require that disbursements from this be authorized by himself.

Person Responsible: Gary Grefenberg, Executive Secretary
Date Projected for Completion: already implemented (April, 1988)

Recommendation #4: The CAAPB should work with Department of Administration to resolve the past deposit differences.

Response: The CAAPB Financial Officer has been working with Fiscal Services (DOA) accounting supervisors to identify unresolved deposit differences. The three cases referred to by the auditor in paragraph 4 of this section have been identified and resolved satisfactorily.

Person responsible: Patricia Puetz, Financial Officer
Date Projected for Completion: already implemented (April-May, 1988)

Recommendation #5: The CAAPB should verify all deposits made by Administration. They should reconcile the list of incoming receipts to subsequent deposits.

Response: The CAAPB has begun to work closely with Fiscal Services (DOA) to ensure that the implementation of this deposit process includes an efficient and effective reconciliation of incoming receipts to subsequent deposits.

Person responsible: Patricia Puetz, Financial Officer
Date Projected for Completion: already implemented (June, 1988)

Recommendation #6: Returned checks should be recorded by CAAPB to ensure permits and registration fees are collected.

Response: We have concurred with this recommendation. We have discussed with Fiscal Services the need to receive notification from them regarding returned checks. We have asked Fiscal Services to immediately inform CAAPB staff when a check

deposit is returned by the State Treasury.

Person responsible: Patricia Puetz, Financial Officer
Date Projected for Completion: already implemented (August, 1988)

Recommendation #7: Receipts should be deposited intact in a timely manner.

Response: Receipts will be deposited within one working day of the day received by the CAAPB unless some unforeseen circumstance prevents it.

Person responsible: Patricia Puetz, Financial Officer
Date Projected for Completion: already implemented (July, 1988)

2) Employee timesheets are not properly authorized at the CAAPB.

Comments: During this audit period the CAAPB had been following its own procedure which was as follows: The Executive Secretary kept in his office a large calendar which noted all employee absences, sick or vacation leave, overtime, and work outside office. In a small and conscientious office I felt such an informal system was effective. The personnel officer would then use this calendar to compare and thereby verify employee timesheets. Discrepancies were called to my attention by the personnel officer and if necessary discussed with the appropriate employee.

Recommendation #8: Each timesheet should be signed by the employee's supervisor.

Response: Timesheets will now be individually reviewed and authorized by each employee's supervisor. The personnel officer has been assigned to review and authorize timesheets only in the absence of the Executive Secretary.

Persons responsible: Gary Grefenberg, Executive Secretary, or Patricia Puetz, Personnel Officer
Date Projected for Completion: already implemented (March, 1988)

3) Accounting for leave and overtime at the CAAPB is inadequate.

Recommendation #9: Overtime taken by CAAPB employees should have written approval in advance.

Response: Overtime requests by CAAPB employees will have written approval in advance. The CAAPB Executive Secretary is responsible for authorizing overtime; in his absence the personnel officer has been delegated this responsibility.

Persons responsible: Gary Grefenberg or Patricia Puetz,
Personnel Officer

Date Projected for Completion: already implemented (March, 1988)

Recommendation #10: Leave taken and recorded on the timesheets should be traced to the central payroll leave report each pay period to ensure proper recording of leave.

Response: We concur with this recommendation. Leave taken and recorded on the timesheets will be traced to the central payroll leave report. For each pay period, the leave report will be compared with the corresponding timesheet and will be initialed by the personnel officer to ensure proper recording of leave.

Persons responsible: Gary Grefenberg and Patricia Puetz,
Personnel Officer

Date Projected for Completion: already implemented (August, 1988)

Recommendation #11: With each new employee, leave accrual dates should be reviewed and leave earned should not be used until after the probationary period as stated under employment contracts.

Response: We concur with this recommendation. Leave accrual dates will be reviewed for new employees. Leave earned will be allowed only after a probationary period has ended in accordance with employment contracts.

Persons responsible: Gary Grefenberg and Patricia Puetz,
Personnel Officer

Date of Implementation: This policy has been established.

Recommendation #12: CAAPB employees should take leave only in increments specified by the applicable bargaining agreements.

Response: We concur with this recommendation.

Person responsible: Patricia Puetz, Personnel Officer

Date of Implementation: This policy has been established.

4) The CAAPB does not comply with state regulations for special expenses.

Recommendation #13: The CAAPB should submit a special expense plan to DOER for approval.

Response: We will submit a special expense plan to Department of Employee Relations (DOER).

Person responsible: Gary Grefenberg, Executive Secretary

Date Projected for Completion: October, 1988

Recommendation #14: The CAAPB should have all special expenses not included in their special expense plan approved in advance by DOER.

Response: We concur. All special expenses not included in the special expense plan will be submitted to DOER in advance for approval.

Person responsible: Gary Grefenberg, Executive Secretary

Date of Implementation: This policy has been established.

5) Formal written performance reviews have not been given to CAAPB employees.

Recommendation #15: CAAPB should document formal performance reviews for all employees as required by Department of Employee Relations Administrative Procedure 20.

Response: We concur with this recommendation. The Executive Secretary will conduct and document formal performance reviews for all employees as required. (In the past two performance reviews have not been recorded in writing).

Person responsible: Gary Grefenberg, Executive Secretary
Date of Implementation: This policy has been established.

6) Purchasing and disbursing procedures at the CAAPB need improvement.

Recommendation #16: The CAAPB should develop formal, written policies and procedures relating to purchasing. These policies should include the use of purchase orders and receiving reports, and should require that bids be obtained before purchases are made.

Response: CAAPB financial officer will develop formal, written policies and procedures for agency purchases. The policies and procedures will include the use of purchase orders and receiving reports. Also, bids will be obtained and documented before purchases are made.

Person responsible: Patricia Puetz, Financial Officer
Date of Implementation: This policy has been established.

Recommendation #17: The CAAPB should adequately separate the duties of purchasing, receiving and authorizing payment among separate individuals to ensure proper controls over disbursements.

Response: We concur; duties related to purchasing will be properly separated. CAAPB Executive Secretary is responsible for the overall authorization of purchases and payments. The financial officer will work closely with the Executive Secretary on implementing purchasing policies and procedures. All goods received will be signed and dated by the receptionist. It is her responsibility to review purchasing documents and inspect goods delivered.

Persons responsible: Gary Grefenberg, Executive Secretary,

Patricia Puetz, Financial Officer, and
Debbi Wood, Office Receptionist

Date of Implementation: This policy has been established.

Recommendation #18: The use of the local department store credit card should be discontinued.

Response: We concur, and have discontinued our one department store credit card.

Person responsible: Gary Grefenberg, Executive Secretary

Date of Implementation: August 1988

7) CAAPB equipment is not sufficiently controlled.

Recommendation #19: The CAAPB should improve internal controls over their fixed assets by implementing and updating FARMS in a timely manner.

Response: The CAAPB recently chose not to participate in the State's Fixed Asset Record Management Systems (FARMS). Following our exit interview with the Auditor's staff, it was decided that it would be more efficient to implement an internal management system that would allow all items (including those under \$500) to be formally inventoried. The financial officer has contacted FARMS officials with regard to this decision.

Person responsible: Patricia Puetz, Financial Officer

Date Projected for Completion: November, 1988

8. The CAAPB has not issued its required biennial report.

Recommendation #20: CAAPB should prepare and submit a status report of implementation of the comprehensive plan as required by Minn. Stat. Section 15.50, Subd. 2 (i), or should seek legislation changing the CAAPB reporting requirements.

Response: We concur with the recommendation.

Due to our workload, we had been providing the information specified by statute only by means of the Department of Finance's capital budget

process. We believed that these capital budget recommendations to the Legislature were the most effective way of reaching legislators. Now we will do both.

In addition, since October 1985, the CAAPB has issued a yearly Current Status Report on developments within the Capitol Area that relate to implementation of the Comprehensive Plan. We also began publication in January, 1988, of a quarterly newsletter, The CAAPB Monitor, to more widely publicize development progress within the Capitol Area. It is sent to all legislators, as well as state agency heads and general readership.

Person responsible: Mary Duroche, Planner
Date Projected for Completion: October, 1988

If you have any questions or comments regarding our responses, please let us know.

Sincerely,

A handwritten signature in cursive script that reads "Gary Grefenberg".

Gary Grefenberg
Executive Secretary

GRG:PP:dlw