

STATE BOARD OF TECHNICAL COLLEGES  
FINANCIAL AUDIT  
FOR THE YEAR ENDED JUNE 30, 1990

FEBRUARY 1991

Financial Audit Division  
Office of the Legislative Auditor  
State of Minnesota

91-4



# STATE BOARD OF TECHNICAL COLLEGES

## FINANCIAL AUDIT FOR THE YEAR ENDED JUNE 30, 1990

Public Release Date: February 1, 1991

No. 91-4

### OBJECTIVES:

- EVALUATE INTERNAL CONTROL STRUCTURE: Post secondary vocational education aids — state program, construction aids — state program, vocational education basic grants to states (CFDA #84.048), and federal cash management.
- TEST COMPLIANCE WITH CERTAIN FINANCE-RELATED LEGAL PROVISIONS.

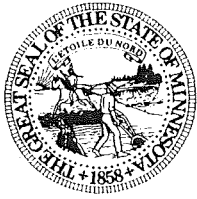
### CONCLUSIONS:

We found the internal control structure to be effective.

We found no departures from finance-related legal provisions.

Contact the Financial Audit Division for additional information.  
(612) 296-1730





STATE OF MINNESOTA

**OFFICE OF THE LEGISLATIVE AUDITOR**

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JAMES R. NOBLES, LEGISLATIVE AUDITOR

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Representative Dee Long, Acting Chair  
Legislative Audit Commission

Members of the Legislative Audit Commission

Ms. Carole Johnson, Chancellor  
State Board of Technical Colleges

Audit Scope

We have conducted a financial related audit of the State Board of Technical Colleges as of and for the fiscal year ended June 30, 1990. Our audit was limited to only that portion of the State of Minnesota financial activities attributable to the transactions of the State Board of Technical Colleges. We have also made a study and evaluation of the internal control structure of the Board in effect at June 30, 1990.

The State Board of Technical Colleges was established in 1983 to govern post-secondary and adult vocational education. Under Carole Johnson, Chancellor, the board reviews and approves budget requests for post-secondary vocational education operations and facilities, approves and coordinates programs and courses, and allocates state and federal money for post-secondary vocational education. The board's financial activities are funded mainly by state appropriations and federal grants. Expenditures for fiscal year 1990 totaled \$182,908,527, of which 95 percent were grant payments.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial activities attributable to the transaction of the State Board of Technical Colleges are free of material misstatements.

As part of our study and evaluation of the internal control structure, we performed tests of the board's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions.

Management Responsibilities

The management of the State Board of Technical Colleges is responsible for establishing and maintaining an internal control structure. This responsibility includes compliance with applicable laws, regulations, contracts, and grants. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs

of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- assets are safeguarded against loss from unauthorized use or disposition;
- transactions are executed in accordance with applicable legal and regulatory provisions, as well as management's authorization; and
- transactions are recorded properly on the statewide accounting system in accordance with Department of Finance policies and procedures.

Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

#### Internal Control Structure

For purposes of this report, we have classified the significant internal control structure policies and procedures in the following categories:

- Post Secondary Vocational Education Aids - State Program;
- Construction Aids - State Program;
- Vocational Education Basic Grants to States (CFDA # 84.048); and
- Federal Cash Management.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

#### Conclusions

In our opinion, the internal control structure of the State Board of Technical Colleges in effect at June 30, 1990, taken as a whole, was sufficient to meet the objectives stated above insofar as those objectives pertain to the prevention or detection of errors or irregularities in amounts that would be material in relation to the financial activities attributable to transactions of the Board.

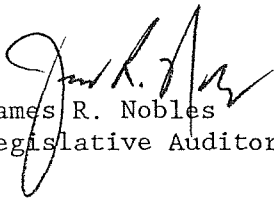
However, we noted certain matters involving the internal control structure and its operation that we reported to the management of the State Board of Technical Colleges at the exit conference held on December 18, 1990.

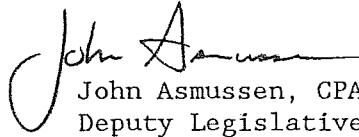
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Members of the Legislative Audit Commission  
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The results of our tests indicate that, with respect to the items tested, the State Board of Technical Colleges complied, in all material respects, with the provisions referred to in the audit scope paragraphs. With respect to items not tested, nothing came to our attention that caused us to believe that the Board had not complied, in all material respects, with those provisions.

This report is intended for the information of the Legislative Audit Commission and management of the State Board of Technical Colleges. This restriction is not intended to limit the distribution of this report, which was released as a public document on February 1, 1991.

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

  
James R. Nobles  
Legislative Auditor

  
John Asmussen, CPA  
Deputy Legislative Auditor

END OF FIELDWORK: December 12, 1990

REPORT SIGNED ON: January 25, 1991